INTERNATIONAL MONETARY FUND

IMF Country Report No. 26/87

REPUBLIC OF KOSOVO

CENTRAL BANK TRANSPARENCY CODE REVIEW

May 2026

This paper on the Republic of Kosovo was prepared by a staff team of the International Monetary Fund. It is based on the information available at the time of the mission and it was completed on March 24, 2026.

Copies of this report are available to the public from

International Monetary Fund • Publication Services
PO Box 92780 • Washington, D.C. 20090
Telephone: (202) 623-7430 • Fax: (202) 623-7201
E-mail: publications@imf.org Web: http://www.imf.org

International Monetary Fund
Washington, D.C.

© 2026 International Monetary Fund

INTERNATIONAL MONETARY FUND

REPUBLIC OF KOSOVO

CENTRAL BANK TRANSPARENCY CODE REVIEW

March 24, 2026

DETAILED REVIEW REPORT

Prepared By
Monetary and Capital Markets Department

This report was prepared based on the work of an IMF mission to Pristina in June 2025. The IMF team for the Central Bank Transparency Code (CBT) Review mission was led by Arkadiusz Majewski (MCM) and comprised Antonio Manzanera (FIN); and Marcela Matamoros, Masaru Itatani and Marko Skreb (IMF External Experts); and overseen by the Monetary and Capital Markets Department, IMF.

The production assistance was provided by Alexandra Jones.

The team extends its warm appreciation to the Board, senior management, and staff of the Central Bank of the Republic of Kosovo, who provided excellent cooperation, and to outside stakeholders and interested public for their valuable views and insights.

CONTENTS

Glossary 3

EXECUTIVE SUMMARY 4

SCOPE AND OBJECTIVE 10

APPROACH AND METHODOLOGY 11

BACKGROUND 12

MAIN FINDINGS 13

A. Pillar I. Transparency In Governance 13

B. Pillars II, III, And IV. Transparency In Policies, Operations, and Outcome 16

C. Pillar V. Transparency in Official Relations 19

D. Quantitative Analysis 20

AUTHORITIES' RESPONSE TO DETAILED REVIEW REPORT 21

TABLE

1. Central Bank Transparency Overview for CBK 7

ANNEXES

I. CBK—Central Bank Transparency Code—Detailed Review 30

II. List of CBK Units and External Stakeholders 119

III. Quantitative Analysis of the Central Bank of the Republic of Kosovo's Communication 121

Glossary

AML/CFT	Anti-Money Laundering/Countering the Financing of Terrorism
APC	Agency for Prevention of Corruption
BIS	Bank of International Settlements
CBK	Central Bank of the Republic of Kosovo
CBT	Central Bank Transparency Code
CIA	Certified Internal Auditor
CSD	Central Securities Depository
EB	Executive Board of the CBK
ECB	European Central Bank
ELA	Emergency Liquidity Assistance
EU	European Union
EUR	Euro
FIU	Financial Intelligence Unit
FKGK	Kosovo Credit Guarantee Fund
FSDK	Deposit Insurance Fund of Kosovo
FSR	Financial Stability Report
FX	Foreign Exchange
IC	Investment Committee
IFRS	International Financial Reporting Standards
IIA	Institute of Internal Auditors
IPPF	Standards for the Professional Practice of Internal Auditing
ISA	International Standards on Auditing
KAS	Kosovo Agency of Statistics
LLM	Large Language Model
MCM	Monetary and Capital Markets Department of the IMF
MoU	Memorandum of Understanding
NLP	Natural Language Processing
RMD	Risk Management Department of the CBK
RSF	Resilience and Sustainability Facility of the IMF
SBA	Stand-By Arrangement of the IMF
SDDS	Special Data Dissemination System
USAID	U.S. Agency for International Development

EXECUTIVE SUMMARY

The CBK strives to make relevant information readily available to the public through its official website and other communication channels. The CBK's transparency practices are consistent with the core and expanded standards outlined in the IMF Central Bank Transparency Code and, in several areas, meet the requirements for comprehensive practices. Advancing to a higher level of transparency is feasible in the short term. External stakeholders noted increased level of transparency in recent years, although opportunities for further improvement remain.

The CBK institutional role centers on safeguarding financial stability. This core mandate is directly linked to the CBK's instruments, such as macroprudential tools and constrained emergency liquidity assistance (ELA). The Financial Stability Report (FSR), despite its limitations in frequency and forward-looking content, is CBK's key vehicle for communicating its primary financial stability role. Given the absence of a monetary policy function and the typical price stability objective—usually considered a central bank's primary responsibility—the CBK should prioritize demonstrating its value as an institution with clear and meaningful public policy goals.

CBK's secondary statutory objectives are operationalized through specific transparency practices. The CBK's mandate extends beyond financial stability and includes supporting government policy and acting in accordance with open market principles. CBK's consultations with the Ministry of Finance and Assembly under Pillar V (Official Relations) demonstrate alignment with government priorities while preserving institutional autonomy. Specifically, the publication of draft-law opinions, memoranda of understanding, testimonies, and shared datasets exemplify how the CBK helps its government support objective. Similarly, regulatory impact assessments, public consultations, and market-conduct guidance publications enable stakeholders to assess whether CBK's regulatory stance fosters competition, directly supporting the open-market-economy objective.

The CBK prioritizes transparency in its communication by actively providing the public with accessible information regarding its economic assessments and overall strategy, aiming to foster understanding and trust within the Kosovo financial market. The CBK redesigned and launched the new official website to increase transparency and advance communication with stakeholders in November 2024. Considering Kosovo's diverse linguistic landscape, the CBK communicates in Albanian, Serbian and English languages to reach a wider audience. External stakeholders view the CBK as a reputable public institution that has recently become more dynamic and transparent, though there is room for improvement.

The CBK has been improving its communication, but there is a need to develop an institutional communication policy and a strategy document. Such document would guide the CBK on how to address stakeholders by detailing the objectives, target audience, messages, channels, and tools of communication. Relatedly, regular surveys to assess public understanding of CBK topics and a more user-friendly website could enhance engagement. Integrating communication processes into key

activities like supervision, anti-money laundering/countering the financing of terrorism (AML/CFT), and financial stability would further strengthen the CBK's outreach and accountability.

The authorities should ensure that the CBK's website explicitly communicates that Kosovo's adoption of the euro constrains its ability to conduct independent monetary policy and to provide ELA. This clarification should be integrated into an updated and comprehensive policy strategy that clearly outlines the institution's operational framework and available instruments, thereby enabling the public to better understand the policy formulation process and the expected scope of action.

The CBK recognizes the need to improve transparency in its foreign exchange (FX) reserve management and on the operationalization of ELA. The CBK is committed to enhancing the FX reserve management's transparency in connection with the introduction of a new investment management framework that is expected to be approved later in 2024. Moreover, CBK plans to enhance communication on the ELA, including its limitations, as banks are currently not fully informed about operational aspects of accessing ELA. A revised procedure is being finalized—with the Fund's assistance—and is expected to be published.

The mission recommends improving transparency in describing the role of the CBK in macroprudential policy design and implementation. The CBK should strengthen the transparency of its macroprudential policy framework and consider increasing the frequency of its FSR. While the CBK outlines macroprudential tools and their alignment with policy objectives, it does not adequately contextualize the framework within Kosovo's euroized economic landscape. Furthermore, the dissemination of assessments regarding the financial system's soundness through the FSR remains limited. Although it serves as CBK's primary publication on financial stability, the FSR is issued only annually long after the end of the year.

To strengthen its governance transparency framework, the CBK should place greater focus on risk management, prevention of conflicts of interests, and human resource disclosures. Comprehensive disclosures on key operational risks and the process and governance arrangements to manage them could be incorporated into a dedicated risk management chapter within the annual report, as well as expanded on a designated section of the website. Transparency would also be enhanced by revisiting the related sections on the CBK's website to provide, inter alia, comprehensive information on the Audit Committee's mandate and activities, and the internal audit adherence to international standards, respectively. The CBK could also enhance transparency regarding internal measures to prevent conflicts of interest by disclosing the Code of Ethics and Conduct, and the Integrity Plan. In addition, the CBK should centralize information related to human capital by developing a consolidated webpage covering career opportunities, HR management practices, recruitment and retention strategies, compensation structures (if not sensitive in the current environment), as well as workforce metrics such as gender distribution across job classifications and staff turnover data.

The CBK exercises its AML/CFT supervisory mandate with a sufficient degree of transparency; however, certain aspects of its internal AML/CFT activities remain insufficiently disclosed.

While CBK offers comprehensive information on its supervisory policies and provides general reporting on outcomes through its annual publications, it does not disclose key data such as staffing figures or the identities of sanctioned financial institutions. Although the CBK publishes information on its internal control framework, it should consider including a general overview of its internal AML/CFT Regulation—highlighting principal risk mitigation measures and areas of activity that may expose the institution to money laundering or terrorist financing risks. Furthermore, the publication of information on internal AML/CFT control procedures and their outcomes would significantly enhance institutional transparency.

Regarding official relations, while the CBK's relationships with government and foreign agencies are well-explained, interactions with domestic agencies lack full transparency. The CBK should therefore publish on the website a summary of the guidelines, policies, and tools governing its cooperation and information-sharing with the Kosovo Credit Guarantee Fund and the Deposit Insurance Fund of Kosovo. In addition, the Annual Report could disclose where the CBK cooperated and shared information with entities to ensure greater accountability.

Table 1. Kosovo: Central Bank Transparency Overview for CBK

Pillar	Principle		Sub-principle		Practices		
					Core	Expanded	Comp.
I. Governance	1.1.	**Legal Structure**					
	1.2.	**Mandate**					
	1.3.	**Autonomy**	1.3.1.	Institutional/Operational			
			1.3.2.	Functional			
			1.3.3.	Personal			
			1.3.4.	Financial			
	1.4.	**Decision-Making**					
	1.5	**Risk Management**	1.5.1.	Risk Exposure			
			1.5.2.	Risk Framework			
	1.6	**Accountability Framework**	1.6.1.	Arrangements			
			1.6.2.	Tools			
			1.6.3.	Anti-Corruption/COC			
			1.6.4.	Human Capital Management			
	1.7.	**Communication**	1.7.1.	Arrangements			
			1.7.2.	Strategy/Tools			
	1.8.	**Confidentiality**					
II. Policies	2.1.	**Monetary Policy**	2.1.1.	Objectives/Framework			
			2.1.2.	Policy Decisions			
			2.1.3.	Supporting Analysis			
	2.2.	**FX Administration**	2.2.1.	Objectives/Framework			
			2.2.2.	Policy Decisions			
			2.2.3.	Supporting Analysis			
	2.3.	**FX Management**	2.3.1.	Objectives/Framework			
			2.3.2.	Policy Decisions			
			2.3.3.	Supporting Analysis			
	2.4.	**FX Reserve Management**	2.4.1.	Objectives/Framework			
			2.4.2.	Policy Decisions			
			2.4.3.	Supporting Analysis			
	2.5.	**Macroprudential**	2.5.1.	Objectives/Framework			
			2.5.2.	Policy Decisions			
			2.5.3.	Supporting Analysis			
	2.6.	Microprudential Supervision					
	2.7.	**Emergency Liquidity Assistance (ELA)**					
	2.8.	Resolution					
	2.9.	FMI					
	2.10.	**Financial Integrity**	2.10. (a) AML/CFT supervision				
			2.10. (b) Internal AML/CFT controls				
	2.11.	**Consumer Protection**					
III. Operations	3.1.	**Monetary Policy**	3.1.1.	Instruments			
			3.1.2.	Coverage			
			3.1.3.	Access			
	3.2.	**FX Administration**	3.2.1.	Instruments			
			3.2.2.	Coverage			
	3.3.	**FX Management**	3.3.1.	Instruments			
			3.3.2.	Coverage			

Table 1. Kosovo: Central Bank Transparency Overview for CBK (concluded)							
	3.4.	**FX Reserve Management**	3.4.1.	Instruments			
			3.4.2.	Coverage			
			3.4.3.	Assessment			
	3.5.	**Stress Testing**	3.5.1.	FS Assessments			
			3.5.2.	ST Methods			
			3.5.3.	ST Coverage			
			3.5.4.	Use of ST Results			
	3.6.	**Macroprudential**	3.6.1.	Instruments			
			3.6.2.	Enforcement			
	3.7.	Microprudential Supervision					
	3.8.	**Emergency Liquidity Assistance (ELA)**					
	3.9.	Resolution					
	3.10.	FMI					
	3.11.	**Financial Integrity**	3.11. (a) AML/CFT supervision				
			3.11. (b) Internal AML/CFT controls				
	3.12	**Consumer Protection**					
IV. Outcome	4.1.	**Monetary Policy**	4.1.1.	Governance Actions			
			4.1.2.	Policies			
			4.1.3.	Operations			
	4.2.	**FX Administration**	4.2.1.	Governance Actions			
			4.2.2.	Policies			
			4.2.3.	Implementation			
	4.3.	**FX Management**	4.3.1.	Governance Actions			
			4.3.2.	Policies			
			4.3.3.	Operations			
	4.4.	**FX Reserve Management**	4.4.1.	Governance Actions			
			4.4.2.	Reporting on Imp.			
			4.4.3.	Financial Results			
	4.5.	**Macroprudential**	4.5.1.	Governance Actions			
			4.5.2.	Policies			
	4.6.	Microprudential Supervision					
	4.7.	**ELA**					
	4.8.	Resolution					
	4.9.	FMI					
	4.10.	**Financial Integrity**	4.10. (a) AML/CFT supervision				
			4.10. (b) Internal AML/CFT controls				
	4.11.	**Consumer Protection**					
V. Official Relations	5.1.	**Government**	5.1.1.	Institutional			
			5.1.2.	Financial			
			5.1.3.	Instruments			
			5.1.4.	Outcome			
	5.2.	**Domestic Agencies**	5.2.1.	Institutional			
			5.2.2.	Instruments			
			5.2.3.	Macroprudential			
			5.2.4.	Financial Stability			
	5.3	**Foreign Agencies**	5.3				
	5.4	**Other Relations**	5.4.1.				
Denotes "Not Applicable"				**Denotes "Not Implemented"**			

A. Key Recommendations[1]

The IMF recommendations encompass several areas, such as the CBK's mandate concerning euroization, governance, risk management, and anti-corruption frameworks, along with the consolidation of human capital information and communication policy. Furthermore, the IMF encourages the CBK to enhance transparency in the management of foreign exchange reserves and in its AML/CFT supervisory processes. Most "core" practices are concentrated within Pillars II (Policies) and IV (Outcome), while Pillars I (Governance), III (Operations), and V (Official Relations) tend to feature assessments categorized as expanded or comprehensive.
1. Improve transparency on the CBK's mandate as it relates to the euroization of Kosovo. For example, by: (i) explaining how the euro has been used as the sole currency in Kosovo; and (ii) explaining the hierarchy of its policy objectives, the related reliance on the European Central Bank for price stability, and the limited ability of the CBK to provide ELA to banks.
2. Enhance the disclosure of the central bank's governance and rulemaking, by publishing extracts from the Rules of Procedure of decision-making bodies, the terms of reference of the internal committees, and the framework for stakeholder consultation in regulatory amendments.
3. Improve transparency around the relationship with domestic financial agencies, by publishing on the website a clear summary of the guidelines, policies, and tools governing its cooperation and information-sharing with the FSDK, FKGK, and KAS, including the outcomes of these engagements. Furthermore, the CBK's Annual Report could disclose where the CBK cooperated and shared information with these entities to ensure greater accountability.
4. Improve transparency on risk management through disclosures of key operational risks and the process and governance arrangements to manage them. A dedicated space on the CBK's website could include this information as well as other emerging developments.
5. Enhance disclosures on governance arrangements and internal audit, by revisiting the related sections on the CBK's website to provide, inter alia, comprehensive information on the Audit Committee's mandate and activities, and the internal audit's adherence to international standards, respectively.
6. Enhance transparency regarding internal measures to prevent conflicts of interest among members of decision-making bodies and staff by disclosing the Code of Ethics and Conduct, and the Integrity Plan.
7. Human capital could be made more transparent. Relevant information can be centralized on a single webpage dedicated to careers and human resources management, covering recruitment, retention, and opportunities for professional and career development. Additional transparency could be achieved by disclosing employee management practices, including details on retention strategies, diversity, and inclusion initiatives.

[1] Please refer to the Detailed Review Table in Annex I for the complete overview of principle wise transparency recommendations.

8. There is a need to develop an institutional communications policy and guidelines that should be fully disclosed to the public with a long-term vision to uphold CBK transparency goals. It is equally necessary to develop a communication strategy, with measurable objectives and targets to be accomplished on specific time frames. Monitoring and evaluation systems like surveys, data-driven methods are essential to ensure the implementation of the most effective communications tools. CBK should improve accessibility of information on the website and be more user-friendly. The website, published reports, videos, press releases should use simplified language, visuals and dashboards and any other tool to facilitate ease of understanding of complex topics by the public.
9. To further improve transparency, disclose information on the assessment of financial stability more regularly and publish essential information on stress testing and ex-post evaluations, including the modalities, scenarios and assumptions, and underlying data, compatible with data protection rules. This should also include an explanation of how ELA contributes to financial stability.
10. Strengthen the transparency of macroprudential policy framework and the disclosure of the FSR, by clearly communicating the role of the CBK in macroprudential policy design and implementation, as well as ensuring timely FSR publication and discussing it in a financial stability forum, inviting the relevant stakeholders.
11. Enhance the FX reserves management framework's transparency in connection with introduction of new investment management framework. For example, by: (i) communicating the non-market sensitive elements of the Investment Policy and Guidelines for International Reserves Management; (ii) publishing the Investment Committee's terms of reference; and (iii) expanding the disclosure of risk exposures and associated limits.
12. Improve transparency in AML/CFT supervision. For example, by publishing an overview of its risk-based supervisory policies, improving regulatory consultation mechanisms with financial institutions, providing staff statistics and names of sanctioned financial institutions, describing its internal AML/CFT regulation and risk mitigation measures, and including a summary of these activities in its annual reports.

SCOPE AND OBJECTIVE

1. In response to a request from the CBK, the mission conducted the Central Bank Transparency Code (CBT) Review. The scope of the review covers all the CBT principles, save for those actions that are not performed by the CBK.

2. This review is intended to allow the CBK to evaluate its transparency practices, with a focus on identifying both its strengths and its areas for improvement. The review compares the CBK's transparency choices to the range of best practices detailed in the CBT, which cover transparency in: (i) governance; (ii) policies; (iii) operations; (iv) outcomes; and (v) official relations. The review aims to help the CBK in further strengthening its dialogue with stakeholders and in

finding the proper balance between independence and accountability. While it is important to note that the CBT review is not an assessment of central bank policies, it is likely to benefit the CBK's efforts to advance policy effectiveness. The CBT's range of practices is not intended to be a tool for ranking the transparency of central banks, as noted in the IMF Policy Paper Central Bank Transparency Code. The purpose of the CBT is to enhance transparency and accountability of the central bank and contribute to policy effectiveness. The CBT is not intended as a governance code.

APPROACH AND METHODOLOGY

3. The mission's approach consisted of a desk review as well as in-depth discussions with the CBK and its key stakeholders. The mission team conducted a preliminary desk review based on both publicly available information and the Self-Review Questionnaire responses provided by the CBK prior to the mission.[2] The desk review formed the basis for discussions with the CBK's management and staff—and for meetings with the key stakeholders (from the public and private sector, including academia, and journalists).[3] The meetings enabled the mission to collect views on, and to better understand, experiences with the CBK's transparency practices. The mission conducted 42 meetings over two weeks. The meetings with key stakeholders were planned in coordination with the CBK, though the CBK's staff did not attend those meetings. The team greatly appreciated the very high quality of cooperation, including the provision of responses to the Self-Review Questionnaire, documentation, and technical support, as well as the CBK's facilitation of the mission meeting schedule. It extends its warm thanks to the staff of the CBK.

4. The review was conducted principle-by-principle, taking into consideration the relevant dimensions of transparency. The review captures CBK's transparency practices across a range of best practices and was conducted in the context of the CBK's legal mandate and policy context, as well as the prevailing general legal framework. The review considered several important dimensions of transparency, including: (i) timeliness; (ii) periodicity; and (iii) quality of disclosure. The latter covers both accessibility and ease of understanding, especially by the general public. The review also considered the views expressed by CBK stakeholders.

5. In addition, the mission employed quantitative methods to the greatest extent feasible to assess qualitative factors such as clarity, accessibility of information and sentiment analysis in the CBK's disclosures. Transparency in central banks' publications goes beyond simply providing information; it requires the information to be clear and accessible. To assess that dimension of transparency, the following methods were applied: (i) analysis of sentence structure complexity of the key CBK reports; (ii) analysis of reports structure to assess the accessibility of CBK's publications; (iii) Natural Language Processing (NLP) to extract insights and gauge the overall tone and sentiment of the reports, which can be directly related to economic cycles (see Annex III).

[2] The mission took place during June 11–23, 2025, and initiatives implemented after the review date have not been considered.

[3] See Annex II for the list of CBK's units and external stakeholders.

BACKGROUND

6. Kosovo's economy continues its robust performance. Supported by strong private consumption and a positive contribution from public investments, estimated growth in 2024 reached 4.4 percent. Inflation has considerably accelerated in recent months fueled by an increase in food prices. The external current account deficit widened to 9 percent of GDP, as increases in consumption and investment led to higher imports; growth of remittances slowed. In 2025, despite heightened external uncertainty from rising trade tensions, growth is expected to remain strong at 4 percent, with inflation stabilizing at 2¼ percent. Downside risks to the outlook stem from external uncertainty from rising trade tensions. On the other hand, faster integration with the EU could provide important financing and boost reform momentum. Performance under the SBA/RSF has continued to be strong. All end-December 2024 quantitative performance criteria and indicative targets were met.

7. The CBK manages the monetary system of a small, open economy that has adopted the Euro as its official currency. Kosovo is currently recognized by the EU as a potential candidate for accession and the CBK is seeking gradual alignment with Euro-system practices. In particular, the CBK is strongly committed to enhancing its regulatory framework and supervisory practices in line with EU standards and has been benefiting from technical assistance (TA) from many providers including the European Bank for Reconstruction and Development, USAID, various central banks, but also the World Bank and the Fund. On the latter, MCM implemented a Financial Sector Stability Review to define a programmatic approach for TA to support the CBK in strengthening its financial sector stability framework.

8. The legal framework of the CBK needs strengthening. The 2023 IMF safeguards assessment of the CBK found strong operational controls and financial reporting at the central bank, which are supported by sound external and internal audit arrangements. The assessment provided the authorities with many useful recommendations to further strengthen the safeguards framework, including transparency and accountability mechanisms, and the CBK has been making progress in implementing these. The assessment also recommended medium-term reforms to strengthen governance by addressing structural issues in the CBK Law, that weaken checks and balances, create legal uncertainty, and undermine governance arrangements.

9. Given that Kosovo is a euroized economy, the primary objective of the CBK is to foster and maintain a sound financial system, including a safe, secure, and efficient payment system. The CBK is the sole supervisor, in charge of regulating, supervising, and licensing all financial institutions. The CBK performs a relatively broad set of functions, such as setting and implementing policies for a stable financial system, overseeing market operations, regulating and supervising financial institutions, promoting and supervising secure payment systems, ensuring the supply of banknotes and coins, maintaining and managing international reserves, collecting and publishing statistics.

10. The CBK is equipped with macroprudential tools, but expressed the need to strengthen and further operationalize the macroprudential policy framework. The framework has been

effective since 2016 and includes capital-, borrower-, and liquidity-based measures. A Macroprudential Advisory Committee meets every quarter to assess systemic risks. In 2020, the CBK implemented some macroprudential measures, introducing a 2.5 percent capital conservation buffer. Most recently, the CBK announced an introduction of a capital surcharge for Other Systematically Important Institutions, starting from June 2025. To further strengthen the macroprudential policy framework, CBK looks forward to enhancing institutional arrangements, including addressing information gaps and alleviating staffing constraints. The CBK is aware of the current limitations of its macroprudential policy framework and has requested TA from MCM to enhance its supervisory toolkit.

11. The CBK strives to make relevant information readily available to the public through its official website and other communication channels. The CBK prioritizes transparency in its communication by actively providing the public with accessible information regarding its economic assessments and overall strategy, aiming to foster understanding and trust within the Kosovo financial market. The CBK re-designed and launched the new official website to increase transparency and advance communication with stakeholders in November 2024. In particular, the new CBK website is a step forward in fulfilling the objectives defined in the Strategic Plan 2024–2028, including the digitization and modernization of processes to advance consumer protection. It includes numerous functions such as dynamic calendar of activities, general and specific search, filtering and categorization of information depending on the reader's requirements, video gallery and chat-bot for FAQs. The CBK publishes annual financial stability reports and quarterly assessments of the economy. However, certain published reports did not follow regular frequency or were discontinued. Considering Kosovo's diverse linguistic landscape, the CBK communicates in Albanian, Serbian and English languages to reach a wider audience.

MAIN FINDINGS

A. Pillar I. Transparency in Governance

Legal Structure, Mandate, and Decision-making

12. The CBK provides essential information on its legal structure, mandate and governance on its website, but further improvements are recommended. The legal framework regarding CBK is well established in the CBK Law. The CBK is responsible for supervision of banks and other financial institutions and the relevant laws and regulatory instruments are easily accessible on its website. However, the website does not contain a link to the Constitution, which includes important autonomy provisions for the CBK. The most important room for improvement is to clearly explain that Kosovo's unilateral euroization impacts on the hierarchy of its policy objectives and prevents the conduct of an independent monetary policy and for the provision of ELA. This will help the public understand the focus of the CBK's activities, how policies are formulated and what to expect.

13. The CBK may consider disclosing further information on its website regarding the autonomy of the members of the decision-making bodies. The information is not completely available regarding the qualifications of the members of its decision-making bodies including

external experts to internal committees. While the public can access information about the incomes and assets of the members of the decision-making bodies of the CBK based on the requirement by the Agency for Prevention of Corruption, their remuneration is only disclosed in aggregate form in the CBK's financial statements. Furthermore, the transparency of CBK's autonomy would be enhanced by disclosing its internal Code of Ethics and Conduct on its website.

14. The transparency of internal decision-making will be increased if the CBK publishes information on the responsibilities and operations of the internal committees in addition to those of the Audit Committee. Information about the CBK's decision-making structure is provided on its website, in its Annual Report, and in the CBK Law. This includes the responsibilities of the Central Bank Board, the Executive Board, and the Audit Committee, as well as their composition, responsibilities, and major procedural rules for their meetings. However, disclosure could be enhanced by publishing the Rules of Procedure for these decision-making bodies and the terms of reference for internal committees on the CBK website. Additionally, external stakeholders would benefit from the disclosure of the internal procedures for establishing or amending the CBK's regulatory instruments.

15. The CBK's transparency regarding its anti-corruption framework could be enhanced by making public its Code of Ethics and Conduct as well as its Integrity Plan. The CBK Law provides that members of the decision-making bodies and staff are subject to internal rules on the prevention of conflict of interest and fiduciary duty, as approved by the Executive Board. These internal rules are codified as the Code of Ethics and Conduct; however, the document is not currently published. In addition, the CBK is subject to national anti-corruption legislation, implemented by the Agency for Prevention of Corruption (APC). The members of the decision-making bodies, senior staff, and staff in the bank supervisory function are subject to annual public disclosure of their incomes and assets. The CBK is also required to prepare an institutional Integrity Plan in accordance with APC methodology and submit it to the APC. The Integrity Plan itself is not separately disclosed by the CBK.

Risk Management and Accountability Framework

16. Disclosures on operational risk exposure and framework need to be enhanced for better transparency and accountability.[4] The CBK's risk management framework addresses both financial and operational risks. The former are comprehensively disclosed in the Annual Report and financial statements detailing investment objectives, risk exposures, and tolerance levels, as well as criteria for credit risk and eligible asset classes. However, transparency around operational risks is limited, as the CBK's own operational risk policy is not published, and the Annual Report lacks a risk statement, mapping of key operational risks to the CBK mandate, and disclosure of risk strategies and developments. Additionally, the CBK's website does not feature a dedicated risk management section, and public disclosures do not clarify the responsibilities of governance bodies or detail risk governance arrangements. To enhance transparency, the CBK could consider expanding its

[4] A dedicated section on risk management function was subsequently added and is presented in the 2024 Annual Report, see page 123–128.

disclosures on operational risks, publish extracts from its risk management framework, and provide a comprehensive risk profile and governance details in both the Annual Report and on its website.

17. Steps should be taken to further improve transparency over oversight and internal audit arrangements. The CBK Law provides clear rules for the internal audit function and Audit Committee, outlining their structure, responsibilities, and reporting lines, with further details on their activities and oversight roles included in the Annual Report. Notwithstanding this, public disclosures on the CBK's website are limited. In the case of internal audit, the website offers high-level information about the role of this function, as well as the bio of the Chief Internal Auditor. That said, there is no published evidence that the internal audit mandate adheres to the Institute of Internal Auditors' (IIA) Standards for the Professional Practice of Internal Auditing (IPPF) or that it is formalized in a Board-approved Charter. While the CBK's website includes a separate tab label for the Audit Committee, currently this link only provides information on internal audit, lacking the Audit Committee Charter and comprehensive details about the committee's operations.

18. Financial reporting practices and external audit arrangements are well established and disseminated. Article 59 of the CBK Law requires the Central Bank to prepare annual financial statements, which must be submitted within six months after the end of each financial year to the Assembly of the Republic of Kosovo. Furthermore, in accordance with Article 63 of the Law, the financial statements are audited annually by independent, internationally reputable auditors in accordance with International Standards on Auditing (ISA), with the CBK Board appointing auditors for a maximum of five consecutive years. External auditors have unrestricted access to bank records and report any material weaknesses in internal controls to the Audit Committee, with their audit reports published for public scrutiny. The financial statements are prepared in compliance with the International Financial Reporting Standards (IFRS), explicitly reference both IFRS and ISA, confirm full compliance, indicate the date of authorization, and are clearly marked as audited. The complete set is published separately but also included in the Annual Report and made available—within the legally mandated timeframe—on the CBK's website.

19. Transparency over practices and policies concerning the governance and management of human capital is assessed as "core." The CBK's 2024–2028 plan prioritizes personnel as a strategic objective, with a comprehensive human capital management framework that is not publicly disclosed. While the 2023 Annual Report provides some information on organizational structure and staff demographics, both the Report and the website lack details on recruitment, retention, diversity, and inclusion, and do not describe the recruitment process.[5] The CBK promotes an open, merit-based recruitment process and a strong ethical culture through an unpublished Code of Ethics and Conduct and an Integrity Plan, but there is no dedicated human capital section on the website, and key governance and management practices remain undisclosed. Further, the central bank does not provide information on whether staff recruitment and promotion are conducted independently of political influence, nor does it refer to national legislation that prohibits patronage and

[5] Some additional information on human capital management was subsequently added and is presented in the 2024 Annual Report, page 128-129.

discrimination. The CBK could consider creating a centralized human capital webpage to enhance transparency, support its strategic goals, and attract qualified candidates.

Communications and Confidentiality

20. The CBK commitment to open and transparent communications should be anchored in a robust institutional communication framework. While the CBK actively engages with a wide range of stakeholders via various communication channels, the institutional arrangements should be supported by policies and guidelines on how the communication should be conducted. It would allow better align communication processes with the CBK core operations. This general communication policy should provide the framework within which the communication strategy operates. The communications strategy should have clear objectives and where possible, measurable targets. It should document its communication processes and integrate them into core activities like supervision, financial stability, and issuing opinions.

21. The CBK utilizes a wide range of tools to engage its target audiences, but its website should be more user-friendly. The CBK has recently revamped its website with a view to aligning it with modern standards of accessibility, usability, and content presentation. While it is a positive development, noted by CBK's stakeholders, it is important to ensure that content is always relevant, value-driven, and addresses the needs of the target audience. To achieve that, the CBK could prepare messages based on its key contents and some of its publications with simpler language with the help of illustrations to access a broader audience. In addition, increasing accessibility of content on the website search tool could be enhanced by allocating linking data to specific substantive topics. Finally, the key reports—such as the FSR—should also be more advertised to the targeted audience via several channels, highlighting its key findings.

22. The CBK should strengthen the disclosure and accessibility of the confidentiality framework. The CBK is making efforts to further develop and modernize its confidentiality mechanism. In particular, the CBK benefits from a sound legal framework on confidentiality that consists of: (i) CBK Law; (ii) Law on Classification of Information and Security Clearances; (iii) Law on Data Protection; and (iv) Law to Access of Information. While the CBK issued internal confidentiality regulations and policies these documents (or their non-sensitive information) are not disclosed on the CBK website. The CBK confidentiality mechanism is supported by Data Protection and Access to Information officers, but such arrangements are also not disseminated and explained to the general public.

B. Pillars II, III, and IV. Transparency in Policies, Operations, and Outcome

Monetary Policy

23. The CBK should define and promote a comprehensive institutional policy framework. This includes reaffirming its core mission of safeguarding financial stability and emphasizing that it does not have the authority to conduct monetary policy due to the country's official use of the euro. The strategy should also lay out its operational mechanisms and the available tools, which serve to maintain financial stability rather than influence monetary conditions. The CBK's public

communications should align with this institutional policy, clearly highlighting the constraints euroization places on implementing independent monetary policy. This clarification is especially crucial for accountability, as the CBK cannot be held responsible for inflation trends that are largely driven by external factors.

Cross-Border Financial Flows and Foreign Exchange Administration

24. The CBK is encouraged to provide greater clarity regarding its approach to exchange controls. It functions under the CBK Law, which defines its responsibilities, including those related to managing foreign exchange and overseeing cross-border capital flows. The law offers limited guidance on how FX controls should be applied in situations where capital movements might endanger Kosovo's financial stability.[6] Also, such controls are generally not anticipated in the context of euroization. Exchange controls are in principle not foreseen after euroization and a country that unilaterally adopts a fully tradable foreign currency as legal tender is likely to encounter considerable policy and operational difficulties if it attempts to impose such measures. That said, if control measures were to be introduced, they should be applied in line with the IMF's Institutional View on the Liberalization and Management of Capital Flows and only applied for a short period, with preparations made confidentially to avoid triggering additional capital flight.

Foreign Exchange Management

25. The CBK's current approach to transparency in foreign exchange reserve management is generally adequate, yet there remains scope for improvement. The CBK Law, the Investment Policy, and the investment guidelines articulate the institution's investment objectives and permissible financial instruments. Nonetheless, several critical documents that are essential for ensuring a comprehensive level of transparency—such as the investment guidelines and the Terms of Reference of the Investment Committee—are not publicly available. While the Annual Report and audited financial statements offer detailed disclosures on the composition of foreign reserves, including asset classes, maturities, and issuers, further steps could enhance the framework. In particular, the mission recommends establishing a dedicated section on the CBK's website for Asset and Reserve Management. This section should clearly present the underlying policy framework, investment objectives, guidelines, risk parameters, and governance structures. Moreover, it could serve to improve understanding of the methodologies used to assess reserve adequacy and liquidity. Following the adoption of the revised Investment Policy, the CBK should also disclose both the absolute and relative rates of return—by portfolio or tranche and in aggregate—to strengthen public accountability.

Financial Stability and Macroprudential Policies

26. The macroprudential policy framework published by the CBK provides an important foundation for safeguarding systemic financial stability in Kosovo; however, there is scope to further enhance it through a more comprehensive and strategic approach. Although the

[6] The legal framework should grant to a specific authority the power to introduce safeguard measures to respond to inflow surge or situations of disruptive capital outflows in crisis (or imminent crisis) circumstances.

existing information outlines the general concept of macroprudential policy, it neither contextualizes the framework within the specific characteristics of Kosovo's economy nor sufficiently reflects recent regulatory developments on the CBK's website. Formulating a robust macroprudential policy strategy is particularly crucial in a euroized economy such as Kosovo, where interest rates are determined externally by the ECB and may, at times, give rise to financial stability concerns best addressed through macroprudential instruments.

27. The CBK should improve how it communicates the resilience of the financial system to the public and ensure the FSR is published in a timely manner. Although the FSR is made available on the CBK's website following its release, the institution does not actively promote its key messages, especially those relating to financial stability risks, economic outlook, and any potential policy measures.

28. The CBK would benefit from carrying out ex-post evaluations of its macroprudential policies and making the findings public, while indicating if any adjustments might be needed. Like all economic policies, macroprudential measures can involve trade-offs—especially since such decisions are often implemented during periods of economic growth and rapidly expanding credit. In such contexts, conducting evalautions provides critical benefits for poicymakers, researchers, and the public by enhancing effectivness, accountability, and understanding of financial system. An expanding research on macroprudential policy evaluation—produced by institutions such as the BIS, ECB, IMF, and various national central banks—could be used as reference. Drawing upon such research, the CBK may consider disseminating the key takeaways to enhance transparency and inform stakeholders.

Emergency Liquidity Assistance

29. Pursuant to Article 14 of the CBK Law and relevant ELA regulations, the CBK is authorized to extend ELA solely to solvent banks, using its foreign reserves and the Special Reserve Fund. However, given Kosovo's euroized monetary environment, the scope of the existing ELA arrangement is inherently constrained and could only address the needs of a limited number of smaller banks in distress. The facility, fixed in size and thus untested, is capped by the CBK's reserve holdings—approximately EUR 59 million as of end 2024 and EUR 75 million as of end-June 2025—and an additional EUR 46 million Special Reserve Fund established by the Treasury. Furthermore, the CBK benefits from a temporary REPO line with the European Central Bank, extended through January 31, 2027, offering up to EUR 100 million in liquidity as a prudential backstop to support euro liquidity and preserve financial stability. Article 14(4) of the CBK Law recognizes the structural limitations imposed by euroization on the CBK's ability to provide ELA, stating that "emergency liquidity assistance cannot exceed the total amount of reserves of the CBK and the Special Reserve Fund established by the Treasury for this purpose."

Financial Integrity

30. The CBK efforts in improving financial integrity transparency are noted, but additional disclosures are needed in relation to AML/CFT supervision. The website provides easy access to AML/CFT supervisory tasks and guidelines. In addition, the Annual Report discloses general

information on the outcomes of the CBK's AML/CFT supervisory operations, but not the names of sanctioned financial institutions. Transparency of AML/CFT supervisory policies would benefit from publishing an overview or a summary of the main principles of CBK's approach to risk-based supervisory policies, disclosures of sanctions (assuming it is non-sensitive information) and disclosing the interaction with other domestic (e.g., FIU) and international counterparts.

31. The CBK's internal AML/CFT control framework related to its activities that could give rise to ML/TF activities is not disclosed. The CBK is exposed to such risks in respect to multiple functions, including its payment services and reserve management activities, and the Banking Operations Department applies measures to mitigate ML/TF risks. However, these measures are not disclosed. While the CBK Law does not make provision for this level of internal oversight, the CBK should consider disclosing its internal AML/CFT control activities, their oversight and accountability within the organizational structure, and the human and technical resources allocated to perform the functions. Following the establishment of such a function, the CBK would be able to improve the transparency of its AML/CFT oversight by publishing information on the AML/CFT internal framework and periodically reporting on the results of the control activities.

Consumer Protection[7]

32. Consumer Protection is one of the main strategic pillars to develop in accordance with the CBK Strategic Plan. Steps have been taken in the areas of establishing a market conduct supervisory system, regulatory development and the complaints handling mechanism. That said, the "claims mechanism" should be better disseminated among financial consumers. Clear, easy to understand procedures should also be disclosed and explained in this dissemination efforts.

33. Financial Literacy efforts were widely praised by different stakeholders. There is appreciation from a diverse community of stakeholders regarding educational programs and the recent introduction of the "Platform for comparison of financial products and services." Notwithstanding this, there is room for improvement especially in disclosing a working plan with measurable objectives to accomplish the strategic goals on financial education. It is important to assess the progress and impact of educational campaigns by implementing evaluation and monitoring systems e.g., focus groups feedback, survey insights, and audience analysis.

C. Pillar V. Transparency in Official Relations

34. There is room for improvement in the CBK's disclosure practices of its official relations with the government and bilateral arrangements with domestic public agencies. Important information regarding CBK interaction with the government and public agencies could be disclosed to the public in a more detailed manner e.g., by having a dedicated section where the interactions of CBK with other institutions are reflected and the related Memorandums of Understanding (MoUs) and interactions are explained. This will enhance public understanding of the role and actions of CBK

[7] No assessment was made against the International Standards for Banks (BCP), Insurance (ICP) and FMIs (IOSCO) in parts relating to consumer protection.

and possible shared responsibilities in functions done in conjunction with other public agencies; like for example efforts in AML/CFT.

35. Cooperation with domestic financial agencies, while regulated in Laws, remains undisclosed. The CBK maintains formal, law-based relationships with the Deposit Insurance Fund of Kosovo (FSDK) and the Kosovo Credit Guarantee Fund (FKGK), governed by specific legislation and reinforced through MoU that set out frameworks for cooperation, information sharing, and regular reporting to support each institution's mandate and the stability of Kosovo's financial system. While the general purpose and existence of these MoU are publicly announced, a summary of the relationship and operational mechanisms remain undisclosed. The CBK also has a MoU with the Kosovo Agency of Statistics (KAS), though details of this cooperation are not publicly available. To improve transparency, the CBK could publish summaries of these agreements and include more comprehensive information about these partnerships in its Annual Reports and on its website.

36. CBK should enhance the disclosure of international cooperation on its website in a designated section, as well as in the Annual Report. The extensive interaction that the CBK has with international institutions should be more transparently explained to the public. While press releases are important tools for disclosure, it is critical to broaden the disclosed information by: (i) explaining the objectives of the cooperation; (ii) publishing the agreements when possible; and (iii) providing deeper analysis of the benefits and outcomes from such international cooperation.

D. Quantitative Analysis

37. A quantitative analysis was conducted to enhance the CBT review by measuring the readability, clarity, and thematic scope and development of CBK communications in its flagship reports. The main findings are outlined below:

- **Report Length and Forward-lookingness:** In recent years, the CBK's annual and financial stability reports have increased in length, maintaining a forward-looking approach comparable to other emerging economies.
- **Audience Engagement:** The financial sector shows significant engagement with the reports, more than neighboring countries or other emerging economies. However, engagement from the business and government sectors is limited in comparison to peers.
- **Focus of Reports:** CBK's Annual Reports are neutral and data-driven, while the Financial Stability Reports emphasize risks more than building confidence compared to the median of emerging economies.
- **Readability:** There has been a consistent decline in the readability of the Annual Reports, indicating increased complexity. Kosovo's reports do not put much emphasis on Payment Systems, Technological Innovation, and Fintech, unlike many other emerging economies.
- **Sentence Structure:** Financial Stability Reports from the CBK feature simpler sentence structures compared to those from other emerging markets.
- **Climate Change:** The CBK has been proactive in addressing Climate Change in its Financial Stability Reports, dedicating a significant portion of content to this issue earlier than neighboring countries and other emerging economies.

AUTHORITIES' RESPONSE TO DETAILED REVIEW REPORT

Central Bank of the Republic of Kosovo—Proposed Action Plan		
CBT Review Recommendation	**Central Bank's Response**	**Timeframe for Implementation**
1. **Improve transparency on the CBK's mandate as it relates to the euroization of Kosovo.** For example, by: (i) explaining how the euro has been used as the sole currency in Kosovo; and (ii) explaining the hierarchy of its policy objectives, the related reliance on the European Central Bank for price stability, and the limited ability of the CBK to provide ELA to banks.	**The CBK will enhance disclosures on its website and in key publications**—such as the **Annual Report** to clearly articulate: 1. The historical and legal context of Kosovo's euroization. 2. The hierarchy of the CBK's policy objectives and the implications of euroization for monetary policy; and 3. The structural limitations of the CBK's ELA framework and the mechanisms available for liquidity support.	**Short** /Medium/Long Term
2. **Enhance the disclosure of the central bank's governance and rulemaking,** by publishing extracts from the Rules of Procedure of decision-making bodies, the terms of reference of the internal committees, and the framework for stakeholder consultation in regulatory amendments.	The CBK considers the following actions: 1. **Publication of Extracts from the Rules of Procedure of Decision-Making Bodies** The CBK will publish non-sensitive extracts of the Rules of Procedure governing the Central Bank Board and the Executive Board. 2. **Publication of limited version (restricted) Terms of Reference for Internal Committees** The CBK will publish the terms of reference of its internal committees—such as the Audit Committee, Governance and Ethics Committee, Macroprudential Advisory Committee, Investment Committee, and Risk Management Committee. 3. **Publication of the Framework for Stakeholder Consultation in Regulatory Amendments** The CBK will publish a summary of its internal Policy on Standards and Procedures for Issuing Sub-Legal Acts, including its framework for stakeholder consultations. To support these efforts, the CBK will establish a **dedicated governance documentation section** on its website.	Short /**Medium**/Long Term

3. **Improve transparency around the relationship with domestic financial agencies,** by publishing on the website a clear summary of the guidelines, policies, and tools governing its cooperation and information-sharing with the FSDK, FKGK, and KAS, including the outcomes of these engagements. Furthermore, the CBK's Annual Report could disclose where the CBK cooperated and shared information with these entities to ensure greater accountability.	The following measures to improve transparency and accountability: 1. **Publication of Summaries of Domestic Cooperation Frameworks** The CBK will publish clear, accessible summaries of its cooperation arrangements with public institutions. 2. **Disclosure of Outcomes of Inter-Agency Cooperation** The CBK's Annual Report will begin to include a dedicated section outlining the areas in which the CBK has cooperated with the FSDK, FKGK, and KAS, including information-sharing activities, joint initiatives, and coordinated supervisory or statistical actions. 3. **Creation of a Dedicated Webpage on Domestic Institutional Relations** The CBK will develop a new section on its website to consolidate information pertaining to official relations with domestic agencies.	Short /**Medium**/Long Term
4. **Improve transparency on risk management** through disclosures of key operational risks and the process and governance arrangements to manage them. A dedicated space on the CBK's website could include this information as well as other emerging developments.	The CBK commits to undertaking the following actions: 1. **Enhancing Public Disclosure of Operational Risks and Risk Governance** The CBK will expand its reporting on operational risks (on dedicated section of the webpage) by including a description of key operational risk categories, their relevance to the CBK's mandate, and the institution's approach to identifying, assessing, mitigating, and monitoring these risks. This expanded disclosure will be incorporated into future Annual Reports and other relevant publications. 2. **Publishing Extracts from the CBK's Risk Management Framework** To provide the public with a clearer understanding of the CBK's internal risk management methodology, the CBK will publish non-sensitive components of its risk management framework.	**Short** /Medium/Long Term

5. **Enhance disclosures on governance arrangements and internal audit,** by revisiting the related sections on the CBK's website to provide, inter alia, comprehensive information on the Audit Committee's mandate and activities, and the internal audit's adherence to international standards, respectively.	Commitments and Actions to be taken: 1. **Publish the Audit Committee Charter and Mandate** The CBK will publish the AC Charter, describing its composition, mandate, responsibilities (including oversight of internal and external audit), reporting lines, and meeting practices. 2. **Disclose Internal Audit Framework and Standards** The CBK will publish a high-level summary of its Internal Audit Charter on its official website, providing clear public evidence of the function's mandate, authority, and governance positioning. The summary will confirm alignment with the Institute of Internal Auditors' International Professional Practices Framework (IPPF) and applicable Global Internal Audit Standards, and will clearly outline the scope of Internal Audit, its organizational independence, reporting lines to the Central Bank Board/Audit Committee and quality assurance processes. The disclosure will also reference the legal basis of the Internal Audit function and confirm unrestricted access rights to information and personnel, as defined in the CBK governing framework. This measure directly addresses the IMF observation that such evidence is not currently published and strengthens transparency, accountability, and governance credibility in line with international central banking practice. 3. **Annual Public Reporting on Internal Audit and AC Activities** Beginning with the next reporting cycle, the CBK will include in its **Annual Report** an expanded narrative on **internal audit activities**, **AC oversight**, and **follow-up on control recommendations**—complementing the already	Short /**Medium**/Long Term

	disclosed audited financial statements prepared under **IFRS** and audited in line with **ISA**.	
6. **Enhance transparency regarding internal measures to prevent conflicts of interest** among members of decision-making bodies and staff by disclosing the Code of Ethics and Conduct, and the Integrity Plan.	The CBK commits to implementing the following measures: 1. **Publication of the Code of Ethics and Conduct** The CBK will publish its Code of Ethics and Conduct, which sets the minimum standards of integrity and professional behavior expected of all CBK staff. 2. **Publication of the summary of the CBK Integrity Plan** The CBK will publish a summary of the Integrity Plan, highlighting key risk-mitigation measures, responsibilities of organizational units, monitoring mechanisms, and the timeframe for implementation. This will strengthen public confidence in the CBK's internal integrity framework.	Short /**Medium**/Long Term
7. **Human capital could be made more transparent.** Relevant information can be centralized on a single webpage dedicated to careers and human resources management, covering recruitment, retention, and opportunities for professional and career development. Additional transparency could be achieved by disclosing employee management practices, including details on retention strategies, diversity, and inclusion initiatives.	In response, the CBK commits to implementing the following: 1. **Creation of a Dedicated Human Capital Section of the webpage** The CBK will establish a dedicated section to careers and human resources management. This will consolidate information on job vacancies, recruitment procedures, internship programs, and opportunities for professional and career development. 2. **Disclosure of Recruitment, Retention, and Development Practices** The CBK will publish clear, accessible descriptions of its merit-based recruitment process, including application procedures, evaluation mechanisms, and the role of the selection committees. 3. **Publication of Diversity and Inclusion Information** The CBK will expand disclosures on its workforce composition. This will include relevant diversity indicators—such as gender balance across departments and job classifications—and policies	Short /**Medium**/Long Term

	aimed at fostering an inclusive workplace environment.	
8. **There is a need to develop an institutional communications policy and guidelines that should be fully disclosed to the public with a long-term vision to uphold CBK transparency goals.** It is equally necessary to develop a communication strategy, with measurable objectives and targets to be accomplished on specific time frames. Monitoring and evaluation systems like surveys, data-driven methods are essential to ensure the implementation of the most effective communications tools. CBK should improve accessibility of information on the website and be more user-friendly. The website, published reports, videos, press releases should use simplified language, visuals and dashboards and any other tool to facilitate ease of understanding of complex topics by the public.	The CBK commits to the following actions: **1. Development and Publication of an Institutional Communications Policy** The CBK will develop and publicly disclose a comprehensive communications policy that defines the institutional principles, responsibilities, and procedural arrangements governing all communication activities. This policy will strengthen internal consistency, align communication processes with the CBK's mandate, and clarify how the institution communicates strategic priorities and key policy messages. **2. Adoption of a Communication Strategy** The CBK will prepare a communication strategy, covering: • Target audiences and segmentation • Key messages aligned with CBK's mandate • Communication tools and channels • Annual and medium-term priorities The strategy will also outline how communication functions integrate with core operational areas such as financial stability, supervision, payments, and consumer protection, as recommended by the IMF review. **3. Enhancing Website Accessibility and User-Friendliness** Planned enhancements include: • Simplifying language across publications to reach wider audiences • Expanding the use of visuals, infographics, and dashboards to present complex information more intuitively • Improving search functions and topic categorization • Increasing visibility of flagship reports such as the Financial Stability Report through multi-channel promotion	Short /Medium/**Long Term**
9. **To further improve transparency, disclose**	The CBK commits to the following measures:	Short /**Medium**/Long Term

information on the assessment of financial stability more regularly and publish essential information on stress testing and ex-post evaluations, including the modalities, scenarios and assumptions, and underlying data, compatible with data protection rules. This should also include an explanation of how ELA contributes to financial stability.	**1. Increasing the Frequency and Regularity of Financial Stability Communications** The CBK will enhance transparency by publishing financial stability assessments on a more regular basis—beyond the annual FSR—through interim updates, summary risk assessments. This will ensure that stakeholders receive timely information on emerging risks, market developments, and supervisory observations. **2. Publishing Comprehensive Information on Stress Testing** The CBK already discloses stress-testing methodologies, assumptions, and results in the FSR, including adverse scenarios, liquidity tests, and the number of institutions potentially affected under stress conditions. Building upon this, the CBK will further: • Publish a consolidated description of stress-testing modalities, scenario design, and key assumptions; • Provide more forward-looking insights into stress-testing results; • Ensure disclosures respect data protection and confidentiality requirements. **3. Explaining the Role of ELA in Safeguarding Financial Stability** The CBK recognizes the need to strengthen its communication on how ELA contributes to financial stability. In line with Article 14 of the CBK Law, ELA may only be provided to solvent banks and within the absolute limits of available CBK foreign reserves and the Treasury's Special Reserve Fund. Given Kosovo's euroized monetary environment, ELA remains a **constrained but essential** tool to contain liquidity shocks, preserve confidence, and prevent disorderly failures. The CBK will therefore publish: • A clearer explanation of the role of ELA within the financial stability framework; • The operational steps involved in accessing ELA; • The structural limitations imposed by euroization; • The role of the ECB's temporary REPO line as a prudential backstop.	

10. **Strengthen the transparency of macroprudential policy framework and the disclosure of the Financial Stability Report (FSR),** by clearly communicating the role of the CBK in macroprudential policy design and implementation, as well as ensuring timely FSR publication and discussing it in a financial stability forum, inviting the relevant stakeholders.	The CBK commits to implementing the following actions: **1. Clarifying and Strengthening Communication on the Macroprudential Policy Framework** The CBK will enhance its macroprudential policy disclosures by: • Clearly articulate the CBK's legal basis and institutional role in macroprudential policy design and implementation. • Providing more comprehensive explanations of macroprudential objectives, instruments, and the decision-making process; • Updating and publishing the most recent macroprudential policy document, reflecting all current instruments and regulatory developments. **2. Ensuring Timely and More Frequent Publication of the Financial Stability Report** The CBK acknowledges the need for greater timeliness in disseminating its financial stability assessments. To address this, the CBK will: • Publish the FSR within a defined and predictable timeframe each year; • Consider issuing interim financial stability updates or risk bulletins to complement the annual FSR and ensure more regular communication of systemic risk developments. **3. Presenting the Financial Stability Report in a Financial Stability Forum or press conference** To deepen stakeholder engagement and enhance transparency, the CBK will begin presenting the FSR in a dedicated financial stability forum or press conference, inviting: • Financial institutions • Government counterparts • Market participants • Academic and research institutions • International partners, where appropriate Such a forum/conference will strengthen dialogue, improve understanding of emerging risks, and reinforce the CBK's accountability in fulfilling its financial stability mandate.	Short /Medium/**Long Term**

11.**Enhance the FX reserves management framework's transparency in connection with introduction of new investment management framework.** For example, by: (i) communicating the non-market sensitive elements of the Investment Policy and Guidelines for International Reserves Management; (ii) publishing the Investment Committee's terms of reference; and (iii) expanding the disclosure of risk exposures and associated limits.	The CBK commits to the following transparency-enhancing actions: **1. Communicating Non-Market Sensitive Elements of the Investment Policy and Guidelines** The CBK will publish the non-market sensitive elements of its Investment Policy and the Guidelines for International Reserves Management. These disclosures will explain: • The investment objectives and prioritization of safety and liquidity over return; • Strategic principles guiding asset allocation; • High-level risk parameters and eligible asset categories; • Governance roles and responsibilities within the reserves management framework. **2. Publishing the extract of Terms of Reference of the Investment Committee** The CBK will publish the extract of Terms of Reference (ToR) of the Investment Committee (IC). The IMF review emphasized that this document is currently not disclosed, despite being central to understanding governance arrangements for reserve management. The publication will outline: • The IC's mandate and advisory role; • Its decision-support functions; • Reporting lines to the Executive Board • Procedures related to oversight, performance review, and risk management.	Short /**Medium**/Long Term
12.**Improve transparency in AML/CFT supervision.** For example, by publishing an overview of its risk-based supervisory policies, improving regulatory consultation mechanisms with financial institutions, providing staff statistics and names of sanctioned financial institutions, describing its internal AML/CFT regulation and risk mitigation measures, and	The CBK commits to implementing the following measures: **1. Publication of an Overview of the CBK's Risk-Based AML/CFT Supervisory Framework** The CBK will publish a comprehensive overview of its risk-based supervisory approach, outlining: • the principles guiding AML/CFT risk assessments; • the criteria used to classify institutions based on their ML/TF risk profile; • supervisory methodologies and frequency of inspections; and	Short /**Medium**/Long Term

including a summary of these activities in its annual reports.	• how supervisory findings are incorporated into follow-up actions. **2. Improving Regulatory Consultation Mechanisms with Financial Institutions** The CBK will strengthen its consultation procedures by: • publishing information on consultation timelines and channels, • providing institutions with opportunities to submit written feedback before finalizing AML/CFT regulations, and • issuing summaries of consultation outcomes. **3. Including a Comprehensive Summary of AML/CFT Activities in the Annual Report** Beginning with the next reporting cycle, the CBK will expand the AML/CFT section of its Annual Report to include: • key supervisory activities and thematic findings, • statistics on inspections and enforcement measures, • risk-based supervisory priorities, and • summaries of internal AML/CFT controls and developments.	

Annex I. CBK—Central Bank Transparency Code—Detailed Review

Central Bank Transparency Code—Detailed Review	
Central Bank of the Republic of Kosovo	
Pillar I—Central Bank Governance	
Principle 1.1.	**Legal Structure:** The central bank discloses its legal framework to the public in a manner that is clear and easily accessible.
Description	The Central Bank of the Republic of Kosovo (CBK) is an independent public legal entity with full competence based on Articles 11 and 140 of the Constitution of the Republic of Kosovo and Law No. 03/L-209 on the Central Bank of the Republic of Kosovo in 2010 as amended by Law No. 05/L -150 in 2017 (hereinafter the CBK Law). While the CBK publishes the CBK Law on its website, the website does not have a link to the Constitution. Its legal framework includes other legislation such as laws on Banks, Microfinance Institutions and Non-Bank Financial Institutions, Pension Funds of Kosovo, Insurance, Payment System, Kosovo Credit Guarantee Fund, Deposit Insurance System for Financial Institutions in Kosovo, whose operations are regulated or controlled by the CBK. As regards the CBK Law, the regulatory instruments approved by the CB Board are required to be published on the CBK's website (Article 66). The Government must consult the CBK on any draft Laws concerning matters that relate to the objectives of the CBK, or that otherwise are within its fields of competence, before such laws are submitted to the Assembly of the Republic of Kosovo. The Government must submit the CBK's views to the Assembly together with the draft law. In December 2023, the CBK enacted a regulation designating the euro as the only currency allowed for cash payment transactions and use in the national payment system. To support this measure, the CBK undertook public communication efforts targeted at domestic and international stakeholders, which included publishing a Q&A and providing hotlines for the public. **Legal Nature:** Articles 11(2) and 140 of the Constitution stipulate that the CBK is an independent institution that reports to the Assembly. The CBK Law provides that the CBK has administrative, financial and managerial autonomy and possesses all the powers necessary to achieve its objectives and carry out the tasks outlined in the CBK Law. The CBK is a legal entity with full competence, with headquarters in Pristina. It has the authority to enter into contracts, initiate legal proceedings, be subject to such proceedings, and acquire, manage, hold, and dispose of both movable and immovable property. The authorized capital of the CBK is fully subscribed and paid-up, amounting to thirty (30) million euros, and is solely held by the State, being neither transferable nor subject to encumbrance. The CBK does not disclose internal committee charters, nor the rules of procedure for the CB Board and EB.

	While the adoption and amendment of laws are subject to the ordinary legislative process regulation (Law No.04/L-025 on Legislative Initiatives), including public consultation, no such procedural requirements apply to the adoption or amendment of regulations and instructions that fall within the sole authority of the CBK. Instead, consultations with stakeholders regarding these instruments are conducted in accordance with the CBK's internal rules (Policy on Standards and Procedures for Issuing Sub-legal Acts). However, these internal rules are not disclosed, leaving room for improvement in terms of transparency. **Legal Protection:** The CBK Law stipulates that it prevails in case of conflicts with other laws (Article 73(1)). The CBK operates independently of legal provisions that may obstruct its objectives, specifically exempting it from the Law on Civil Service, the Law on Public Procurement, the Law on Internal Audit, and the Law on the Establishment of the Office of the Auditor General of Kosovo and the Audit Office of Kosovo (Article 73(2)). Moreover, the provisions of the CBK Law cannot be revoked, annulled, amended or superseded, in whole or in part, by other Laws, unless the subsequent legislation specifically amends the law and any such change must require prior consultation with the CBK (Article 73(3)). According to the CBK Law, no attachment or execution may be imposed on the CBK or its assets before a final judgment in legal actions in Kosovo (Article 76(1)). The CBK Law clarifies that the CBK and its members are not liable for damages related to their official duties unless proven to be intentionally wrongful or grossly negligent. The CBK's actions will not be enjoyed, stayed, suspended, or set aside, while monetary damages can be awarded to injured parties (Article 77). The CBK will indemnify them against legal costs unless they are convicted of a crime related to the actions in question (Article 78).
Review	*Core* **Legal Framework:** The legal framework regulating the CBK is published on its website. These legal documents are presented clearly and are easily accessible. The legal instruments which the CBK adopts with respect to financial institutions are disclosed. However, the CBK website does not contain links to the Constitution. While the CBK's website has a dedicated page for the Audit Committee, its basic information is only found in the annual reports. The integrity of the CBK Law is ensured by the provision that the CBK Law establishes that it prevails in case of conflicts with other laws. In addition, the Government is required to submit the CBK's opinion on draft laws relating to the objectives of the CBK, or those within its areas of competence, before these laws are presented to the Assembly. The Assembly typically makes relevant documents and stakeholder opinions, including those from CBK, available to the public. On the other hand, the transparency of the CBK's rule-making process is limited because the internal procedures are not accessible to external stakeholders.

	Legal Nature: The legal nature of the CBK is clear in the applicable legal framework. However, the CBK does not disclose the rules of procedure for the CB Board and EB, nor the terms of reference or charters for its internal committees. **Legal Protection:** The CBK's legal protection is clearly laid down in the CBK's legal framework, but this is not explained on the website.
Comments	The CBK could improve its transparency regarding its legal framework by providing a link to the Constitution on its website, as it is currently missing. Additionally, the CBK could make the Rules of Procedures of the CB Board and the EB public, along with the terms of reference or charters of its internal committees. The transparency of the CBK's rule-making process will be improved if the internal procedures for issuing the CBK regulations mentioned above are made public. The CBK recognizes the importance of transparency and will consider publishing an extract that outlines the stakeholder consultation process in its rule-making. The CBK website chronicles the domestic adoption of foreign currencies in the country. The enactment of a revised regulation on the use of the euro in end-2023 was subsequently accompanied by detailed explanations and a Q&A. The CBK has steadily made progress towards strengthening its autonomy over the past decade. First, the membership of a government representative on the CB Board has been abolished (Article 79(2)). Second, the CBK can now select its external auditor without the approval of the Supervision Committee for Public Finances (Article 63 as amended by Article 3 of Law No. 05/L-150). Third, the Governor and other members of the CB Board who are dismissed from their positions can file a lawsuit in the competent court within thirty (30) calendar days from the date of receiving the dismissal decision. The CBK website can explain to the public the significance of these changes in terms of strengthening its autonomy.
Principle 1.2.	**Mandate:** The central bank discloses its mandate—including its objectives, functions, and legally defined powers—in a manner that is clear and easily accessible to the public.
Description	**Objectives:** Article 11(2) of the Constitution states that the Central Banking Authority of Kosovo is independent and is called the Central Bank of the Republic of Kosovo. It does not define what the "Central Banking" is and consequently the article is silent on the CBK's objectives. In this regard, the CBK Law is clear about the CBK's objectives and the hierarchy thereof: The primary objective of the CBK is to foster and maintain a stable financial system, which includes a safe, sound, and efficient payment system. An additional objective of the CBK, which is subordinate to its primary objective, is to contribute to achieving and maintaining domestic price stability. Without prejudice to the attainment of these two objectives, the CBK should support the Government's general economic policies (Article 7). Article 7 also provides that CBK should operate in accordance with the principle of an open market economy characterized by free competition, promoting the efficient allocation of resources.

	According to the CBK's website, the CBK's objectives are to ensure financial and monetary stability, provide an efficient payment system, ensure an adequate supply of currency, as well as support sustainable economic development in the country. The website does not provide a rationale behind the current hierarchy among different objectives, or their relationship to the adoption of the euro as the currency in the country. **Functions:** The CBK's functions are listed in Article 8 of the CBK Law. They are individually presented and explained on the CBK's website. These core functions are: • Support financial stability. • Regulate, license, and supervise financial institutions. • Promote and oversee payment and settlement systems. • Manage the supply of banknotes and coins. • Conduct reserves management. • Collect and publish statistics. • Contribute to domestic price stability. • Inform the Assembly, the Government and the Public. • Act as banker, advisor and fiscal agent for the Government. • International cooperation. • Conduct ancillary activities incidental to the exercise of the CBK's tasks under the CBK Law or any other law. Powers: Article 71(1) of the CBK Law prohibits the CBK from engaging in certain activities. Specifically, it may not extend credit or make significant financial gifts, hold ownership in any commercial or financial entity, or acquire real estate except as needed for its own administrative and operational purposes. Notwithstanding these prohibitions, Article 71(2) allows the CBK to make secured loans to or participate in entities that support its official functions. It may also acquire certain interests when settling debts owed to it, provided these are divested as soon as appropriate. Additionally, the Bank may establish and manage retirement funds for its staff. **Financial Stability:** Its financial stability objective is mentioned on the CBK's website with a minimal explanation. The CBK Law does not explicitly list the CBK's macro-prudential function, but this function is based on the financial stability mandate set out in Article 8(1) of the CBK Law. The CBK publishes a financial stability report once a year. The report provides a risk-based analysis of the state and developments in Kosovo's financial system and infrastructure. The website also has a link to a policy document: "Macro-prudential Policy" on the CBK's macro-prudential responsibilities, which was approved by the EB in 2016. The CBK Law outlines the instruments to achieve the CBK objectives in Articles 11 and 12. It specifies emergency liquidity assistance in Article 14. The law also indicates that such assistance cannot exceed the total amount of reserves held by the CBK and the Special Reserve Fund established by the Treasury for this purpose. The CBK website again provides a minimal explanation of CBK's monetary policy functions, including credit operations.

Review	*Expanded* The objectives and functions of the CBK are clearly specified in the CBK Law. The CBK Law and a concise summary of the CBK's objectives and functions are available on the website. In addition, the FSRs are also published on the website. The CBK website has a link to the policy document: "Macro-prudential Policy." As regards monetary policy, the CBK's website does not provide explanations on open market and credit operations under unilateral euroization. Emergency liquidity assistance is not fully explained either.
Comments	The CBK Law provides clear details on its objectives and core functions. Given that Kosovo is unilaterally euroized, it may be useful to discuss on the CBK website how this affects the implementation of the CBK's monetary policy and ELA functions. NLP (see Annex III) shows that CBK's reports devote little space to payment systems, fintech and innovation—areas that the CBK Law lists as relevant.
Principle 1.3.	**Autonomy:** The central bank discloses its autonomy—as defined in relevant legislation or regulations, allowing it to reveal the extent to which it is autonomous or not, in what forms, and under which conditions—in a manner that is clear and easily accessible for the public.
Principle 1.3.1.	**Institutional/Operational Autonomy:** There is clarity on whether the central bank is prohibited from seeking or taking instructions from any private or public body. The extent to which the central bank's autonomy varies for the various elements of its mandate is clearly disclosed. Where appropriate, a central bank's governing law clarifies whether it has goal or instrument autonomy concerning its various objectives.
Description	The Constitution and the CBK Law clarify the CBK's institutional/operational autonomy. The Constitution stipulates that the CBK is "independent" (Article 11(2)) and "an independent institution" (Article 140(1)). In light of these provisions, Article 2(2) of the CBK Law states, "According to this Law, the Central Bank shall be a public legal subject based on Articles 11 and 140 of the Constitution and this Law, having administrative, financial and managerial autonomy." Article 6 further provides, "the Central Bank, the members of the Central Bank's decision-making bodies or staff, shall not take instructions from any other person or entity, including government entities. The independence and autonomy of the Central Bank shall be respected at all times, and no person or entity shall seek to influence the members of the decision-making bodies or the staff of the Central Bank in the performance of their tasks or to interfere in the activities of the Central Bank." Upon request from the CBK, the Government must provide the necessary information and documents needed by the CBK to perform its tasks (Article 32(6)). The CBK should be consulted by the Government on any draft Laws concerning matters that relate to the objectives of the CBK, or that otherwise are within its fields of competence, before such Laws are submitted to the Assembly. The Government is required to submit the views of the CBK together with the draft Law to the Assembly (Article 32(7)).

	Furthermore, Article 79(2) fortifies the institutional autonomy of the Central Bank. Upon the conclusion of a single term of five years from the date of the CBK Law's adoption, the General Director of the Treasury has ceased to be a member of the CB Board. This provision ensured that the CBK would maintain its autonomy from political influence, as the discontinuation of the General Director's Board membership allowed for the appointment of an additional non-executive member to the CB Board. Though the CBK, a member of the CBK's decision-making bodies or its staff, or an agent of the CBK in carrying out their duties are subject to court or arbitration proceeding, the action in question shall continue without restriction during the period of an appeal and any further appeal or other judicial proceedings related to the appeal (Article 77(1) 1.3.). Article 73(2) specifies that the CBK is not subject to any legal provision that would hamper the attainment of its objectives (as stipulated in Article 7(1) and (2)) and the carrying out of its related tasks. In particular, the CBK is not subject to the following Laws: Law on Civil Service, Law on Public Procurement, Law on Internal Audit, and Law on the Establishment of the Office of the Auditor General of Kosovo and the Audit Office of Kosovo. The provisions of the CBK Law should not be revoked, annulled, amended or superseded by other laws unless the subsequent legislation specifically amends the CBK Law and any such change requires prior consultation with the CBK (Article 73(3)).
Review	*Expanded* The CBK's institutional/operational autonomy is clearly explained in an accessible manner on the CBK's website. The CBK Law stipulates that it should not be revoked, annulled, amended or superseded by other laws unless the subsequent legislation specifically amends the CBK Law and any such change requires prior consultation with the CBK. Additionally, the CBK Law states that the CBK is not subject to audit by the Auditor General of Kosovo.
Comments	The CBK's website could explain that: (i) the CBK can now select its external auditor without the approval from the Supervision Committee for Public Finances (Article 63 as amended by Article 3 of Law No. 05/L-150); and (ii) the CBK is not subject to audit by the Auditor General of Kosovo.
Principle 1.3.2.	**Functional Autonomy:** There is clarity on whether the central bank can perform its duties without prior approval from the government.
Description	Article 73(2) of the CBK Law states that the CBK shall not be subject to any legal provision that would hamper the attainment of its objectives and the carrying out of its related tasks. In particular, the CBK is not subject to the following Laws: Law on Civil Service, Law on Public Procurement, Law on Internal Audit, and Law on the establishment of the Office of the Auditor General of Kosovo and the Audit Office of Kosovo.
Review	*Core*

	The CBK Law clarifies CBK's functional autonomy.
Comments	The CBK's website could explicitly explain that CBK's functional autonomy is ensured by the CBK Law. It prohibits the Government, other bodies and organizations or any other entities from approving, canceling, annulling or in any other way affecting any decision within the CBK's authority. The CBK is planning to enhance the current disclosures in this area.
Principle 1.3.3.	**Personal Autonomy:** Whether there is security of tenure for the members of the central bank's decision-making bodies is clear, as is the nature of such security. In this respect, security of tenure encompasses the eligibility and disqualification criteria for the appointment of the members of a central bank's decision-making bodies, the appointment procedure, the dismissal criteria and procedure, their remuneration, and the duration of their tenure.
Description	Duration of term Article 38(1) of the CBK Law stipulates that the Governor and the non-executive members of the CB Board are appointed for a term of five (5) years. No member of the CB Board or EB may serve for more than ten (10) years in their respective roles. Appointment Article 38 outlines the appointment process for members of the CB Board. In the event of a vacancy for the Governor or among the non-executive members of the CB Board, a panel will be formed. This panel will consist of the remaining members of the CB Board and the Governor, none of whom are seeking reappointment. The panel is responsible for publishing a notice in newspapers with general circulation in Kosovo for a minimum period of two (2) weeks. Following this, the panel will review and rank all applicants. The list of eligible applicants will then be forwarded to the Assembly of the Republic of Kosovo and to the Government, which may provide an opinion within fifteen (15) days. From this ranked list, the Assembly will select one (1) nominee for each position on the CB Bank Board that needs to be filled. The Assembly will forward these nominees to the President, who will approve and appoint one (1) person to fill the vacant position. The Deputy Governors will be appointed by the CB Board based on a proposal from the Governor. Finally, the appointment procedures above must be finalized within forty-five (45) calendar days preceding the expiration of the term of the concerned member. Dismissal Article 41 addresses the disqualification and removal of members from the CB Board. A Governor or any non-executive member may be removed from office by the President upon the recommendation of a majority of the Board members and a majority vote by the Assembly if it is determined that any grounds specified in Article 40(1), (2) and (3), apply to the member in question. A Governor or non-executive member may also be removed if they are unable to perform their duties due to a physical or mental infirmity lasting more than three months, if they have failed to fulfill their responsibilities for more than three

	consecutive months without the approval of the CB Board, or if they have actively participated in political activities after their appointment to the Board. If the President or a simple majority of the Assembly believes that the CB Board has not acted according to the requirements outlined above, they may appoint a panel to investigate the matter. This panel will consist of a chairman with a high judicial background and at least two other members, one of whom should have expertise in banking or financial matters. The panel will report its findings and recommendations to the President and the Assembly. Following this, the Assembly will decide regarding the matter based on a simple majority vote, which will then be sent to the President for approval or disapproval regarding the dismissal of the Governor or any member of the CB Board. Importantly, no member of the CB Board can be removed from the office for reasons other than those specified in the preceding paragraphs. Article 42 addresses the disqualification and removal of Deputy Governors from the EB. A Deputy Governor may be removed from office by the CB Board upon the Governor's recommendation if it is determined that any of the grounds specified in Article 40(1), (2), and (3), apply to the Deputy Governor in question. A Deputy Governor may also be removed if it is concluded that they are unable to perform their duties due to a physical or mental infirmity lasting more than three months, if they have failed to fulfill their responsibilities for more than three consecutive months without the approval of the EB, or if they have actively participated in political activities after their appointment to the EB. Article 42(3) stipulates that if the CB Board has reasonable grounds to believe that the Deputy Governor has not acted according to the requirements outlined above, the CB Board shall appoint a panel to investigate the matter. This panel will consist of a chairman who holds or has held high judicial office, along with at least two other members, one of whom must have expertise in banking or financial matters. The panel will report its findings and recommendations to the CB Board, which will then decide based on the grounds specified in the earlier paragraphs. Importantly, no Deputy Governor can be removed from the office for reasons other than those stated in the previous paragraphs. Resignation Article 43 addresses the process of resignation for members of the CBK Boards. The Governor and Deputy Governors may resign from their positions by providing written notice of no less than three months to the President or the CB Board, respectively. In contrast, the non-executive members of the CB Board may resign by giving a written notice of at least two months to both the President and the CB Board. Recourse

	Article 41(5) prescribes that the Governor and other members of the CB Board who are dismissed from their position shall have the right to file a lawsuit in the competent Court within thirty (30) calendar days from the day of receiving the decision. Furthermore, a Deputy Governor who is removed from office has the right to appeal to the Supreme Court within fifteen calendar days from the date of the decision (Article 42(5)). Remuneration Article 35(1) 1.6 states that the annual budget of the CBK must include an annual remuneration plan for all employees and must be approved by the CB Board. Article 52 states that remuneration received by members of the CBK staff should align with the interests of the CBK and be sufficient to attract and retain qualified and expert staff members. The total annual remuneration for both boards is approved as part of the CBK's budget and will be disclosed in the report referenced in Article 59. With respect to the annual compensation of the Governor, non-executive Board members, Deputy Governors, and senior staff, the general public has access to individual-level information through the declaration of asset and annual income mandated by Law on Declaration, Origin and Control of Property and Gifts. There is no prohibition against reducing the remuneration of Board members during their term of office. *Eligibility or Incompatibility Criteria* Article 40 outlines the eligibility criteria for individuals wishing to serve on the decision-making bodies of the CBK. Candidates must demonstrate integrity and possess a university degree along with a minimum of ten years of professional or academic experience in fields such as economics, finance, banking, accounting, or legal matters. Individuals are deemed ineligible to serve if they have been convicted of a criminal offense that carries a prison sentence. Furthermore, those who have been debtors in bankruptcy or insolvency proceedings or who have faced disqualification or suspension due to personal misconduct by a competent authority are also excluded. This ineligibility extends to anyone prohibited from holding a position as a director or officer of a financial institution. However, it is important to note that officers or employees of universities or organizations that operate independently from the Government are not classified as officials or employees of the Government or its ministries. Additionally, no person may serve on the decision-making bodies while being a member of the Assembly, the Government, or an official of a government ministry, nor can they be an official or employee of a financial institution operating in Kosovo or hold a direct or beneficial ownership of five percent or more in such an institution.

	The CBK website discloses updated CVs for the Governor, non-executive members of the CB Board, and most of the Deputy Governors. However, information for the external member of the audit committee and one Deputy Governor is not provided. Cooling Off Period Article 44 establishes restrictions on subsequent functions for former members of the CB Board or EB. Specifically, these individuals are prohibited from serving in any capacity at a bank or other financial institution in Kosovo for a period of one year immediately following their departure from the CBK. During this one-year restraint period, the CB Board may determine an appropriate level of compensation to be paid to these former members of the CB Board and EB. Ethics Code Article 51 outlines general provisions regarding the staff. Staff members are required to devote their entire professional services to the CBK and are prohibited from holding other offices or employment, whether compensated or not, unless they are serving as nominees of the CBK or engaging in educational and civic activities. However, such activities must not conflict with their ability to serve the CBK. The EB retains the authority to limit or prohibit participation in these outside activities. Additionally, Article 69(9) authorizes the CB Board to establish internal rules on fiduciary duty and conflict of interest for members of the CBK's decision-making bodies and its staff. In practice, the CB Board approved the CBK Employment Relations Policy, and the Code of Ethics and Conduct as part of the Policy. However, these internal rules are not published. (See below Principle 1. 6. 3.)
Review	*Expanded* The CBK Law is clear about the duration of the term of office for its senior officials, as well as the criteria and procedures for the appointment and dismissal of such officials. The CBK Law also provides eligibility or incompatibility requirements, and the grounds and procedures for dismissal. The CBK Law discloses and clarifies whether the CBK, members of its decision-making bodies, and employees, can be liable for damages caused by any of their acts or omissions. The details of the remuneration of all the Board members are available in aggregate form in the financial statements, but individual information on the remuneration of the CBK officials is not provided on CBK's website.
Comments	There is no section on the CBK website dedicated to discussions of personal autonomy. It is recommended that the CBK website explains how the appointment process of members of its decision-making bodies works. Additionally, the CBK could disclose internal rules on fiduciary duty and conflict of interest, including the Code of Ethics and Conduct.

Principle 1.3.4.	**Financial Autonomy:** The central bank's financial resources available to fulfill its mandate, and the nature of those resources, are clearly disclosed. In this respect, there is clarity regarding the central bank's capital, the rules governing any recapitalization of the central bank, its budget, reserves, provisions, profit distribution mechanism, monetary financing, and applicable accounting standards.
Description	The financial autonomy of the CBK is enshrined in the CBK Law, which is published on the CBK website. Certain aspects of this autonomy, such as revaluation reserves, the calculation of distributable profits, capital, and remuneration, are also explained in financial statements. However, aside from these details, the website does not provide a comprehensive account of financial autonomy. The CBK Law regulates issues that treat the concept of financial autonomy of the central bank, and enshrines it through the following provisions: According to Article 2(2) it declares that the CBK possesses administrative, financial, and managerial autonomy. According to Article 5, the capital of the CBK cannot be encumbered or reduced. Articles 35 and 64 articulate that the CBK can draw up its own budget. Article 33 stipulates that the CBK is prohibited from granting direct or indirect credits to the Government, public agencies, or state-owned entities, except for intra-day credits necessary for the smooth functioning of the payment system. These intra-day credits must be secured by negotiable government securities and fully repaid by the end of the same day. Article 55 addresses the management of profits, losses, and distributable earnings of the CBK. The net profits or losses are determined in accordance with International Financial Reporting Standards and Law on Financial Reporting. Earnings available for distribution are calculated by deducting the total amount of unrealized revaluation gains from the net profits and allocating an equivalent amount to the respective unrealized revaluation reserve account. If any unrealized profit previously deducted from net profits in prior years is realized during the current financial year, that amount will be deducted from the relevant unrealized revaluation reserve account and added to the distributable earnings. Unrealized revaluation losses are transferred to the respective unrealized revaluation reserve accounts until these accounts reach a zero balance. Once this occurs, the losses are covered first by the current year's profits, then by the general reserve account, and finally by the authorized capital account. Article 56 outlines the allocation of distributable earnings. Within thirty (30) days after publishing the financial statements, the CBK must allocate the distributable earnings as follows: first, all distributable earnings will be applied to the general reserve fund until the total amount of initial capital and general reserves reaches five percent (5 percent) of the CBK's monetary liabilities. After this, fifty percent (50 percent) of the distributable earnings will be transferred to the Ministry as general revenue for the State budget, while the remaining fifty percent will be allocated to the CBK's general reserve fund. No distribution will be made from the current income of the CBK, except as permitted by

	the above provisions. If the CBK incurs negative distributable earnings in any financial year, these earnings will first be charged to the general reserve account and subsequently applied against the authorized capital account. Article 57 outlines the coverage of a shortfall in the CBK's capital. If the audited annual financial statements reveal that the value of the CBK's assets falls below the sum of its liabilities and unimpaired authorized capital, the EB, with the advice of the external auditor, will assess the situation and prepare a report detailing the causes and extent of the shortfall within thirty (30) calendar days. If the CB Board approves this report, the CBK will request a capital contribution from the Minister to remedy the deficit. Upon receiving this request, the State is obligated to transfer the necessary amount to the CBK within thirty (30) calendar days, either in currency or in negotiable debt instruments with a specified maturity issued at market-related interest rates. Article 58 establishes the accounting standards for the CBK, requiring it to maintain accounts and records in accordance with the International Financial Reporting Standards to accurately reflect its operations and financial condition. Article 54 addresses the establishment of reserve accounts. The CBK is required to maintain a general reserve account, which may only be used to cover losses incurred by the CBK. Unrealized revaluation reserve accounts must also be established to account for unrealized gains and losses related to positions in foreign currencies, gold, financial instruments, and other assets. After consultation with the Minister, the CBK may establish special reserve accounts for anticipated expenditures. Regarding remuneration, Article 39 stipulates that the total yearly remuneration received by members of the CB Board and the EB is approved as part of the CBK's budget, as stated in Article 35(1) 1.6, and disclosed in the financial statements referenced in Article 59. No remuneration paid by the CBK should be based on the CBK's profits or any other revenue. Any remuneration or compensation outside of what is mentioned in Article 39(2) must be disclosed in its annual report (Article 39(3)). Article 72 exempts the CBK from various taxes and duties.
Review	*Comprehensive* The CBK Law is clear about rules and decision-making process regarding the central bank's capital, budget, reserves, provisions, profit distribution mechanism, monetary financing, and applicable accounting standards.
Comments	The CBK could explain what its financial autonomy consists of, how this is implemented in practice, and what it sees as the rationale for this autonomy. Specifically, transparency could be enhanced if the website elaborates on automatic recapitalization and the clear prohibition of monetary financing. Both aspects are important to strengthen the case for autonomy, and this will be especially beneficial to the general public to further appreciate the rationale behind it.
Principle 1.4.	**Decision-Making Arrangement**: The central bank discloses a clear overview of the organizational structure or allocation of responsibilities to its decision-making bodies: policy making, day-to-day management, and internal oversight of the central bank.

Description	**Decision-Making Bodies:** According to the Constitution (Article 140), the Governor will serve as the chief executive officer. The governance of the CBK and the selection and nomination procedures of the CB Board members should be regulated by law, which ensures its independence and autonomy. These are embodied and expanded in Chapter XII of the CBK Law. In addition to the provisions of the CBK Law, the annual reports provide a description of how the decision-making bodies are functioning each year. [The Central Bank Board ("CB Board")] The CB Board consists of a Governor and four non-executive members and is charged with the supervision of the implementation of the policies, and the supervision of the administration and the operations of the CBK (Article 34). The meetings of the CB Board are chaired by the Chairperson who is elected by the CB Board from among its non-executive members (Article 47). The CBK Law stipulates that the CB Board has the following powers and tasks, which are also described on the CBK's website: (i) adopting all regulations of the CBK and supervising the implementation of its policies and the execution of its tasks; (ii) adopting the regulation on emergency liquidity assistance as proposed by the Executive Board; (iii) approving the appointment of the Chief Internal Auditor based on the Governor's recommendation; (iv) appointing the Deputy Governors upon the Governor's proposal; (v) determining the number of Deputy Governors on the Governor's proposal (Article 34(3)); (vi) approving the annual budget of the CBK, which must specifically include an annual remuneration plan for all employees; (vii) determining the accounting policies of the CBK and approving its annual report, other formal reports, and financial statements; (viii) appointing the external auditors of the CBK; (ix) deciding whether the CBK should incur debt and determining the terms and conditions of such debt; (x) determining the organizational structure of the CBK, including the establishment and location of offices and operational facilities based on the EB's recommendation; (xi) adopting the rules of procedure for the CB Board; and (xii) exercising such other powers and tasks as explicitly granted by the CBK Law or any other Law. The CBK Law contains detailed provisions regarding the rules of procedure for CB Board meetings. The CB Board can adopt the rules of procedure to regulate in more detail the manner of the CB Board's work. These rules are not available on the CBK's website. CB Board meetings must be held at least ten times each calendar year. The CBK Law explicitly states that Deputy Governors may attend Central Bank Board meetings and participate in discussions without voting rights (Article 47(9)). A quorum for conducting business at any meeting of the CB Board consists of at least three-fifths (3/5) of the Board members, of which one is the Governor. Decisions are made by a majority vote of the members present at the meeting, and the person chairing the meeting has the casting vote in the event of a tie. The CBK Law requires the CB Board to keep minutes of its meetings (Article 48(2)). While the CBK Law mandates that the proceedings of the CB Board meetings must remain confidential, decisions adopted by the Board are published on the website.

	[Executive Board ("EB")] EB consists of the Governor, who is the Chairperson, and two Deputy Governors, and is charged with the implementation of the CBK's policies, and its operations. The Governor chairs a meeting of the EB and in case of his absence, the first Deputy Governor chairs a meeting. The CBK Law stipulates that the EB has the following powers and tasks: (i) defining and adopting the policies of the CBK to initiate and maintain a stable financial system, as well as a secure, sound, and efficient payment system; (ii) determining and adopting policies to contribute to the achievement and maintenance of local price stability; (ii) defining and adopting additional policies regarding the execution of the CBK's tasks and adopting internal rules for their implementation as appropriate; (iv) determining general policies and adopting the bylaws and internal rules applicable to the administration and operations of the CBK; (v) recommending to the CB Board the organizational structure of the CBK, including the establishment and location of operational offices and premises; (vi) approving the appointment of heads of departments and divisions; (vii) exercising the powers and tasks of the Central Bank as referred to in Articles 12, 15(3), 19(3), 22, and 30(3) of the CBK Law; (viii) determining categories of assets that will constitute international reserves; (ix) determining categories of assets suitable for the investment of financial source of the CBK; (x) adopting or refusing the granting of licenses and permits for regulated systems, including clearing and securities settlement systems, and revoking these licenses and permits; (xi) adopting or refusing the granting of licenses or permits for financial institutions and revoking these licenses and permits; (xii) taking enforcement measures, including instructing any supervised bank or financial institution, or any regulated payment, clearing, and securities settlement system, to take remedial actions; appointing a receiver for such entities; or imposing administrative penalties as provided by this Law or any other Law, and subsequently reporting any such actions to the CB Board; (xiii) establishing one or more advisory bodies, determining their terms and conditions of appointment for their members, and defining the terms of reference for such bodies; (xiv) assessing risks and drafting contingency plans for the ongoing operations and security of the CBK; (xv) proposing regulations on ELA (emergency liquidity assistance) to the CB Board; (xvi) adopting the rules of procedure for the EB; and (xvii) exercising such other powers and tasks as explicitly granted by the CBK Law or any other Law. The EB must meet at least twice a month. A quorum for conducting business at any meeting of the EB consists of at least two-thirds (2/3) of the Board members. If a quorum is not present, the person chairing the meeting may convene an extraordinary meeting at which decisions may be made without regard to the existence of a quorum; such decisions must be ratified at the next regular meeting of the EB to remain in effect. Decisions are made by a majority vote of the members present at the meeting, and the person chairing the meeting has the casting vote in the event of a tie.

	The CBK Law requires the EB to keep minutes of its meetings (Article 50(2)). While the CBK Law mandates that the proceedings of the EB meetings must remain confidential, certain decisions adopted by the Board are required to be published on its website. Notably, Article 46 of the CBK Law prescribes a fallback governance arrangement in the event of exceptional circumstances. If all members of the EB are absent or unable to act, the office of the Governor shall be temporarily assumed by the Chairman of the CB Board. The two (2) most senior and available non-executive members of the Central Bank Board will temporarily take over the responsibilities of the Deputy Governors. As the 2023 Annual Report documented, this circumstance materialized, and the Chairman of the CB Board, along with its two most senior non-executive members, assumed the responsibilities of the EB. [Governor] The Governor serves as the chief executive officer of the Central Bank in charge of the day-to-day operations of the CBK. The Deputy Governors assist the Governor in conducting the day-to-day operations of the CBK (Article 34(4)). The Governor is responsible to the CB Board for the execution of the CBK's policies and for the direction and control of the administration and operations of the CBK (Article 37). The Governor shall propose and implement the CBK's policies in pursuit of the CBK's objectives. Within the limitations of his/her powers, the Governor has the authority to take all actions necessary for the administration or operations of the CBK, including but not limited to: (i) procuring goods and services; (ii) entering into contractual commitments on behalf of the Central Bank; (iii) appointing the staff and agents of the Central Bank; and (iv) representing the Central Bank, including representation before judicial bodies. All powers under the CBK Law that are not specifically reserved for the CB Board, or the EB are vested in the Governor. The Governor may delegate, in writing, any of his/her powers or tasks to any of the Deputy Governors or to other senior staff. The Governor determines the order in which the Deputy Governors shall replace the Governor during any period of his/her absence or disability. While the duties of the office of the Governor are not prescribed in the CBK Law, the CBK website summarizes its functions: [Deputy Governors] Deputy Governors assist the Governor in the day-to-day operations of the Central Bank and serve as members of the Executive Board, which is tasked with implementing the Bank's policies (Article 34(3) and (4)). They are appointed by the CB Board upon the proposal of the Governor and serve for a term of up to five years, renewable within the overall limit of ten years in executive roles, unless appointed Governor (Articles 35(1.4) and 38(3)). Deputy Governors must meet strict eligibility criteria, including integrity, a university degree, and at least ten years of relevant professional or academic experience (Article 40).

	They may be removed by the Central Bank Board on the Governor's recommendation for specified legal grounds and may appeal such decisions to the Supreme Court (Article 42). [Audit Committee] Article 62 of the CBK Law stipulates that the Audit Committee (AC) members are appointed by the CB Board. Its two (2) members are selected from among the non-executive members of the CB Board, while the third (3rd) member is an external expert responsible for accounting or audit. The responsibilities of the AC include: (i) overseeing the internal audit function; (ii) recommending the appointment of external auditors and the scope of external audits and other services; (iii) meeting with the auditors to discuss their findings; or (iv) reviewing with the external auditors the year-end financial statements. The CB Board defines the composition, and further responsibilities and duties of the AC in the Audit Committee Charter, which is not published on the CBK website. The AC is required to periodically report to the CB Board. The AC may regulate its own proceedings, in keeping with any requirements of the CBK Law and any directions given to it by the CB Board. The CBK website has a specific page dedicated to the AC, but the page primarily features a description of the Chief Internal Auditor. The CBK's Annual Reports describe its statutory mandates and activities. The responsibilities of the AC should be more clearly outlined, accompanied by the AC Charter. [Internal Audit Function] The CBK Law defines the appointment process for the Chief Internal Auditor in Article 60. It provides that the Chief Internal Auditor is appointed by the Governor with the CB Board's approval. The appointee must have substantial professional experience in accounting or auditing and meet the eligibility criteria under Articles 40 and 41. The term is six years, renewable once, with a maximum of twelve years in total. Resignation requires at least three months' notice. The Auditor may be removed if disqualification conditions under Article 41 are met or for cause as specified therein. The CB Board defines the audit's scope and framework through the Audit Charter. Article 61 outlines the responsibilities of the Chief Internal Auditor. These duties include advising on and overseeing risk management practices, conducting regular audits to ensure legal and procedural compliance, reviewing financial statements, and reporting quarterly to the CB Board and the AC. The Auditor also advises the Governor on auditor recruitment, and serves as the point of contact with external auditors. **Organizational Structure:** The CBK discloses its organizational chart on its website. This detailed Organizational Chart identifies the reporting line and the titles of the responsible managers (i.e., the Governor and Deputy Governors). **Other Committees:** The CB Board has two committees that are composed of non-executive members. One is the AC and the other is the Governance, Ethics and Human Resource Committee. The latter assists the CB Board in overseeing and implementing the highest standards of governance, ethical behavior and human resources within the CBK. However, the CBK website does not disclose the charters of those committees.

	In addition, Article 36 of the CBK Law enables the EB to establish advisory bodies. The following committees have been established: Macro-prudential Advisory Committee, Investment Committee, and Risk Management Committee. The functions of these committees are not discussed on the website. The website includes the biographies of the CB Board and the EB members, but not of the external expert of the Audit Committee.
Review	*Expanded* The CBK Law has detailed provisions as regards the CBK's decision-making bodies and their division of responsibilities. In addition, the annual reports provide detailed accounts regarding the responsibilities of the CB Board and EB. This information covers the decision-making processes within the CBK, as well as its organizational structure. However, the rules of procedure of the CB Board and the EB are not available on the website. Terms of reference of internal committees are not published.
Comments	The website should outline the committees' responsibilities and include their charter or terms of reference. Each senior official's information should also display their appointment and mandate expiration dates.
Principle 1.5.	**Risk Management:** The central bank discloses the principal risks that it needs to take to meet its objectives (such as financial, operational, and legal risks), and the framework to manage these risks. This includes information on the risk governance structure and risk strategy.
Principle 1.5.1.	**Risk Exposure:** The central bank discloses the principal risks that it needs to take to meet its objectives.
Description	Risk management is included in the strategic objectives of the Plan 2024–28 ("Modernization of the CBK with the aim of advancing the level of corporate governance, human capacities, internal control, risk management, transparency, work processes and operations.). The CBK risk management framework covers both financial and operational risks. Financial risks. Risks stemming from financial instruments are disclosed both in the financial statements and the Annual Report. Thus, the Annual Report, specifically in Chapter 6.3 on Asset Management, outlines the objectives of the Investment Policy and provides information regarding the instruments, currencies, portfolio performance, and risk exposures, including credit risk and repo operations with local banks. The financial statements, which are produced under IFRS (in line with Article 58 of CBK Law), include a note (Note 4. Financial Risk Management) which contains a description of the risk management framework and details of liquidity, credit, currency, and market risks. Specifically, the risk tolerance levels, defined in terms of minimum credit ratings and eligible asset classes, are disclosed in the Annual Report (Section 6.3.3), while the criteria for credit risk exposure are detailed in Note 4 of the financial statements. Operational risks. The CBK has issued an operational risk management policy for commercial banks, as outlined in Regulation 9, which is publicly accessible. However, this policy does not apply to the CBK itself, and the Bank's own operational risk

	management policy has not been published. Notwithstanding, the financial statements include a brief note on operational risks (Note 4.e), which provides a definition of operational risks and enumerates the areas where the framework is applied. Furthermore, Section 7.4 of the Annual Report, which addresses the Risk Management function, refers to the general principles of the CBK's risk management function, but does not offer a detailed description of these principles or specify the framework used to define the methodology (such as ISO 31000, COSO). Additionally, the Annual Report does not include a risk statement.
Review	*Core* Although the principles of financial risk management framework and associated metrics are disclosed in the Annual Report and financial statements, key disclosures regarding operational risk are lacking. The Annual Report does not present the institution's perspective on its operational risk exposures, nor does it include a risk statement, a mapping of key risks to the CBK's mandate or an overview of development in key risks. Additionally, risk strategies, such as collateralization and limits, are not disclosed. The CBK's website does not include a dedicated section on risk management to inform stakeholders about the main financial and non-financial risks the central bank encounters.
Comments	To enhance transparency, a dedicated section to risk management on the CBK's website should be considered, and Section 7.4 of the Annual Report expanded to include key details of the central bank's risk profile.
Principle 1.5.2.	**Risk Framework:** The central bank discloses the process for identifying financial and nonfinancial risks, the overall risk strategy, and the accompanying risk governance structure designed to monitor and evaluate risks effectively.
Description	The CBK's legal framework does not specify which of its decision-making bodies are responsible for overseeing and managing risks. Financial risks. The process used to identify financial risks is not disclosed on the website, in the Annual Report, or within the financial statements. Responsibility for managing financial risks related to foreign reserves lies with the Middle Office; and the Risk Management Department is involved in conducting CBK's balance sheet stress testing (one year horizon) and re-evaluating financial risk streaming from potential Emergency Liquidity Assistance. However, details about the processes and governance structures involved are not disclosed by the CBK. Operational risks. Operational risk management is addressed in Section 7.4 of the Annual Report, which outlines the risk management function as a systematic approach to supporting the institution's legal and strategic objectives. The function operates within a comprehensive framework that identifies, analyzes, and assesses various types of risk—strategic, operational, and financial—ensuring that these risks are managed in accordance with regulatory requirements. The function is integrated into the CBK's governance, strategic planning, and project management processes, reflecting a

	holistic approach, and the central bank has adopted the three lines of defense model. As such, the risk management function collaborates closely with the Audit and Investment Committees, and supports its work with a dedicated Risk Management System developed in compliance with IT project management standards. Further, Section 7.4 states that to promote a strong risk culture, the CBK has implemented ongoing awareness programs, developed accessible guidelines and procedures, and held regular meetings and workshops to enhance staff understanding of risk identification, assessment, and mitigation. The function ensures that risk management is closely linked to the bank's strategic goals by providing tools, procedures, and reporting mechanisms that facilitate the identification, evaluation, and monitoring of risks across all levels of the organization, although these elements are not disclosed by the CBK.
Review	*Core* The central bank's legal framework does not allocate responsibility for risk oversight and risk management among the central bank's decision-making bodies. The website and the Annual Report do not include an extract of the risk management framework, nor do they elaborate on the process for the identification, evaluation and treatment of risks. A high-level description of methodologies for quantifying risks is also lacking. Details on governance arrangements are absent from the CBK's communication channels.
Comments	References to the governance arrangements for both financial and non-financial risks should be added to the website and the Annual Report, specifically with respect to the responsibilities of the governance bodies and executive committees involved in the management of risks. Cooperation with international counterparts, such as the International Operational Risk Working Group, could also be communicated to the public.
Principle 1.6.	**Accountability Framework:** The central bank discloses its accountability framework that provides transparency and reporting mechanisms to internal decision-making bodies, political institutions, and the general public.
Principle 1.6.1.	**Arrangements:** Accountability arrangements are clearly identified, including: (i) internal and external audit arrangements and compliance; (ii) reporting to an audit committee or Board having an oversight responsibility; and (iii) the external publication of audited financial statements and annual reports.
Description	Accountability arrangements—including provisions for external and internal audits, accounting practices and policies, financial statements, as well as the appointment and reporting of the Chief Internal Auditor—are set forth in Chapter XIII: Financial Provisions of the Law on the Central Bank. The CBK's accountability framework emphasizes transparency, legal compliance, and effective oversight. The central bank regularly reports to the Assembly of Kosovo, particularly through its Annual Report,

which covers policy actions, audited financial statements, and institutional performance. The CBK collaborates with independent oversight bodies such as the Agency for Information and Privacy, the Financial Intelligence Unit, and the Deposit Insurance Fund of Kosovo, to discharge its obligations in areas like data protection, anti-money laundering, and financial sector stability.

Independently Audited Financial Statements

Article 59 of the CBK Law mandates that the Central Bank prepare annual financial statements, which must be submitted within six months after the end of each financial year to the Assembly of the Republic of Kosovo and the Minister, accompanied by a report on the bank's operations, policy objectives, and major economic developments. These financial statements—approved by the CBK Board, signed by the Governor, and certified by an external auditor—are published alongside the annual report. To further promote transparency, the CBK also issues quarterly summary financial statements and a monthly pro forma balance sheet.

All accounts, records, and financial statements are subject to at least one annual audit, conducted in line with International Standards on Auditing (ISA) by independent, internationally reputable auditors experienced with major financial institutions. The Central Bank Board appoints these auditors, limiting their consecutive service to five years before requiring a change in audit firm, and reserves the right to dismiss them for good cause after consulting the relevant Assembly committee.

External auditors, who have full access to all bank records and transactions, report their key findings and any material weaknesses in internal controls to the Audit Committee, and their audit reports are published.

The published financial statements specify that they are prepared in accordance with IFRS and confirm full compliance with these standards. They also indicate the date of authorization and are clearly identified as having been audited.

According to Article 59 of the CBK Law, within six months after the close of each of its financial years, the central bank shall submit to the Assembly of Republic of Kosovo—with a copy to the Minister—the audited financial statements and an Annual Report, approved by the Board, on the CBK's operations and affairs during the financial year.

Internal Audit

The CBK Law sets clear provisions about the internal audit function, detailing the appointment, qualifications, and responsibilities of the Chief Internal Auditor. According to Article 60, the Governor appoints the Chief Internal Auditor with the Central Bank Board's approval, requiring substantial professional experience in accounting or audit and adherence to eligibility criteria from other relevant articles. The term for this position is six years, renewable once, with a maximum service period of twelve years; resignation requires three months' notice, and removal follows the same standards as for Board members. The Central Bank Board is responsible for defining the internal audit scope and terms in the Audit Charter. Article 61 assigns the Chief Internal Auditor a wide array of duties, including reviewing and recommending risk management procedures, conducting regular audits to ensure legal compliance,

	examining periodic financial statements, and providing quarterly or ad hoc reports and recommendations on various operational and financial matters. Additional responsibilities include advising on internal auditor recruitment, undertaking assignments from the Board or Audit Committee, and coordinating with external auditors, all within the parameters set by the Law. A description of the internal audit function is included in Section 7.1 of the Annual Report, which states that internal audit provides assurance to the CBK Board, Audit Committee, and Executive Board that internal controls are effectively designed and functioning. The website provides a short note on the role of the Chief Internal Auditor (CIA) and the CV of the incumbent CIA. **Audit Committee** Article 62 of the Law on the CBK requires the creation of an Audit Committee, which is appointed by the Board. The Committee consists of three members: two non-executive members selected from the Central Bank Board and one external expert in accounting or audit. The Law outlines the grounds for removing the external expert member, aligning these with the disqualification and removal criteria for Board members specified in Article 41. The CBK Board also has the authority to remove this member if it determines that the conditions for removal for cause, as described in Article 41, are met. The Law permits members of the Executive Board or staff to attend Audit Committee meetings by invitation, although they do not have voting rights. The Audit Committee's responsibilities include overseeing the internal audit function, recommending the appointment and scope of external auditors, meeting with auditors to discuss their findings, and reviewing year-end financial statements with them. The Board is responsible for further defining the Audit Committee's composition, duties, and responsibilities in the Audit Committee Charter. The Committee is required to report periodically to the Board and has the authority to regulate its own proceedings in line with the Law and any Board directives. Currently, the section of the website dedicated to the Audit Committee contains only information related to internal audit.
Review	*Expanded* Accountability arrangements are clearly enshrined in the CBK Law. The Annual Report includes a comprehensive discussion on the activities of the central bank. However, a report of the Audit Committee and its activities has not published, and the CBK's website does not disclose the scope of application of the code of conduct and how the staffing rules are incorporated into the central bank's strategy.
Comments	The information provided on the website regarding the internal audit function could be further expanded to include a high-level summary of its arrangements. Further, the

	dedicated section for the Audit Committee should be revisited to include, *inter alia*, the Audit Committee Charter and a report on the activities of the committee.
Principle 1.6.2.	**Tools:** **Independently Audited Financial Statements:** The central bank discloses its auditing and accounting standards and compliance frameworks and gives the public sufficient information to assess and understand the central bank's financial performance, use of resources, and transactions with the government and other stakeholders. **Internal Audit:** The central bank provides the public with information regarding its internal audit function, discloses its framework and compliance with the framework, and the scope of its responsibilities. **Audit Committee:** It is clear whether an internal oversight body that reports to the Board exists, and which of the activities are published.
Description	**Independently Audited Financial Statements** Article 58 of the Law on the Central Bank requires that the institution's accounts and records be maintained in accordance with IFRS, covering a financial year from January 1 to December 31. The published financial statements are accompanied by an external audit opinion, with audits performed in line with ISA. Both IFRS and ISA are clearly referenced in the annual financial statements, which are published within the legally mandated timeframe, and the complete set of audited financial statements is included in the printed version of the annual report. **Internal Audit** The Annual Report (Section 7.1) provides information about the activity conducted during the year, and key actions, such as the development of the strategic plan for 2024–2026 and the 2024 annual plan. In addition, the Annual Report provides details about the meetings with relevant governing bodies throughout the year, and the external evaluations and reviews undergone by the function. **Audit Committee** The Audit Committee Charter is not published on the CBK website. However, the Audit Committee's responsibilities for overseeing risk management, internal controls, governance, and related matters are outlined in the Annual Report, specifically in the section covering the Central Bank Board and Executive Board and the CBK Law (Article 62). The Report presents the activities and composition of the Audit Committee. The committee operates under a Charter that outlines its composition, responsibilities, and duties, and it reports periodically to the CBK Board while adhering to legal and regulatory requirements. The Annual Report also informs about the meetings held by the Audit Committee. Additionally, the Audit Committee's role in monitoring compliance with risk management policies and procedures, as well as its responsibility for evaluating the adequacy of the risk management framework in relation to the risks faced by the CBK, is outlined in Note 4, Financial Risk Management, of the annual financial statements.

Review	*Expanded* Annual financial statements, including the audit report, are prepared in accordance with IFRS. However, disclosures on the website could be further enhanced by establishing a dedicated section that describes external and internal audit mechanisms, including the international standards that underpin these arrangements and the oversight exercised by the Audit Committee. Furthermore, there is no information indicating that the mandate is carried out in accordance with the Institute of Internal Auditors' (IIA) Standards for the Professional Practice of Internal Auditing (IPPF), nor that it is established in a Charter approved by the Board. Additionally, neither the Annual Report nor the website contains a section detailing the activities of the Internal Audit Department, including it alignment with the IPPF, or compliance with the IIA Standards.
Comments	The activity of the Audit Committee needs to be further disclosed on the website.
Principle 1.6.3.	**Anti-corruption Measures and Internal Code of Conduct:** It is clear whether domestic anti-corruption legislation and measures apply to the decision-makers, staff, and agents of the central bank. The central bank discloses its internal Code of Conduct with additional requirements specific to central bank management and staff.
Description	The CBK is subject to national anti-corruption legislation, which applies to all members of the decision-making bodies and certain staff. In accordance with Law No. 08/L-108 on the Declaration, Origin and Control of Assets and Gifts, the CBK is under external oversight by the Agency for the Prevention of Corruption (APC) and other competent national authorities. The members of the CB Board, EB, Chief Internal Auditor, department directors, heads of independent divisions, as well as all staff working in Financial Supervision, Internal Audit, and Procurement—regardless of their position—are subject to a legal requirement to declare their assets and property. Furthermore, all employees are required to report gifts received or given during the year to the APC by March 31 of the following year. Based on Article 8 of Law No. 06/L-011 on Prevention of Conflict of Interest in the Discharge of a Public Function, and in line with the CBK's Rule on Conflict of Interest Prevention, all employees must complete the Conflict of Interest Declaration Form and submit it to the Human Resources and Development Department of the CBK, as well as to the designated person responsible for conflict of interest prevention at the CBK as required by the Law. Upon receiving the declaration, the person registers the case, informs the respective managers, and initiates the verification process. In addition to individual cases, the person is required to submit to the APC an annual report on activities conducted in implementation of the Law, for the preceding year, no later than January 31. The report includes identified cases, actions taken, preventive measures, achieved outcomes, and the status of the cases.

	In accordance with Article 25 of Law No. 08/L-017 on the Agency for the Prevention of Corruption, and based on the "Methodology for Integrity Plans," public institutions are required to establish an Integrity Plan. For the first time, the CBK has developed and approved its Integrity Plan for the period 2024–2026. The Integrity Plan identifies risk-prone areas, work processes, and organizational units exposed to corruption and other problematic behaviors. It also defines measures to enhance the CBK's overall integrity. The Integrity Plan has been submitted to the APC and made available to all CBK staff as a reference for compliance. In accordance with Article 52 (1) of the CBK Law, and as part of its Employment Relations Policy, the CBK has adopted the Code of Ethics and Conduct. The Code was approved by the EB and is published on the internal platform (Intranet). The purpose of the Code is to define behavioral rules and criteria, setting minimum standards of integrity and conduct for all employees. It also covers a requirement for a cooling-off period. While performing their duties and responsibilities, the staff are expected to uphold the highest ethical standards, act with honesty, independence, impartiality, and discretion, and avoid any personal interest. All employees are required to submit annual declarations of conflict of interest and family relations. Pursuant to the provisions of Law No. 06/L-085 on the Protection of Whistleblowers, the CBK has designated a responsible person to receive and manage whistleblower reports. This ensures the protection of employees who report suspicious or unethical actions. The whistleblower protection guide and reporting form are available on the CBK's website. However, documents related to personal data protection and the right to access public documents are also posted on the same webpage, despite their different nature. The CBK, along with other public institutions covered by the same law, must submit an annual whistleblowing report to the APC by January 31 of the following year. The Agency compiles and publishes this report by March 31. The CBK's own report, however, is not published separately.
Review	*Core* Article 51 outlines general provisions regarding conflict-of-interest matters. Additionally, the CBK Law provides specific requirements on fiduciary duty and conflict of interest for its members of the decision-making bodies and staff. Based on those provisions, the CBK has also established the Employment Relations Policy and the Code of Ethics and Conduct. However, these rules are currently for internal use only. The Agency for Prevention of Corruption is responsible for implementing anti-corruption legislation that applies to public institutions. The CBK is also subject to external oversight by the Agency. The CBK has developed and approved its Integrity Plan for the period 2024–2026 and submitted it to the APC, but the Plan is not published. All members of the decision-making bodies, and certain staff of the CBK are subject to the Law on Declaration, Origin and Control of Property and Gifts.

Comments	The CBK's accountability framework could be enhanced by providing additional details on the applicability of domestic anti-corruption legislation. Additionally, whistleblowing protections (confidentiality of reports and protection from retaliation) should be clearly outlined on a dedicated website in an easily accessible format to ensure that whistleblowers are aware of the protections available to them. The CBK could also publish the Code of Ethics and Conduct, along with its own Integrity Plan and annual reports on whistleblowing.
Principle 1.6.4.	**Human Capital Management:** The central bank discloses its policies and practices concerning the governance and management of human capital.
Description	Commitment to personnel is identified as a strategic objective in the CBK's 2024–2028 plan. While the central bank has established a comprehensive framework of policies and practices for managing human capital— approved by the CBK Executive Board and implemented by the Human Resources and Development Department—these documents are not publicly accessible. As such, policies and practices related to governance and management of human capital are not disclosed. That said, the objectives of the Human Resources and Development Department are mentioned on the CBK's website. The organizational chart is presented on the website and Annual Report, which in its Section 7.2 provides an overview of the CBK's human resource management approach, highlighting its dedication to implementing best practices from similar institutions and supporting its strategic goals. This section details the number of employees, the average age of the staff, and offers insights into staff educational qualifications and gender balance. Additionally, it includes information on professional training opportunities provided to employees. However, information on diversity, including non-majority staff, is not provided. The CBK employs an open, merit-based recruitment process, publicly advertising vacancies and ensuring candidate selection is in accordance with the CBK's rules and regulations, mandating that it is based solely on qualifications and performance, free from external influence. Professional committees oversee the process to guarantee impartiality and legal compliance, while candidates are kept informed and have the right to appeal through an independent commission. While the recruitment process is thoroughly documented, with clear communication with applicants, this process is not described on the CBK's website. Staff development is a continuous priority, with the CBK supporting training, academic advancement, and professional certification to strengthen employee competencies and align with strategic goals. Although structured promotion procedures are still being developed, current career advancement is determined by organizational needs and individual performance. This information is not provided on the CBK's website. Compensation policies are designed to attract and retain talent, with salaries and benefits determined by job grade, responsibilities, and market standards, and approved by the Executive Board.

	The CBK fosters a strong ethical culture, guided by a Code of Ethics and Conduct and reinforced by the adoption of an Integrity Plan in 2024, which includes measures such as annual conflict of interest declarations and integrity surveys. The Code has not been made public.
Review	*Core* The CBK's website lacks a separate section devoted to human capital management to inform the public about governance and management of this domain, including the job classification, the internal organization, and the Code of Ethics and Conduct. Further, the information contained in the Annual Report does not include details on key aspects, such as recruitment, retention, diversity, and inclusion. The central bank does not explicitly disclose whether its staff are recruited and promoted on non-political grounds, including references to relevant national laws that prohibit patronage and discrimination.
Comments	Transparency would be enhanced by creating a dedicated human capital webpage to centralize all information related to this area. Such a platform could serve as a comprehensive resource for publishing job vacancies, detailing recruitment procedures, and outlining available career opportunities, compensation structures, and staff development initiatives. By making this information publicly accessible, the CBK would not only enhance transparency but also support its strategic objectives in human resource management, strengthen its employer brand, and attract qualified candidates by clearly communicating the benefits and opportunities available within the institution
Principle 1.7.	**Communication:** The central bank discloses means and methods of communication and the forms of disclosure of information to its stakeholders.
Principle 1.7.1.	**Arrangement:** The central bank discloses the organizational structure, responsibilities, and processes relevant for communication.
Description	The CBK discloses its Organizational Structure on its web page in three languages. As shown in the organigram there are two divisions under Public Relations and Financial Literacy Department, (PRFLD): Public Communication Division and Financial Literacy Division. The Department has been recently restructured, and it is in the process of defining and formalizing the specific roles and responsibilities for each division. The Public Relations and Financial Literacy Department is in charge of organizing all events, workshops, and conferences for all Departments of CBK. Also, in charge of ensuring protocol for all activities that need protocol. To modernize and divide the functions, the Department is working on several documents that are still not finalized, as well as preparing some regulations concerning institutional communications like: a new "Communication Rule", a "new Protocol rule and "rule on CBK Social Media accounts".

	CBK communication with the public is regulated by CBK Law, Article 8, 1.8. There is also an internal act which is the Rule for communication and protocol that is not disclosed to the public. The CBK Law establish reporting obligations, established in the following provisions: • Article 8 (1.8): Functions and powers, including the obligation to publish information. • Article 25 (1.1): Accountability to the public and obligation to provide statistical information. • Article 28: Other Publications • Article 29: Accountability to the Assembly of Kosovo. • Article 38: Appointments. • Article 59: Obligation to prepare and publish financial statements. • Article 63: External audit—report shall be published. • Article 66: Obligation to publish regulatory instruments. Article 70: Fees and charges. The CBK Strategic Plan 2024–2028 Pillar 4 "Advancement of Consumer Protection, Financial Literacy, and Financial Inclusion" establishes as an objective "the advancement of public communications and enhancement of the transparency of the CBK". (Regarding consumer protection, financial literacy and financial inclusion, see Principle 2.11 Consumer Protection.) To provide information's to all population of Kosovo, all CBK communications are conducted in official languages: Albanian, Serbian and English. This multilingual approach, required by law, ensures that the CBK remains inclusive, transparent, and accessible to all stakeholders, citizens, institutions, international partners, and media. Additionally, CBK provides information through its newsletter (https://bqk-kos.org/regjistrohu/?lang=en) whenever new announcements are published on the CBK website. The communications working process is described below but not disclosed to the public or explained on the website or in any report. Major policies, reports, and strategic decisions are communicated by the Public Communication Division in close coordination with the Governor's Office The Public Relations Division, in coordination with the Cabinet of the Governor, prepares press releases, announcements, and coordinates media relations. Specialized departments provide input on technical topics (e.g., financial supervision, payments departments, Credit Registry Division, etc.) that are communicated to the public through coordinated channels. Information is collected from the CBK's operational departments based on the reporting obligations outlined in the CBK Law. Drafts for public communication are prepared in coordination with the Governors Cabinet and the relevant technical units to ensure accuracy and consistency. Strategic documents (such as the Annual Report, Financial Stability Report, Statistics data, etc.) undergo internal approval processes before publication.

Review	*Core* CBK is committed to transparency in its institutional vision. The responsibility to communicate with the public is grounded in its legal mandate. Objectives on institutional communications should be reinforced as stand-alone objectives encompassing all functions of the central bank and not only consumer protection and financial literacy. Disclosed policies on communications and operational guidelines will reinforce the articulation of the CBK mandate, strategic objectives, and operational functions with the Department in charge of institutional communications. There is a need to increase the visibility of the Department in charge of Communications on the website and to explain its functions, policies and objectives to the public.
Comments	The CBK communication needs better alignment with the CBK mandate and its Strategic Plan 2024–2028; determining an institutional communication strategy is important. That policy and/or strategy may encompass institutional affairs, public relations, and means and methods of communication for mass media. Communication actions should be targeted to specific audiences and to the public at large. Such communication strategy may also consider evaluation systems/methodologies to reinforce the efficacy of the methods used in daily communication with the public. Institutional communication procedures should include the decision-making process for disclosure (approval/validation) of information and a time frame to respond to public requests for information The Department in charge of Communications needs to increase its visibility and accessibility to the public on the central bank website and other means of communication.
Principle 1.7.2.	**Strategy/Tools:** The central bank discloses the objectives, target audiences, channels, and tools of communication policy.
Description	The Central Bank discloses general tasks of the Public Relations Division but not its objectives. Some of the daily tasks are publication and editing of all CBK website content (in three languages); publication and editing of all financial education activities, materials and content in general (in three languages) and internet. Publication of all content in the intranet, which is an internal tool for CBK communication. The Central Bank engages with the public and stakeholders through seminars, roundtables, and direct outreach. Additionally, the Central Bank uses multiple communication channels, including social media. The financial education platform has increased the accessibility and visibility of the central bank to the public. CBK publishes periodical and non-periodical reports related to the economic developments in the country, with special emphasis on the financial sector developments. • Annual Report—annually. • Financial Stability Report—annually.

	• Quarterly Assessment of the Economy—quarterly. • Monthly Information Report of the Financial System—monthly. • Macroeconomic Developments Report. • Monthly Statistics Bulletin. • Bank Lending Survey in Kosovo. • Time series of Core Inflation. • Monthly report on the use of electronic money. • Monthly report on cash and non-cash payment instruments. • Time series of Core Inflation. • Monthly report on the number and value of SPN transactions. • Monthly report on bank deposits and liquidity reserves. • Monthly report on the number and value of SPN transactions. • List of PSP codes for identification of payment accounts (banks and non-banks). • International Financial Institutions Reports. • Job vacancies. • Internship programs for students. The publications calendar is disclosed to the public at Release Calendar - BQK. Communication Channels: Key activities and tools used and managed by the Department are: Media tools that are widely used: • Press releases—almost on a daily basis, sometimes two per day. • Press Conferences—whenever deemed necessary to covey an important message to the media. • Statements—for main events or decisions announcements. • Workshop with journalists—held twice a year. Question and answers: Received on our two communication emails: **media@bqk-kos.org and info@bqk-kos.org.** These emails are monitored by five staff members of the department. During 2024, the Financial Services Consumer Complaints Division provided responses to 420 questions and 91 complaints. Job vacancies advertisements—manage communication with the local media and international whenever necessary to publish CBK vacancies. CBK web site, digital platforms, and social media that the CBK currently use: • CBK web site: Homepage - BQK. • Financial Education web site: Ballina - BQK Edu. Social Media: • Facebook page of CBK: https://www.facebook.com/bqk.ks/. • Facebook page of financial education: https://www.facebook.com/edukimifinanciar. • Instagram of financial education: https://www.instagram.com/edukimifinanciar/. • LinkedIn of CBK: https://www.linkedin.com/company/bqk. • X: https://x.com/centralbank_rks. • YouTube: https://www.youtube.com/@bqkofficial.

	CBK has regular interaction with target audiences like journalists and media, financial institutions, and provides some channels of communication with the public. Additionally, CBK has enabled its newsletter/subscription https://bqk-kos.org/regjistrohu/?lang=en whenever publishes announcements on its web site. CBK also responds to the media inquiries regularly on different topics or statistics/data required. Apart from these above CBK organizes informative sessions or roundtable discussions with journalists to explain its role, functions, decisions, and compilation and publication of the data published. CBK maintains open communication with financial institutions through official correspondence, periodic meetings, and workshops when relevant or necessary. It uses direct communication (through press releases) to update institutions about regulatory changes, reporting obligations, and other supervisory issues. Departments such as the Banking Supervision Department, Insurance and Pension Supervision Department, Consumer Protection Department, Supervision of Markets, MFIs, NBFIs, PI and EME Department, Licensing and Standardization Department and Payment Systems Department play a direct role in outreach and coordination. The CBK engages with citizens via its official email **(**info@bqk-kos.org**)** and telephone lines for different inquiries and complaints. Responses to inquiries are coordinated with the relevant departments and usually answered within a few working days. The names and contact details of designated people for Data Protection, Access to Public Documents and Whistleblowing are also on its website. In accordance with the Law on Access to Public Documents Law No.06 L-081, the CBK has a designated "Officer" for access to public documents. The CBK has also a Policy on Access to public documents. This mechanism should be explained or linked on the website with the entries on "contact" or request of information system. The Financial Literacy Division develops and implements activities, materials, and projects to promote financial education. The Central Bank of the Republic of Kosovo plays a prominent role in financial education to help strengthen financial stability, protect consumer rights, and improve economic well-being. Since the establishment of its Financial Education Function in 2013, CBK has prioritized empowering individuals of all ages with the knowledge and skills necessary to make informed financial decisions. In 2017, the CBK launched the Financial Education Program Framework. CBK's vision is to expand and develop financial knowledge for all citizens of Kosovo, enabling them to protect their rights, make the right decisions, manage personal finances wisely, and build accountable relationships with financial institutions. Note: More information regarding the Financial Literacy Division is under Consumer Protection Principles.
Review	*Expanded*

	The communications strategy is not clear or disclosed to the public or in the Annual Report. It is not a stand-alone policy differentiated from consumer protection actions or financial literacy. (see 1.7.1). As described above, CBK uses a wide variety of communications tools. Press releases are very frequently used and published on the website under news and events listed by date. It would be beneficial to provide more search categories and topics for sorting press releases. Otherwise, the press releases are virtually disconnected from the substantive categories/topics jeopardizing the accessibility and clarity of the information. The website needs further improvements. It should be more user-friendly regarding accessibility of information and ease of understanding aspects, mostly central bank functions and technical topics. A lot of information is disclosed, but it is often not easy to find. There is also a need to include more graphic information (infographics, videos, visual tools) and reinforce simple and easy to understand language. The level of readability in Annual Reports and the dominance of a single - financial-sector - audience (see Annex III) also supports the above recommendation on plain-language summaries, infographics, and segmented briefs. The system to access information should be accessible and clear to the public. The public information officer should be the primary contact person to attend requests of information and should be listed under "Contact" entry or under a visible tab on the website. The policy on Access to Public Information should be disclosed and explained under the name of the Public Data Officer. Requests for information from the public should follow a specific time frame and a clear process (in accordance with the law on access to public documents), and this information should be disclosed and explained to the public. CBK should disclose the statistics of requests for information to the public. There is no disclosure of monitoring and evaluation processes to determine which channels and tools of communication are effective and helping the central bank to reach its communication objectives (which are not disclosed). The CBK has enhanced its communication practices in the last two years as it was widely acknowledged by stakeholders. CBK has a good reputation, and it seemed like a trustful source of information in Kosovo. Statistical information is highly appreciated by the public and financial community. Central Bank efforts to engage with different stakeholders, as well as the educational activities, are also very well received and appreciated by the public.
Comments	The CBK should develop a communications strategy with objectives aligned with the CBK's goals, with specific and where possible, measurable targets within a pre-determined horizon. The CBK should consider implementing a system to evaluate its communication policy, such as surveys, and gathering feedback from both internal and external stakeholders. This will help assess the effectiveness of its strategies and identify areas for improvement.

	CBK can further enhance its public outreach by explaining its roles, objectives, and decisions in plain language, and by creating more videos tailored to the general audience. The Annual Report should disclose the communications objectives/strategy and the evaluation of the working program of the communications department. It could also discuss the effectiveness of its communication tools. Surveys could be conducted on a regular basis with the population to assess the evolution of their literacy on CBK's topics, which may also indicate aspects related to the effectiveness of the CBKs communication policies. The data and information received from these exercises could be further utilized to develop analyses in cooperation with the research department. Financial education measures are under Consumer Protection Principles 2.11, 3.12 and 4.11.
Principle 1.8.	**Confidentiality:** The central bank discloses its policy on confidentiality or secrecy of central bank information, including the reasons underlying the choices it has made on disclosure or non-disclosure of sensitive information.
Description	The confidentiality framework of the CBK is established in accordance with applicable laws and regulations: the CBK Law, Article 74 and the Law No. 03/L-178 on Classification of Information and Security Clearances applicable to all public institutions under the jurisdiction of Republic of Kosovo. As for secondary legislation, the CBK implements the legislation through "decisions" and "internal regulations." The CBK has developed and enforced Internal Rule on Data, Information and Document Classification, through which it defines the categories of classified data, information, and documents; outlines procedures for their handling; sets forth protective measures; and establishes the course of action in cases of disclosure or loss. This rule applies to all employees and officials of the organization, in accordance with the law, who have access to data, information, or documents classified under this regulation. The Law No. 03/L-178 determines four levels of classification (Top Secret, Secret, Confidential, and Restricted) according to the degree of the damage that would result for the Republic of Kosovo from unauthorized access to that information or its unauthorized use. According to the CBK Internal Rule on classification of information, the CBK has three levels of internal classification (secret, confidential, internal). The data, information and documents that are considered classified within the meaning of CBK's Internal Rule are information and documents protected in accordance with the legal framework for confidentiality in Kosovo. It includes information transmitted or communicated orally, in writing, by sound, or visually, or in any other form. Data, information, and documents whose disclosure to unauthorized persons may harm the achievement of the organization's objectives, hinder the performance of its functions, or damage its reputation are considered classified and are listed in the Classified Documents List, attached as Annex 1 to this Rule.

	Regarding declassification of information and other procedures, the internal CBK rules determined the method of termination of classification; the basis to classify the information; the number of copies and total number of pages; any attachments, and the method of submission of the classified document. Regarding "Archives" there is a data storage methodology retention periods, and destruction of classified documentation are carried out in accordance with the procedures and deadlines established by the Internal Rule for SMI (Information System Management) and Archive in the CBK. Internal Rule on Classification of Data, Information and Documents states that access to classified documents is permitted to competent institutions, in accordance with the Law on the CBK and this Rule. Access to a classified document may be granted based on a written request, which, in addition to the data on the applicant and the name of the classified document, also contains the reasons for which access is requested, in accordance with the Law on the CBK and this Rule. The internal rule also addresses the measures and procedures to be followed in cases of unauthorized disclosure of classified information. Regarding "personal data" within the CBK, they are processed and handled strictly in compliance with the applicable Law No. 06/L-082 on the Protection of Personal Data. This encompasses the lawful collection, storage, use, and sharing of personal information exclusively for legitimate and specified purposes, while respecting data subjects' rights such as access, correction, and deletion. To ensure the confidentiality, integrity, and availability of personal data, the CBK implements comprehensive protection controls as outlined in its Information Security Policy. These controls include technical safeguards (such as encryption, access controls, and secure authentication) and organizational measures (including staff training, incident response, and regular audits) designed to prevent unauthorized access, disclosure, alteration, or destruction of personal data. The Data Protection Officer (DPOs) is responsible for overseeing the CBK's compliance with data protection laws and regulations, ensuring the proper handling of personal data, advising on data protection obligations, monitoring adherence to internal policies such as the Information Security Policy, and serving as the point of contact for data subjects and supervisory authorities. In parallel, the Chief Information Security Officer (CISO) ensures that information security policies, procedures, and controls are in place and maintained to safeguard data privacy, including risk assessment, incident response, and security awareness programs. Together, the DPO and CISO collaborate to ensure a comprehensive approach to data privacy and protection within the organization. The CISO is included in the organizational structure, whereas the DPO is appointed by a Decision of the Governor, in accordance with Article 37 of the Law on Data Protection. The DPO's functions are defined in Article 38 of the same law. The contact details of the DPO and the person responsible for Access to Public Documents are on the Website. The number of requests for access to public documents reviewed during the year is part of the annual report that public institutions are required to submit to the Agency

	for Information and Privacy (AIP), unfortunately this report is not disclosed to the public. The CBK publicly discloses the provisions relating to confidentiality through Central Bank Law, as well as a separate section (Information and Privacy) on the Central Bank website. See the link for more information: https://bqk-kos.org/rreth-bqk/informimi-dhe-privatesia-2/?lang=en.
Review	*Expanded* The CBK has a solid legal framework regarding confidentiality, but it should be disclosed and explained to the public in a simple and accessible manner. The internal rules and procedures on confidentiality based on the data classification law and data protection law should be explained to the public. CBK needs to explain to the public the mechanism in place dealing with access and disclosure of information like the Data Protection Officer and the Access to Information Officer. The CBK should publish (explain) the declassification system and the data storage as part of its data management systems related to the confidentiality system that is currently being implemented. Measures for updating the confidentiality system should be disclosed in the Annual Report and on the website. The procedures regarding requests for confidential information should be reported and disclosed to the public in aggregated data, in the annual report or other means of communication. The responses to requests for information that involve classified information should be supported by reasoning that predetermined confidentiality.
Comments	The CBK access to information procedures is interrelated to the confidentiality system. Please see 1.7.2 for access to information mechanisms established by the CBK. Currently there is an ongoing process to update and reorganize the confidentiality system and access to data systems in accordance with the legal framework. We encourage CBK to disclose to the public the results of these updating efforts.
Pillar II—Central Bank Policies	
Principle 2.1.	**Monetary Policy:** The central bank publicly and clearly discloses the objectives, policy framework, and instruments of monetary policy.
Principle 2.1.1.	**Objectives and Framework:** The central bank discloses its monetary policy framework and strategy for achieving its objectives.
Description	Kosovo's monetary policy framework is designed to achieve its goals of financial stability, using a combination of policy tools and practices. As Kosovo uses the Euro as its official currency, the central bank does not have the ability to control exchange rates or set an independent monetary policy in the same way as central banks with their own

	national currency. Kosovo has adopted the Euro as its currency, even though it is not a member of the European Union. This means the CBK does not have control over interest rates or the money supply, as those are determined by the ECB. Therefore, Kosovo's monetary policy framework is largely shaped by the ECB's policies and objectives. Implication of Euroization is since Kosovo does not issue its own currency, the CBK cannot independently adjust interest rates, conduct open market operations, or change reserve requirements to influence the money supply. Instead, the CBK's role is more about financial system stability rather than direct control of monetary policy instruments. The ECB's monetary policy significantly impacts Kosovo's economy. The CBK aligns its efforts with ECB policies but focuses on implementing measures to maintain the stability of the domestic financial system. The CBK discloses this objective in its webpage, whilst the policy framework and the related monetary policy instruments are implicitly derived. The CBK's framework and instruments in regard to monetary policy is restricted due to unilateral euroization, while price developments in the economy can be influenced through macro-prudential policies (capital buffers, loan to deposit or debt to income ratio) that restrict credit growth during business cycles, thereby affecting aggregate output and inflation.
Review	*Expanded* The CBK discloses the objectives of monetary policy, including legal provisions, through different means. Market participants can access this documentation and information through its website. However, the CBK cannot formulate monetary policy to preserve price stability because Kosovo is formally euroized.
Comments	The CBK should better define and disseminate a broad institutional policy strategy. This policy should have a clear mandate, with an operational framework to achieve this mandate. It should include a toolkit at its disposal. This is particularly important for accountability purposes as the CBK is not responsible for inflation developments, which fundamentally come from abroad.
Principle 2.1.2.	**Policy Decisions:** The central bank discloses its monetary policy decisions in a timely manner and indicates how the decisions foster the achievement of its monetary policy objective(s). The central bank discloses the process by which policy decisions are taken, including with respect to the meeting calendar of its monetary policy decision-making bodies and their voting procedures.
Description	The CBK is committed to transparency in its monetary policy decisions and regularly communicates its strategies and objectives to the public. **Annual Reports:** The CBK publishes annual reports that provide a detailed overview of its activities, economic outlook, and financial stability assessments. **Policy Statements:** The CBK issues statements regarding economic conditions, and any significant changes in the regulatory framework or supervisory standards are made publicly available.

	Public Engagement: The CBK also engages with stakeholders, including the banking sector, policymakers, and the public, to promote understanding of its role and objectives. CBK discloses to the public on activities related to financial stability like the case of REPO line extended by ECB. See the link: https://bqk-kos.org/news/banka-qendrore-evropiane-miratoi-vazhdimin-e-linjes-repo-deri-me-2027/?lang=en&lang=en. According to Article 48 the proceedings of the meetings of the Central Bank Board shall be confidential. The Central Bank Board may decide to make the outcome of its deliberations on any matter public. According to Article 36 the Executive Board is responsible to (among other): • Define and adopt the policies of the Central Bank in order to initiate and to hold stable the financial system, as well as a secure, sound and efficient payment system. • Determine and adopt policies of Central Bank to contribute in achieving and keeping the stability of local prices. However, the minutes of the meetings are not revealed to the public.
Review	*Core* The CBK provides timely information on its policy decisions. Market participants can access these documents and information via the CBK website. However, in the absence of monetary policy, there is no calendar for these policy decisions.
Comments	The CBK may consider enhancing its transparency by providing more details on the decision-making process. In the absence of monetary policy, there is no calendar for this policy decision.
Principle 2.1.3.	**Supporting Analysis:** The central bank discloses relevant economic information and supporting analysis that informs its monetary policy decisions.
Description	As noted above, the CBK does not formulate monetary policy and has not changed its minimum reserves requirements in several years. The original regulation on minimum reserves from 2012—issued only in Albanian—is still effective. Yet the CBK discloses economic information and analysis explaining economic developments and projections as well as the stability of the financial sector. Supporting analysis can be found in the following publications: • Annual Report. • Quarterly Assessment of the economy (last publication in Q1 2023). • Monthly report on financial system.
Review	*Core* The CBK discloses economic information and forecasts of relevant economic indicators. The timing of these publications is not always publicly available.

Comments	The CBK should clarify in its website and publications that instruments mentioned in its publications have primarily a financial stability objective given its inability to implement monetary policy given the formal euroization of the economy. The CBG should also review whether all frequent publications that have been discontinued (e.g., Macroeconomic development report last number in 2016) are still relevant for the stakeholders, and possibly transfer them to "Archives" tab on the website. The CBK may also consider clarifying in its website and publications that managing reserve requirements has primarily a financial stability objective given its inability to implement monetary policy.
Principle 2.2.	**Cross-Border Financial Flows and Foreign Exchange Administration:** The central bank is clear about its role in determining and implementing the policy on cross-border financial flows and foreign exchange administration. It discloses the objective(s), the legal and institutional frameworks it is acting under, its policy decisions, as well as the process by which policy decisions are taken.
Principle 2.2.1.	**Objectives and Framework:** The central bank discloses the policy's objective(s), legal and institutional frameworks, and the strategy to achieve the policy objectives. There is clarity whether the central bank can delegate some of its functions to implement policy decisions to other entities and on the modalities of such delegation.
Description	The CBK operates under the CBK Law, which outlines its objectives and functions including those on foreign exchange administration and cross-border financial flows. Kosovo adopted the euro as its *de facto* legal tender and no independent FX policy exists. In other words, CBK does not manage a national currency or intervene in foreign exchange markets, as Kosovo is unilaterally euroized. However, under the CBK Law, the central bank is responsible for: • Licensing and supervising FX dealers and money service providers. • Monitoring and regulating cross-border capital movements, where relevant. • Administering compliance with rules related to Anti-Money Laundering/Counter financing Terrorism (AML/CFT), particularly in connection with cross-border financial transactions. The CBK discloses information related to FX administration and cross-border financial flow administration through: • Annual Reports—includes general overviews of FX licensing, AML/CFT inspections, and supervisory statistics. • Financial Stability Reports. • Supervisory reports or updates on licensed non-bank financial institutions and remittance channels. • Occasional publication of regulatory changes (e.g., changes to reporting requirements for cross-border transactions).
Review	*Core*

	The framework is well communicated. The roles, responsibilities, and powers of the CBK concerning the policy are embedded in the relevant legal framework.
Comments	Transparency can be enhanced with the disclosure of the strategy to achieve the CBK's policy objectives. In addition, it is not clear whether the CBK can delegate some of its functions to implement policy decisions to the government of other entities (e.g., the Kosovo Customs) and on the modalities of such delegation.
Principle 2.2.2.	**Policy Decisions:** Policy decisions, whether on new actions or changes to standing policy or other changes in the regulatory framework, are publicly announced, explained, and disclosed in a timely manner. The central bank is clear about the process by which policy decisions are taken.
Description	See Principle 2.2.1
Review	*Core* Implementing exchange controls would be a monetary policy decision triggered by financial stability concerns. However, the CBK has no formal monetary policy mandate. Other than reporting to Kosovo Customs the removal or importation of EUR 10,000 into the country, there are no currency or payment restrictions related to the use of the euro in Kosovo.
Comments	The CBK has taken measures to improve policies for the free flow of financial resources, aligning with requirements under the Stabilization and Association Agreement (SAA) with the European Union. This is linked to Chapter 4—Free Movement of Capital. Kosovo is required to align its financial regulations with the EU acquis, such as the Payment Services Directive 2. To date, steps have been taken, but full alignment is still in progress.
Principle 2.2.3.	**Supporting Analysis:** The central bank discloses in a timely manner the supporting analysis, including the intended outcome that informs its policy decisions.
Description	There is no disclosure framework. The Annual Report and Financial Stability Report both contain information on cross-border financial flows.
Review	*Core* The general communication of supporting analysis is done through the Annual Report and FSR. There are no explicit publications dealing with this topic explaining their decisions and its expected outcomes.
Comments	No comments
Principle 2.3.	**Foreign Exchange Management:** The central bank clearly and publicly discloses its foreign exchange policy objectives, including the hierarchy of objectives and the operational framework and instruments of foreign exchange interventions.

Principle 2.3.1	**Objectives and Framework:** The central bank discloses its policy objectives and legal, operational, and institutional frameworks, consistent with the chosen foreign exchange regime.
Description	See 2.1 and 2.2
Review	Not applicable
Comments	
Principle 2.3.2.	**Policy Decisions:** The central bank discloses its decision-making process, including the rationale for foreign exchange management instruments, and the means and methods of reaching a decision. The potential impact of its policy decisions is explained in a timely manner.
Description	See 2.1 and 2.2
Review	Not applicable
Comments	
Principle 2.3.3.	**Supporting Analysis:** The central bank discloses its assumptions, transmission channels, and analysis backing the intervention policy decisions, as well as ex-post evaluation of economic impact.
Description	See 2.1 and 2.2
Review	Not applicable
Comments	
Principle 2.4.	**Foreign Exchange Reserve Management:** The central bank discloses its policy objectives for foreign exchange reserve management, along with key considerations behind the policy, details on how oversight responsibility is allocated, and the potential impact of the policy.
Principle 2.4.1.	**Objectives and Framework:** The central bank discloses broad investment objectives, operative models, how it allocates oversight responsibility, and the institutional framework of its policy decisions.
Description	The CBK is responsible for managing its financial assets and reserves. The responsibilities related to reserve management are defined under Article 15 of CBK Law, which outlines the institutional responsibilities related to reserve management. The Investment Policy—approved by the Executive Board—defines the broad objectives, governance structure, and risk parameters, prioritizing the safety and liquidity of reserves above returns. In particular, the Investment Policy outlines the roles and responsibilities of the Executive Board, Investment Committee (IC), the Asset and Reserves Management Department, and the Risk Management Department (RMD) in

	relation to investment activities. The policy assigns the middle office function on financial risk management to the RMD and contains detailed operational responsibilities of the IC. The Annual Report provides an overview of the CBK operations and financial management. A list of counterparties and invested markets as of year-end is also made available in the Annual Report, as part of the audited financial statements. In particular, the CBK manages its reserves to achieve the objectives of the Investment Policy, where the safety and liquidity of assets before the return from investments is the priority. Reserves in the CBK portfolio consist of portfolio instruments which are classified as liquid and investment grade. The category of liquid reserves consists of instruments that are maintained to ensure sufficient assets for making payments and transfers according to the needs of the CBK and its depositors. Whereas, the category of investment tools consists of safe financial instruments, with investment credit ratings that are also easily tradable. To ensure sufficient liquidity for the execution of international transfers on behalf of the CBK's depositors, funds in the current account are maintained to meet the CBK's short-term obligations. A broad picture of the governance aspects and oversight responsibility is provided in the CBK Law and in the Annual Report. However, much of the relevant information needed for a comprehensive understanding of CBK's reserves investment framework is found in the Guidelines for Investment Policy and the IC Terms of Reference. Both documents are not accessible to external stakeholders as the CBK feels this information is proprietary. IFRS requirements (based on Article 58 of CBK Law)—See the Financial Statements disclosures as per IFRS 7 and IFRS 9 requirements. https://bqk-kos.org/wp-content/uploads/2024/11/Financial-Statements-2023.pdf?lang=en.
Review	*Expanded* The CBK operates in line with the provisions of the CBK Law, which outlines the legal framework and institutional responsibilities related to reserve management. The Investment Policy—approved by the Executive Board—defines the broad objectives, governance structure, and risk parameters, prioritizing the safety and liquidity of reserves above returns. In accordance with practices observed by many central banks, the detailed contents of the Investment Policy and its associated Guidelines, including portfolio structure and operational procedures, are considered internal documents and are therefore not publicly disclosed. However, key principles, responsibilities, and investment objectives are transparently reflected in the CBK Law and further summarized in the Annual Report. The CBK remains committed to compliance with IFRS standards and ensures appropriate transparency through the publication of audited financial statements. A list

	of counterparties and invested markets as of year-end is also made available in the Annual Report.
Comments	The CBK may consider introducing a dedicated Asset and Reserve Management section on its website, outlining the policy framework, objectives, investment guidelines, risk constraints and oversight arrangements. This section could also provide greater clarity regarding the assessment of reserve adequacy and liquidity. Specifically, to improve its FX reserves management framework's transparency, CBK should: (i) publish the non-market sensitive elements of the Investment Policy/Guidelines for International Reserves Management; and (ii) publish the IC terms of reference on its website. Expanding the disclosure of risk exposures and associated limits would further strengthen transparency and offer a more comprehensive understanding of reserve management practices.
Principle 2.4.2.	**Policy Decisions:** The central bank discloses key elements of policy formulation, related risk exposures, instruments, decision-making hierarchy, and the oversight allocation process.
Description	See Principle 2.4.1 The CBK policy formulation for its FX reserve management activity is not communicated to its stakeholders except through the provisions of the CBK Law and the information disclosed in the Annual Report. The IC reports quarterly on performance and financial risks to the Executive Board (also submitted to the CB Board for information), and annually to the CB Board. Parts of those reports are disclosed in the Annual Report.
Review	*Core* As discussed in Principle 2.4.1, the central bank does not disclose the key elements of policy formulation, related risk exposures, instruments, decision-making hierarchy, and the oversight allocation process. The Investment Policy and related Guidelines contain non-market sensitive information about the CBK investment framework. However, these documents are not published. The communication on the liquidity risk and its management could be improved.
Comments	The publication of the governing documents discussed in the comments section of Principle 2.4.1 will also increase the transparency related to policy decisions. The internal rules section of the IC's Terms of reference is particularly relevant in shedding light on the committee's functioning, reporting and CBK's decision-making process.
Principle 2.4.3.	**Supporting Analysis:** The central bank discloses the key assumptions and review process related to its policy decisions.
Description	The CBK views the key assumptions underlying its policy decisions as proprietary. It also does not communicate on the review process related to its policy decisions.
Review	*Not Implemented*

	The CBK does not communicate the assumptions used in its strategic asset allocation exercise nor the review process related to its policy decisions. The current version of the Investment Policy was adopted in 2023. Currently the revision cycles of the Guidelines for Investment Policy and the Investment Policy are not communicated.
Comments	CBK should publish the assumptions that determine its strategic allocation of reserves and/or the benchmark selection process and, once it is adopted. These inputs would include, inter alia, its investment horizon, the absolute risk tolerance of the CBK and the indices composing its reference portfolios. For all its governing documents, CBK should set and communicate a review cycle. Once the CBK has added a formal performance attribution process for its FX reserve management, it should consider communicating the main findings of the exercise in its CAR.
Principle 2.5.	**Macroprudential**: The objectives, decision-making process, and instruments of macroprudential policy are clearly communicated to the public. Indicators and supporting analysis to assess the need for macroprudential measures are disclosed alongside policy decisions.
Principle 2.5.1.	**Objectives and Framework:** The central bank discloses its macroprudential policy framework, including its objectives, instruments, and strategy for achieving its objectives.
Description	In terms of mandates, the CBK is well-served from a broader financial stability perspective. The CBK Law (Article 7) specifies that the primary objective of the central bank is to "foster and to maintain a stable financial system including a safe, sound and efficient payments system." Because Kosovo is a fully euroized economy, the objective of price stability is set as an additional, but subordinate objective. There is no reference to macroprudential policies in the primary legislation; but the purpose, scope, and application of macroprudential policies were approved by the Executive Board in accordance with its powers under Article 36 of the CBK Law. The CBK has published its Macroprudential Policy in 2018—the document outlines the legal framework, objectives and instruments available for conducting macroprudential policy. In 2021, the Executive Board adopted a new Macroprudential Policy, but this document, including subsequent revisions, is yet to be published. According to existing policy the primary objective of the CBK's macroprudential policy is to identify, monitor, and mitigate systemic risks that could threaten the stability of the financial system. This includes addressing risks arising from excessive credit growth, leverage, and interconnectedness among financial institutions. The CBK regulates and supervises credit institutions (banks), as well as entities engaged in insurance, financial leasing, factoring, and micro-lending.
Review	*Core*

	In absence of an explicit macroprudential policy mandate, the CBK relies on Article 36 of its law to implement macroprudential policies. This article assigns the CBK a broad mandate for financial stability. The CBK has published its macroprudential policy framework, as only an outdated version is disclosed on the CBK website.
Comments	The macroprudential policy framework published by the CBK primarily explains what macroprudential policy is and how the different instruments relate to the macroprudential objectives. However, the CBK is encouraged to provide more details on what the economic and financial reasons in the financial system are to use specific macroprudential instruments like CcyB, or O-SIIB, LCR and NSFR and specific results they want to achieve, especially in a clear way without too technical explanations. The CBK should also publish the current version of the macroprudential policy.
Principle 2.5.2.	**Policy Decisions**: The central bank publicly announces its macroprudential policy decisions in a timely manner and discloses the decision-making process leading up to macroprudential action.
Description	Since the CBK regulates the banking system, the dominant sector in the financial industry, it is in practice responsible for macroprudential policy decisions. The decisions adopted are then communicated to the financial system and posted in the CBK website. Additional information is offered with respect to capital buffers. Capital buffers are regulated by relevant by-laws that are publicly available The Executive Board is responsible for macroprudential policy decisions. While specific details about the internal deliberations that led to particulr decisions and regulations are not published , the CBK provides information on the outcomes of board meetings, including publishing policy decisions, i.e., regulations.
Review	*Core* Despite the lack of an explicit mandate for macroprudential policy, building on its financial stability mandate, the CBK has introduced macroprudential instruments. These instruments seek to create capital buffers and strengthen banks' liquidity, with emphasis on systemically important banks, and to prevent currency risks. Changes to the parameters of macroprudential instruments are publicly disclosed. In general, there is no clear explanation to the public about the rationale and benefits of macroprudential policy and its instruments.
Comments	Communication is especially important for macroprudential policy formulation and implementation. By nature, macroprudential policy is not well understood by the public because decisions are often taken in the upswing of the economic cycle when the economy and credit are growing. With this perspective, the CBK could enhance its communication policy and, therefore, its transparency, by designing an integral macroprudential policy strategy, by which it elaborates the objectives of its macroprudential policy and explains the decision making process for the adoption of

	policy instruments or adjustments to the existing toolkit, which should be incorporated into the financial stability report, prepared once a year, as well as into other CBK relevant financial policy documents. By enhancing transparency, the CBK could promote a better public understanding and acceptance of macroprudential policy.
Principle 2.5.3.	**Supporting Analysis:** The central bank discloses the key indicators and analyses used to assess the need for macroprudential measures. It explains the rationale and the expected transmission channels of policy instruments in achieving their objectives.
Description	The CBK publishes on its website the Financial Stability Report (FSR). It is a yearly publication that presents a detailed analysis of developments in the financial sector, performance, risks, and financial infrastructure in Kosovo. For example, with respect to banks—the dominant financial intermediaries in the country—indicators address criteria of financial intermediation, capital adequacy, asset quality, liquidity position, earnings and profitability, and about liquidity risks of the banking system. The CBK also discloses indicators about the other segments of the financial system they supervise, including: insurance companies, pension funds, and the microfinance institutions. Such disclosures contain data on households and households' debt, as well as the real estate market. The FSR not only assesses the information and trends of different groups of institutions in the financial system (banks, insurance companies, pension funds and microfinance institutions), but also evaluates development in the financial infrastructure, namely the payment system in Kosovo.
Review	*Core* The CBK examines the risks to the stability of the financial system in its Financial Stability Report based on the analysis of the evolution of financial data from deposit and non-depository institutions in the financial industry, as well as the risks facing different financial markets' activities. However, the analysis does not map macroprudential policy instruments with systemic financial risks, does not identify the transmission channels of policy instruments, and does not explain either how policy decisions can help mitigate these risks.
Comments	To further strengthen transparency and communication, CBK could enhance its Financial Stability Report and any future publications by explicitly mapping macroprudential policy tools to the financial vulnerabilities they aim to address. This could include more detailed discussions of the rationale for selected instruments and the expected transmission channels through which these measures affect financial stability. Such an approach would support a clearer understanding of macroprudential policy decisions among market participants and the public. Forward-looking content in the Financial Stability Report is persistently low, which seems to be linked to the late publications of the FSRs (See Annex III). The communication policy mentioned in 2.5.2 could also explain the rationale of macroprudential policy measures, with emphasis on their expected benefits, and set

	out the transmission channels of macroprudential instruments, explaining the link between policy decisions and the targeted systemic financial risk.
Principle 2.6.	**Microprudential Supervision:** Selected principles from BCP, ICP, and IOSCO.
	Reference as per Section III.F. of the Guidance Note
Principle 2.7.	**Emergency Liquidity Assistance:** The central bank discloses the scope and objectives of emergency liquidity assistance, while maintaining the necessary confidentiality, to preserve financial stability and in support of monetary policy and its implementation.
Description	The CBK's market-wide liquidity support mechanisms for the banking sector are relatively limited compared to those of central banks that issue their own currency. Nevertheless, it has put in place contingency tools to support banks and the payment system during liquidity shortages through execution of collateralized backed lending with government securities for intra-day and short-term loans in the form of repurchase agreements through Central Securities Depository (CSD). The purpose of these liquidity facilities provided through CSD, is to enable CBK to perform operations with eligible banks and ensure a secure operation of the interbank payment settlement system and to assist member banks in the efficient management of their liquidity in the short term. Article 14 of the Law on Central Bank of the Republic of Kosovo (https://bqk-kos.org/repository/docs/korniza_ligjore/english/Ligji%20per%20BQK-ne%20(anglisht).pdf) sets the option for the CBK to extend emergency liquidity assistance. In exceptional circumstances, the Central Bank may, at its discretion and on such terms and conditions as the Central Bank Board determines, act as lender of last resort for a licensed bank. Such support may be provided by granting financial assistance to the bank, or for the bank's benefit, at penalty interest rates that are higher than the current market rate, as periodically reviewed and determined by the Central Bank Board and for periods not exceeding ninety-one (91) calendar days that may be renewed by the Central Bank Board on the basis of a program approved by the Executive Board specifying the remedial measures that the bank concerned will be taking, provided, however, that no such commitment shall be made by the Central Bank Board unless: • The bank, in the opinion of the Executive Board, is solvent and can provide adequate collateral to support the loan, and the request for financial assistance is based on the need to improve liquidity. • Such assistance is necessary to preserve the stability of the financial system. Different aspects of the emergency liquidity assistance credit (interest rate, maturity, adequate collateral, ELA criteria etc.) are covered in the Law on Central Bank of the Republic of Kosovo and the Regulation on Emergency Liquidity Assistance (https://bqk-kos.org/repository/docs/korniza_ligjore/english/2015_09_14%20Draft-regulation%20on%20ELA%20(3).pdf). All these documents are available on the website.

	The inter-departmental working group established by the Executive Board is developing the Crisis Management Framework, which includes the revision of the Regulation on emergency liquidity support, the establishment of the Committee for the Supervision and Coordination of the Implementation of Emergency Liquidity Support and the definition of the terms of the reference of this committee, the compilation of the internal procedure for emergency support for liquidity, determining the solvency test and deductions (haircuts) for collateral.
Review	*Core* The CBK has an emergency liquidity assistance (ELA) arrangement, this is limited in size due to euroization and would meet the needs of only a few smaller distressed banks. The ELA arrangement is constant in size and has never been tested. The limits to ELA funding arise from the euroization of Kosovo. Article 14(4) of the CBK Law (which is also accessible on the CBK website) is clear on the quantitative limits of ELA in Kosovo. In that regard, the CBK limits ELA to the total reserves of the CBK (currently about €59 million), as well as a Special Reserve Fund of EUR 46 million established by the Treasury for that purpose. In addition, the European Central Bank has granted the CBK an extension of a temporary REPO line until January 31, 2027. This extension provides the CBK with access to a 100-million-euro liquidity line, which serves as a precautionary measure to address potential euro liquidity needs and maintain financial stability. The CBK can implement a temporary reduction in a bank's minimum reserve requirement as a form of ELA. This mechanism allows the CBK to provide liquidity to banks facing temporary liquidity shortages, enabling them to meet their obligations without requiring collateral if assistance is provided through this method.
Comments	CBK should enhance communication on the ELA, including its limitations, as banks are currently not fully informed about operational aspects of accessing ELA.
Principle 2.8.	**Resolution:** Selected principles from KA.
	Reference as per Section III.F. of the Guidance Note
Principle 2.9.	**Financial Market Infrastructures:** Selected principles from PFMI.
	Reference as per Section III.F. of the Guidance Note
Principle 2.10.	**Financial Integrity:** The central bank discloses its policies and powers for Anti-Money Laundering/Countering the Financing of Terrorism supervision, and a description of its internal control framework relating to the activities or services that may give rise to Money Laundering/Terrorist Financing risk.
Principle 2.10.1	**AML/CFT Supervision:** The central bank discloses information relating to its policies and powers supporting its Anti-Money Laundering/Countering the Financing of Terrorism supervisory activities.

Description	The CBK discloses its legal mandate, supervisory powers, and responsibilities in the area of AML/CFT through several key legal and regulatory instruments. These include: • Law No. 05/L-096 on the Prevention of Money Laundering and Combating Terrorist Financing, which designates the CBK as a supervisory authority for AML/CFT compliance by financial institutions under its oversight. • CBK Regulation on AML/CFT, which elaborates on the risk-based supervisory framework, including obligations of supervised entities, reporting requirements, and compliance expectations. • The CBK website provides public access to the AML/CFT Regulation and other relevant legal acts, demonstrating transparency on the regulatory framework and supervisory approach. The CBK also publishes annual reports which summarize supervisory activities, enforcement actions, and progress in AML/CFT. Also, the supervisory manuals on AML/CFT are published at CBK webpage. The publicly accessible legal framework and regulatory documents clearly define the CBK's powers and the obligations of regulated entities.
Review	*Expanded* The CBK discloses information on its AML/CFT supervisory powers as well as general information on its AML/CFT supervisory policies and related guidance. The CBK website explains its responsibility for conducting risk-based AML/CFT supervision of financial institutions and other entities falling under the regulatory purview of CBS. It also describes the types of entities that are subject to CBS AML/CFT supervision, namely commercial banks, non-bank credit institutions, financial leasing institutions, payment service providers/operators, and non-bank deposit taking institutions. Relevant legislations, regulations, guidelines, notices/circulars, and directives on AML/CFT are also publicly disclosed in the CBS website. CBK discloses main risk mitigating measures and the description of the CBK activities that give rise to ML/TF risks.
Comments	
Principle 2.10.2	**Internal AML/CFT Controls:** The central bank discloses description of its internal AML/CFT control framework relating to its activities or services that give rise to money laundering and financing of terrorism risk.
Description	The CBK is committed to upholding high standards of integrity and transparency in its operations. Although the CBK is not a financial institution engaging in commercial activities, it implements internal AML/CFT controls to mitigate risks that may arise from its own operations or services. These include: • Internal AML/CFT Policy and Procedures, approved by senior management, setting out roles, responsibilities, and processes for risk identification, mitigation, and compliance.

	• A designated AML/CFT Compliance Function within the CBK that is responsible for ensuring the integrity of internal processes and managing institutional ML/TF risk exposure. • Know Your Customer (KYC) and due diligence procedures applied in interactions with counterparties, including during the licensing of financial institutions, approval of beneficial ownership structures, and onboarding of payment system participants. Internal audit mechanisms and risk assessments to monitor and evaluate the effectiveness of the internal AML/CFT control framework. While the CBK has internal control measures in place to mitigate AML/CFT risks related to its activities, public disclosure of such internal frameworks may expand by publishing a brief description of the CBK's internal AML/CFT control framework (e.g., in the Annual Report or through a dedicated compliance section on its website) would improve alignment with good governance and transparency principles. This would also demonstrate the CBK's commitment to upholding the same standards it expects from supervised entities.
Review	*Core* CBK publishes general information about its internal control framework, based on the three lines of defense (CBKs divisions, dedicated functions to manage financial and operational risks; internal audit), which includes AML/CFT measures. CBK also publishes an extract of the Operational Risk Management Framework.
Comments	
Principle 2.11.	**Consumer Protection**: The central bank discloses its policies relating to consumer protection, conducted solely or jointly with other agencies.
Description	CBK is the consumer protection authority in terms of banking and financial products and services. The Consumer Protection Department is responsible for supervising market practices through on-site and remote examinations in terms of transparency and disclosure of financial products and services by financial institutions. The CBK website Organizational chart contains a clear allocation of responsibilities of the Consumer Protection Department. The Consumer Protection Department consists of two divisions: • Financial Services Consumer Complaints Division. • Market Conduct Supervision Division. The Consumer Protection Department, established within the new organizational structure of the Central Bank as a separate department, aims to protect consumers of financial services from unfair, misleading, fraudulent or abusive practices, as well as take measures against financial institutions that violate legal provisions of consumer protection regulations. **Legal framework for consumer protection is listed as follows:**

	• **Kosovo Law No. 06/L-034 on consumer protection** (not published in the Central Bank website).
	  o The law regulates:
	  ▪ 1.1. market conditions in business-to-consumer relations, including products labelling, price indicators, public services and unfair commercial practices.
	  ▪ 1.2. consumer rights in relation to contracts, including unfair contract conditions, distance sales and off-premises sales, non-conformity contracts, consumer credit contracts and tourism products contracts.
	  ▪ 1.3. administrative and judicial protection of consumer interests.
	  ▪ 1.4. institutional cadre for consumer protection in the Republic of Kosovo.
	• **The CBK Law No. 05/L-045 on insurance.**
	  o The Law covers customer protection part, especially liability for information that the insurer and the broker must give in writing to every client all necessary information, before signing the insurance contract. Further the Law defines complaint procedures to address to the CBK any dissatisfaction regarding handling of complaints by the insurer.
	• **Kosovo Law No. 06/L-082 on the protection of personal data.** (Not published on the Central Bank website).
	  o This Law determines the responsibilities of the institution responsible for monitoring the legitimacy of data processing and access to public documents.
	• **The CBK Regulation on internal complaints handling process.**
	  o Regulation defines the criteria and procedures for the establishment of the internal handling function and customer complaints management by financial institutions, the reporting requirements on complaints by financial institutions, as well as the possibility of using *alternative mechanisms for resolving disputes*.
	• **The CBK Internal rules on the complaint handling process.**
	  o The rule defines the procedures of the Central Bank of the Republic of Kosovo for handling complaints of users of financial services submitted to the CBK. Further, the rule specifies that any processing of personal data in relation to complaints handling procedures, shall be carried out in accordance with the legislation in force concerning the protection of personal data.
	• **The CBK regulation on Credit Registry.**
	  o The Regulation defines administrator of the Credit Registry of Kosovo to collect and distribute credit information between financial institutions for purposes of improving credit quality and carrying out the supervisory function of the Central Bank. Further regulations shall apply to financial institutions licensed by the Central Bank to act as credit providers, including all licensed banks and microfinance institutions, and the non-bank financial institutions and insurance companies licensed to deal with special credit activities.
	• **The CBK Regulation on financial services advertising**.

	○ The regulation sets out the general and specific conditions for financial services advertising, the obligations and responsibilities of a financial service provider with respect to advertising messages and other matters related to this type of advertising, and regulates advertising that directly promotes a financial service provider and/or its entire activity and not just individual financial services provided by it. • **The CBK Regulation on Effective Interest Rate and Bank Disclosure Requirements** (could not find it in the English version of the website). ○ The Regulation determine the unified methodology for calculation and disclosure of the effective interest rate on credits granted and deposits received, and the minimum disclosure requirements in order to provide full and accurate information on products and services for customers. The Central Bank discloses on its website a description process on submission and handling process of complaints about financial products and services. This is under the portal named "consumer protection" at the bottom of the webpage. The CBK established the Financial Education function in 2013 and, in 2017 the Education Program Framework was prepared with the aim of setting out concrete steps for advancing this field. To contribute to increasing financial education, CBK undertakes many projects, organizes activities, and develops educational materials, which are distributed through several communication channels. Further the platform for comparison of financial products and services (krahaso.bqk-kos.org) is a web-based application provided by the CBK The aim of the Platform is to inform users on interest rates and fees for the most used products and services provided by financial institutions. The platform is intended to contribute to increased transparency, client protection, financial education, and greater access to finance. Clients may compare the fees of financial products and services in two ways: selection by product and selection by institution. Under the Strategic Plan 2024-2028, Objective 4, the Central Bank of the Republic of Kosovo establishes the "Advancement of Consumer Protection, Financial Literacy and Financial Inclusion" as a priority. The Objective 4 determines a set of actions regarding consumer protection like; establishing the market conduct function, advancement of the supervisory framework for consumer rights protection in financial services, organizing and participating in financial education events to facilitate and support financial inclusion and promoting the best practices in consumer protection for financial services and disclosure of service rights, among other initiatives.
Review	*Expanded* The CBK website does not provide an entry for Consumer Protection issues under the listing of substantive issues, nor is Consumer Protection listed under its core functions. The only part where the topic of consumer protection is visible is under the organigram, as a core function of the CBK. This fact was widely noted by different stakeholders.

	There are at the bottom of the webpage different portals all related to "consumer protection issues"; (1) Portal on Consumer Protection but it relates just to "claims", (2) Financial Education Portal, (3) Credit Report, and (4) A Platform for Comparison of Financial Products and Services. Stakeholders mentioned the importance of the Platform for Comparison of Financial Products manifesting the need to keep it updated. It was widely noted that the need to disseminate the role of the CBK in handling consumer protection claims as well as the importance of disclosing clear and easy to use claims procedures with a specific timeline. The importance of financial education was highlighted by almost all stakeholders. The legal framework for consumer protection is partially published with the current legislation on Banks, Microfinance Institutions, and non-Bank financial Institutions. (Law 04 L-093), which established the mandate of the CBK on Financial Consumer Protection.
Comments	The portal that says "consumer protection" relates exclusivly to "consumer protection claims. And there is no explanation of the procedure or the type of claims taht could be lodged under the "claims" system. It is not clear either if the claim can be presented before the central bank simultaneously with claims presented under the financial institution, or if the claims system somehow supplements the one that financial institutions have. This dispute resolution mechanism needs to be enhance with clear procedures, disclosed and explained to the public in a friendly manner. It was explained that two new important pieces of legislation Law No.08/L-304 on banks and a new Law No.08/L-328 on payment services were both approved by the Kosovo Parliament, but are waiting for further application procedure. The CBK technical staff mentioned the need to develop an adequate regulatory and supervisory framework in terms of Market Conduct Supervision for each type of financial institution. In agreement with such appreciation is important to add the need to simplify and clearly explain in a user-friendly way the consumer protection system to the financial consumer; the legal framework and the dispute resolution system.
Pillar III—Central Bank Operations	
Principle 3.1.	**Monetary Policy**: The central bank discloses its operational framework with a well-defined operational target, objectives, instruments, collateral, and access criteria.
Principle 3.1.1.	**Instruments**: The central bank discloses its monetary policy instruments.
Description	The CBK operates within a unique monetary framework due to Kosovo's unilateral adoption of the euro in 2002. As a result, the CBK does not possess traditional monetary policy tools for setting interest rates or conducting open market operations.

	Instead, its primary focus is on maintaining financial stability and ensuring the smooth functioning of the financial system. There are no monetary policy instruments to disclose.
Review	Not applicable
Comments	A separate publication/text/blog explaining the lack of monetary policy and then limitations of unilateral euroization regarding operational framework (or lack of it) would be welcome on the web.
Principle 3.1.2.	**Coverage**: The central bank discloses: (i) the type of instrument (open market operations, standing facilities, other facilities, reserve requirements, and direct instruments of monetary control); (ii) the characteristics of each instrument; and (iii) the collateral framework.
Description	See 2.1
Review	Not applicable
Comments	
Principle 3.1.3.	**Access:** The central bank discloses the monetary policy counterparties' framework.
Description	While the CBK does not have conventional monetary policy counterparties in the traditional sense, it engages with financial institutions through regulatory and supervisory frameworks, possible ELA and intraday and overnight lending facility. These frameworks outline the criteria and processes for institutions within Kosovo's financial system. The regulation on intraday and overnight lending to banks is clear and it explains counterparties but not for monetary policy.
Review	Not applicable
Comments	
Principle 3.2.	**Cross-Border Financial Flows and Foreign Exchange Administration:** The central bank discloses how it implements this policy in terms of the instruments and the scope of its operations and actions.
Principle 3.2.1.	**Instruments:** The central bank's instruments for implementing the policy and the circumstances in which they can be used are clearly defined and disclosed.
Description	See 2.2
Review	Not applicable
Comments	
Principle 3.2.2.	**Coverage:** The central bank discloses information about the persons (entities and individuals), transactions, and other aspects of the foreign exchange system that it can and does regulate; persons, transactions, and activities that it can license, approve, monitor, and sanction; and foreign exchange transactions that it can perform.

Description	See 2.2
Review	Not applicable
Comments	
Principle 3.3.	**Foreign Exchange Management:** The central bank discloses how it implements its foreign exchange policies framework in terms of instruments, markets, size, and mode of access.
Principle 3.3.1.	**Instruments:** The central bank discloses the set of instruments used for foreign exchange management policy, key considerations under which these instruments are chosen, and eligibility criteria of counterparties and mode of access.
Description	
Review	Not applicable
Comments	
Principle 3.3.2.	**Coverage:** The central bank discloses the markets and agents who are targeted by the foreign exchange management policy.
Description	
Review	Not applicable
Comments	
Principle 3.4.	**Foreign Exchange Reserve Management**: The central bank discloses the general principles governing its foreign exchange reserve management operations, including relationships with counterparties and service providers.
Principle 3.4.1.	**Instruments**: The central bank discloses the broad selection criteria for eligible asset classes, composition of instruments, investment horizon and constraints.
Description	See Principle 2.4.1
Review	*Core* The central bank discloses broad criteria on the selection of reserve assets and instruments.
Comments	CBK should be more transparent regarding its risk limits and publish its non-market sensitive elements of the Investment Policy/Guidelines for International Reserves Management (see Principle 2.4.1). Furthermore, after updating its internal asset management framework (expected to be finalized later in 2025), the CBK's should incorporate tracking error and value-at-risk in its communication about market risk constraints to provide stakeholders with a more global view of the portfolio's risk.

Principle 3.4.2.	**Coverage**: The central bank discloses the criteria to select eligible market counterparties and service providers and eligible markets to conduct its operations.
Description	Other than its minimum acceptable credit rating, CBK considers that the criteria for the selection of partners should not be disclosed. The unpublished Investment Policy gives a broad overview of the risks monitored throughout this process. Going forward, the CBK will consider publishing the key objectives and criteria of the Investment Policy. The IC, as an advisory body to the Governor, determines the internal List of approved banks for cooperation in international reserves management. Similarly, CB's does not publish the eligible markets for investing its FX reserve. However, the yearly financial statements disclose the counterparties and markets where CBK is invested in at year end.
Review	*Core*
Comments	The CBK does not disclose rules and procedures for selection of counterparties, custodians, and service providers. The level of disclosure that the CBK provides is its choice and reflects the level of transparency it intends to pursue. Comments Disclosure could be enhanced if the CBK communicates its stakeholders of its choice of not disclosing the rules and procedures for the selection of counterparties, custodians and service providers and its own reasons for this choice. Alternatively, the central bank could disclose rules and procedures for selection of markets in which it operates, counterparties, custodians, and service providers.
Principle 3.4.3.	**Review**: The central bank discloses criteria to assess adequacy and liquidity parameters and discloses such analysis regularly, at predetermined times.
Description	The IC reports quarterly on performance, liquidity, and financial risks to the Executive Board (also submitted to the CB Board for information), and annually to the CBK Board. While certain high-level information from these reports is included in the Annual Report, the adequacy indicator is not.
Review	*Expanded* Considering CBK's peculiar euroization situation, the assessment of reserves adequacy is less relevant. However, the yearly financial statements for 2024, provide the extent of the gap between the maturities of the assets and the liabilities. Even though there is insufficient granularity in the displayed maturity buckets to infer an accurate liquidity indicator, this is a step in the right direction.
Comments	The annual report contains a general assessment of reserve adequacy, liquidity, and limited risk exposure specific to reserve management operations. The CBK could consider disclosing information on annual liquidity stress tests. It could also consider publishing a reserve adequacy assessment in the Annual Report Section

	on Investment Management and a risk statement outlining the financial, operational, and other risks arising from its operations with a defined time lag.
Principle 3.5.	**Financial Stability Reviews and Stress Testing**: The central bank periodically discloses its review of domestic financial stability to the public and is transparent about the methods used for such reviews, including its framework for stress testing.
Principle 3.5.1.	**Financial Stability Reviews**: The central bank periodically provides to the public its review of risk to financial stability, including new and emerging sources of vulnerability.
Description	The CBK fulfills this principle by regularly publishing results of stress tests in its Financial Stability Report (FSR). The report is made available to the public and can be accessed through the CBK's official website (see: Financial stability report). It offers comprehensive analyses of the financial sector's performance, risks, and infrastructure developments in Kosovo. The report also serve as a key tool for communicating the CBK's assessments and policy considerations to the public and stakeholders. For instance, the FSR provides insights into: • Banking Sector Performance: Assessing the health and stability of banks operating within Kosovo. • Risk Assessments: Identifying potential systemic risks and vulnerabilities that could impact financial stability. • Financial Infrastructure Developments: Evaluating the robustness and efficiency of payment systems and other financial infrastructures. Macroprudential stress-testing has been an integral part of the FSR. The assumptions of the credit and liquidity stress-testing and results have been exclusively published through the FSR's. The Annual Report describes major economic developments in Kosovo and the policies adopted by the CBK, including those that aim to preserve stability of the financial system. Major economic developments described in the 2023 Annual Report on pages 28–35 and policies by CBK to preserve financial stability include their work on licensing and regulating financial system as well as other activities in this regard (pages 60-72). CBK also publishes a one-page Financial system monthly information.
Review	*Core* The 2023 FSR was only published in December 2024, diminishing the relevance of the information
Comments	To further enhance transparency the CBK should ensure timely publication of the FSR.
Principle 3.5.2.	**Macroprudential Stress Testing Methods:** The central bank discloses the methods and key assumptions of the stress testing framework.
Description	CBK has been enhancing its macroprudential stress testing framework to assess the resilience of the financial system. In the Financial Stability Report, the CBK provides a

	detailed presentation of the assumptions, coverage, and aggregate results of its stress-testing exercise. The report also specifies the number of banks that, under certain adverse scenarios, fall below the regulatory capital and liquidity buffers. It reiterates that the stress test is conducted under conservative assumptions and confirms that the sector— including individual banks—remains stable overall. Nonetheless, it highlights specific areas of potential vulnerabilities that warrant closer supervisory attention. Chapter 5.6. in the FSR. Table 4 in FSR has different scenarios. In includes very detailed description on stress tests including climate risk.
Review	*Comprehensive*
Comments	Central bank in the 2023 FRS reveals details of stress-testing types (top down) and different scenarios including liquidity risks. A detailed explanation of the methodology is also provided.
Principle 3.5.3.	**Stress Testing Coverage:** The central bank discloses the coverage of the stress testing exercise.
Description	FSR section 5.6. explains the coverage of these stress tests: • **Banking Sector**: The CBK's stress testing primarily focuses on the banking sector, evaluating the solvency and liquidity positions of banks under various adverse scenarios. • **Systemic Risk Assessment**: The stress tests aim to identify potential systemic risks that could impact financial stability, considering factors such as credit risk, market risk, and liquidity risk. • **Data Integration**: The CBK utilizes data from its credit registry and other sources to inform the stress testing process, ensuring comprehensive coverage of relevant financial activities. The report also specifies the number of banks that, under certain adverse scenarios, fall below the regulatory capital and liquidity buffers. It reiterates that the stress test is conducted under conservative assumptions and confirms that the sector— including individual banks—remains stable overall. Nonetheless, it highlights specific areas of potential vulnerabilities that warrant closer supervisory attention.
Review	*Expanded*
Comments	While the CBK has been enhancing its stress testing framework, detailed public disclosures regarding the specific institutions and financial activities covered in these exercises are limited. Only number of banks is known, but not specifics of which ones.
Principle 3.5.4.	**Central Bank Use of Stress Test Results:** There is clarity about the ways the central bank uses the stress test results.
Description	For the time being the CBK is not using results of stress tests in its policies or in supervision for inspections.
Review	Not Implemented

Comments	
Principle 3.6.	**Macroprudential Policy Implementation**: The central bank discloses how it implements macroprudential policies, including the design of policy instruments and enforcement arrangements.
Principle 3.6.1.	**Instruments**: The central bank discloses the precise design and objectives of its macroprudential instruments, including the scope of entities and financial instruments subject to macroprudential constraints.
Description	The CBK has published its Macroprudential policy in 2018. The document outlines the legal framework, objectives and instruments available for conducting macroprudential policy. In 2021, the Executive Board adopted a new Macroprudential policy, but this document, including subsequent revisions is yet to be published. Therefore, central bank does not disclose current precise design and objectives to the public. The CBK has formalized its approach to macroprudential policy through specific regulations. On **April 29, 2025**, the CBK Board approved the **Regulation on Macroprudential Capital Buffers,** which outlines the implementation of macroprudential tools such as the Countercyclical Capital Buffer (CCyB) and capital surcharges for Other Systemically Important Institutions (O-SIIs)**.** This regulation specifies the design and objectives of these macroprudential instruments, including the scope of entities subject to these constraints.
Review	*Core*
Comments	There is ample scope to better explain what macroprudential policies are and why they need to be used. Especially considering the limits of unilateral euroization and no independent monetary policy in place.
Principle 3.6.2.	**Enforcement**: The central bank discloses enforcement mechanisms and responsibilities for all entities and financial instruments subject to macroprudential constraints.
Description	The CBK has formalized its approach to macroprudential policy through specific regulations. Notably, on April 29, 2025, the CBK Board approved the Regulation on Macroprudential Capital Buffers, which outlines the implementation of macroprudential tools such as the Countercyclical Capital Buffer (CCyB) and capital surcharges for Other Systemically Important Institutions (O-SIIs). They do disclose enforcement mechanisms and market participants are well informed. This regulation specifies the design and objectives of these macroprudential instruments, including the scope of entities subject to these constraints. The CBK's macroprudential policy aims to identify, monitor, and assess systemic risks to financial stability. Key aspects of the CBK's enforcement framework include: Regulatory Instruments:

	Scope of Application • The macroprudential tools apply to all licensed banks operating within Kosovo. • The CBK assesses and designates O-SIIs based on criteria such as size, interconnectedness, and substitutability. Enforcement Responsibilities and CBK's Role • Monitoring Compliance**:** The CBK continuously monitors banks to ensure adherence to macroprudential requirements. • Supervisory Actions**:** In cases of non-compliance, the CBK has the authority to impose corrective measures, which may include increased capital requirements or restrictions on certain activities. • Transparency**:** The CBK publishes information on macroprudential measures and their enforcement in its annual Financial Stability Reports. <u>Coordination with Other Authorities</u>**:** The CBK collaborates with other financial sector authorities to ensure a comprehensive approach to financial stability. This includes sharing information and coordinating actions when necessary.
Review	*Expanded*
Comments	To fully align with Principle 3.6.2, the CBK could consider publishing separately detailed enforcement procedures.
Principle 3.7.	**Microprudential Supervision**: Selected principles from BCP, ICP, and IOSCO.
	Reference as per Section III.F. of the Guidance Note
Principle 3.8.	**Emergency Liquidity Assistance**: The central bank may disclose any ongoing provision of emergency liquidity assistance (including bilateral and market-wide support) and its conditions and parameters once the need for confidentiality has ceased.
Description	See 2.8
Review	*Core* No ELA has been provided to banks in the past. The ELA framework's is not clear on certain aspects, including: (i) the central bank's decision-making process once a demand for ELA is communicated; (ii) defining solvency and ELA renewal terms; (iii) the commercial banks required operational steps to obtain ELA from the CBK; (iv) what is meant by "additional eligible collateral"; and its disclosure policy.
Comments	The CBK is in the process of finalizing a revised regulation on ELA and procedure to guide its commercial banks on the operational steps needed to access ELA. Once completed, this procedure should be published on CBK's website and aim to address the current operational blind spots.

Principle 3.9.	**Resolution**: Selected principles from KA
	Reference as per Section III.F. of the Guidance Note
Principle 3.10.	**Financial Market Infrastructures**: Selected principles from PFMI
	Reference as per Section III.F. of the Guidance Note
Principle 3.11.	**Financial Integrity**: The central bank discloses its Anti-Money Laundering/Countering the Financing of Terrorism supervisory processes as well as details about resources allocated to its internal Anti-Money Laundering/Countering the Financing of Terrorism controls.
Principle 3.11.1	**AML/CFT Supervision**: The central bank discloses its AML/CFT supervisory processes.
Description	The CBK discloses its AML/CFT supervisory processes primarily through its published Regulation on the Prevention of Money Laundering and Combating Terrorist Financing. This regulation outlines the risk-based supervisory approach adopted by the CBK and the obligations of financial institutions under its oversight. Key elements of the disclosed supervisory process include: • Risk-based supervision: The CBK applies a risk-based methodology to assess the ML/TF risk profile of each supervised institution and to determine the frequency and intensity of supervision. • On-site and off-site inspections: The CBK conducts both types of supervisory activities to assess the effectiveness of AML/CFT internal controls, governance, and compliance systems. • Enforcement actions: Where deficiencies are identified, the CBK may issue recommendations, impose corrective measures, or take administrative actions, as permitted by the Law on AML/CFT and the Law on the CBK. • Cooperation with the Financial Intelligence Unit (FIU-K): The CBK works closely with the FIU-K and may refer suspected breaches or systemic issues as appropriate. The CBK reflects its AML/CFT supervisory activities in its Annual Report, (page 71; year 2023), including a summary of inspections conducted, findings, and supervisory priorities. The CBK has publicly disclosed key components of its AML/CFT supervisory process through its regulatory framework and periodic annual reports and strategic plan.
Review	*Core* CBK annual reports provide information on its AML/CFT supervisory activities, including a table with the number of completed on-site and off-site inspections. CBK also provides updates on the efforts to enhance its technical and human capacities. In addition, CBK discloses the types of financial institutions inspected and the specific areas of focus of inspections. Cooperation efforts with other institutions were also disclosed.

Comments	The CBK should enhance transparency in this area if statistical information is disclosed in relation to Supervisory practices.
Principle 3.11.2	**Internal AML/CFT Controls**: The central bank discloses resources allocated to its internal AML/CFT controls.
Description	
Review	*Not Implemented* CBK does not publish information on its internal AML/CFT activities and about the human and capital allocated to AMLF/CFT controls.
Comments	CBK could disclose the human resources and budget allocated to AML/CFT internal controls.
Principle 3.12.	**Consumer Protection**: The central bank discloses its operations relating to consumer protection conducted solely or jointly with other agencies.
Description	The CBK is responsible for consumer protection in terms of banking and financial products & services. In the CBK strategic plan Objective 4 determines the need to advance consumer protection issues to promote financial inclusion for all citizens without discrimination and ensure consumer protection providing easily accessible services, including physical access, and utilizing innovative technology to increase efficiency and affordability. **Regulatory and Supervisory Framework on Consumer Protection** The CBK is working to develop an adequate regulatory and supervisory framework in terms of Market Conduct Supervision for each type of financial institution**.** The Consumer Protection Department is responsible for supervising market practices through on-site and remote examinations in terms of transparency and disclosure of financial products and services by financial institutions. Further, the application membership of CBK in FinCoNet will support us to assess the best practices and effective approaches on financial consumer protection issues to strengthen market conduct supervision framework in compliance with G20/OECD High-Level Principles on Financial Consumer Protection. **Dispute Resolution Mechanism** The CBK Regulation on internal complaints handling process applicable for all financial institutions defines that all financial institution must develop policies and rules of procedure for the establishment of the complaints handling and complaints management function and ensure its effective implementation. Further the Regulation also regulates the alternative dispute resolution***s*** procedures *such as the option of*

	mediation in accordance with Kosovo Law No. 06/L -009 *on Mediation or arbitration and Law No.* 02/l-75 on A*rbitration.* Any processing of personal data in relation to complaints handling procedures, shall be carried out in accordance with Law No. 06/L –082 on protection of personal data. Complaints for financial services can be submitted through the electronic system at (https://ankesat.bqk-kos.org) by mailing address, or by delivering in person at the CBK archive office. Website provides necessary detailed instructions on how to lodge a complaint with the financial institution and the CBK. "The complaint handling system enables users to track the status of their complaint. The Consumer Protection Department cooperate with other departments/divisions responsible for financial supervision within the CBK regarding the exchange of information during the examination of complaints of financial services users and disclosure practices. **Cooperation with other entities regarding consumer protection**: According to the Kosovo Law on consumer protection, the CBK is also part of the Consumer Protection Council and continuously coordinates consumer protection activities with the Ministry of Industry, Entrepreneurship and Trade. The Director of the Consumer Protection Department is a member of the Council. The CBK recently has ***become an Associate Member of the International Financial Consumer Protection Organization (FinCoNet), an organization that promotes international best practices to ensure that financial products and services are fair, transparent, and in line with global consumer protection standards***. Through this membership, the CBK will benefit from expertise and international best practices to enhance advanced methods for monitoring and analyzing the behavior of financial institutions, as well as improving transparency and oversight to protect consumers. **Financial Education Division** A dedicated Financial Education Division coordinates structured initiatives aimed at improving financial literacy and inclusion. This includes national and international cooperation, such as partnerships with the Ministry of Education, universities, the World Bank, and EFSE, and programs targeting youth, rural communities, and minority groups. One of the most significant tools to enhance transparency is the CBK's Platform for Comparison of Financial Products and Services (krahaso.bqk-kos.org), which empowers consumers by allowing them to compare products and costs across financial institutions operating in Kosovo. The platform supports informed decision-making by integrating educational elements and is available in three official languages.

The Platform for Comparison of Financial Products and Services krahaso.bqk-kos.org/?lang=en

The Platform for Comparison of Financial Products and Services it's a Project developed by the CBK aiming to increase the transparency, competition, consumer protection and raising awareness regarding the products and services offered by the financial sector in Kosovo. It is an application developed for use by individual consumers, with the purpose of providing information and enabling comparisons of interest rates and fees for financial products and services offered by financial institutions.

The Platform is available in three languages: Albanian, English and Serbian.
It displays and compares products and services offered by banks, microfinance institutions, non-bank financial institutions and insurance companies.

In the banking section, the most used products are included like: accounts, loans, deposits, cards, transfers and service packages.
The CBK has successfully collected data from two sectors – banking and microfinance and it is in process of adding products for non-bank financial institutions and insurance companies.
The Platform enables users to view, compare and generate a report with the products they have selected, which can then be printed or sent via email.

In addition, the Platform incorporates detailed and structured information on financial products and services, presented in a clear and accessible manner, including educational or informative definitions within it. This approach is intended to support consumers in better understanding the features, terms, and conditions of available offerings, thereby promoting transparency, financial literacy, and informed decision-making.

Strategic Alignment: CBK Strategic Plan 2024–2028—Objective 4

Advancement of Financial Literacy and Financial Inclusion

Key activities under this objective include:

- Enhancing the CBK transparency and public communication.
- Organizing and developing financial education events and activities.
- Developing content and a CBK website platform for comparing financial services and costs.
- Engaging media, consumer associations, and financial institutions in public discussions.
- Collaborating with academia and participating in regional financial education initiatives.

Institutional Cooperation with Public and Private Entities in Kosovo on Financial Literacy

- **MoU with Ministry of Education, Science, Technology and Innovation**: Integration of financial literacy books into the national education system.
- **MoUs with Universities:** lectures in universities or the CBK premises, student internships.
- **Partnership with Kosovo Banking Association:** Coordinated campaigns and public awareness initiatives.
- **Collaboration with Municipalities:** For local-level implementation of financial education activities.

International Cooperation on Financial Education

1. Financial Literacy Books for Children (Grades 1–5)

In cooperation with the European Fund for Southeast Europe, the CBK issued:

- A five-book series designed for early education, teaching children about money use, saving, budgeting and entrepreneurship. Distributed to 900+ schools across Kosovo in 2021. Books are available in Albanian, Serbian, Turkish, Bosnian, and Romani, plus audiobooks. Braille and B5 format editions were produced to ensure accessibility for visually impaired children.

2. World Bank-Greenback 2.0 Project

CBK's partnership with the World Bank to address remittance-related financial education:

- Analysis of remittance behaviors and financial learning needs.
- Awareness campaigns on the value of remittances and financial inclusion.
- Strengthening financial institutions' capacity to serve diaspora and remittance beneficiaries.
- Development of scalable financial education programs by national stakeholders.
- Prizren was designated as the "Champion City" due to high remittance activity.

3. WB-CBK Financial Education Modules

Five digital learning modules were developed in Albanian, English, and Serbian covering:

- Basics of regulated international money transfers.
- Features of financial services and products.
- Digital financial services.
- Economic role of remittances.
- Importance of financial literacy.

- Visits to SOS Children's Village Kosovo and School for blind and visually impaired.
- Educational outreach to rural schools and minority communities.
- Cooperating with organizations such as AFLATOUN, EFSE, GIZ, and World Bank for inclusive outreach.

Public Campaigns and Events

	Traditionally, Global Money Week and Global Savings Day are celebrated with various activities in schools, colleges, universities and other target groups, such as annual themed lectures, art and essay competitions, educational brochures, events on women's access to finance and educational materials. This year, the CBK, in cooperation with the Kosovo Bankers Association, organized an awareness campaign with the message "Don't fall prey to online scams - verify the source before you click". The campaign was disseminated on social networks, messaging platforms and communication channels of all commercial banks in Kosovo, with the aim of raising awareness about financial security and preventing online fraud. During GMW 2025, CBK together with KBA reached (directly and indirectly) about 30,000 citizens with their educational activities. CBK, with the support of EBRD and Frankfurt School of Finance and Management, organized a conference "WE Finance Code" to launch the initiative to support women's access to finance. This project will have a lasting impact on financial inclusion in our country, in line with the CBK's strategic orientations. The conference was honored and supported by the President of Kosovo. **Youth Empowerment and Academic Engagement** - Internship Program - Internships available in CBK departments. **Competitions and Awards** - Young Economists Award: For outstanding financial research by students. - Essay and Artwork Contests: Promoting personal finance literacy among youth. **Educational materials** - CBK has developed many educational reports, brochures, leaflets, infographics and educational/informative videos. Materials have been distributed through educational activities and published on the Educational Platform in three languages and also on educational social media such **Resources:** For educational materials, news and activities Kosovo public may visit the official CBK Financial Education Platform and social media https://edukimi-financiar.org , Facebook, https://bqk-kos.org/edu/ **Contacts:** CBK may be contacted though several contact forms, revealed on its web site, such as: **Email:** info@bqk-kos.org; edukimi@bqk-kos.org; media@bqk-kos.org; **Phone:** + 383 38 222 055.
Review	*Expanded* The CBK has made great efforts in financial education through its Division on Financial Literacy. The financial education initiatives are well known by stakeholders and widely appreciated.

	There is room for improvement in other areas of consumer protection. The newly created Department of Consumer Protection has clear objectives in accordance with the CBK strategic plan The website needs to improve the visibility of consumer protection issues. It is important to have an individual entry for Consumer Protection and especially to list it as a function of the CBK.
Comments	The central bank website inadequately presents the topic of consumer protection. There is no label for consumer protection topics, as a function of the central bank. A function given by legislation. Only the claims listed at the bottom of the webs page under the name "consumer protection". The website should have a separate label for "Consumer Protection" as a function with a clear and not misleading link to a platform on consumer protection claims. Basic and easy to understand explanations should be given to the public regarding basic information on how to present the claims, the time frame to solve the matter, etc. Transparency, accessibility and ease of understanding should be the parameters of the claims system. Regarding Consumer Protection regulations, the CBK website does not have under "Regulations" and entry for consumer protection matters. Consumer protection regulations are under the tab/label named "others", so it is difficult to find any consumer protection related regulations.
Pillar IV—Central Bank Outcome	
Principle 4.1.	**Monetary Policy:** The central bank is transparent about the outcome of its monetary policy conduct.
Principle 4.1.1.	**Governance Actions:** The accountability of the central bank on monetary policy is clear as to whom accountability is owed and how it is discharged.
Description	The CBK is held accountable to Parliament, as the CBK Law requires the CBK to report regularly to public institutions, especially the Assembly of the Republic of Kosovo. Specifically, Article 28 states: 1. The Central Bank shall at a minimum once a year and at such additional times as may be necessary inform the Assembly of Republic of Kosovo and the public regarding the conduct of its policies, the achievement of its objectives and its views regarding the real variables of the economy. 2. The Central Bank shall, within six (6) months after the close of its financial year, submit to the Assembly of Republic of Kosovo and the Minister and publish one or more reports, approved by the Central Bank Board, on the state of the economy during the financial year that just ended, including an outlook for the economy for the coming year, achievement of its policy objectives and the condition of the financial system of Kosovo. The report(s) should also include a review and assessment of the Central

	Bank's policies followed last financial year and a description and explanation of the Bank's policies to be followed during the next financial year. Also, Article 29 provides that: The Governor, with due observance of Article 6 of this Law, may, at the request of the Assembly of Republic of Kosovo or on his own initiative, shall at least once a year be heard by the Assembly or its committees, concerning the Central Bank's objectives set forth in Article 7 of this Law.
Review	*Core* The CBK Law establishes clear accountability provisions to hold the CBK accountable about its mandate and the policies adopted. The CBK sent to the Parliament the Annual Report before June 30 of each year. The Governor appears in front to Parliamentarial Committee for Budget and Finance to respond to questions that members of Parliament may have.
Comments	CBK fulfills all the legal requirements. However, due to euroization, meaningful accountability about monetary policy is not possible.
Principle 4.1.2.	**Policies**: The central bank discloses progress toward achieving its monetary policy objective(s) as well as prospects for achieving them.
Description	In a euroized economy like CBK, inflation - the standard monetary policy objective—is exogenously driven and the central bank is unable to formulate monetary policy thus cannot disclose its progress.
Review	Not applicable
Comments	
Principle 4.1.3.	**Operations**: The central bank discloses the volumes and interest rates of the operations, as well as the level of the operational target achieved.
Description	The CBK is not conducting such operations. Consequently, there is no volume of operations to report, nor an interest rate or other operational target was established to make it public.
Review	Not applicable
Comments	
Principle 4.2.	**Cross-Border Financial Flows and Foreign Exchange Administration:** The central bank discloses the outcome of its policy implementation.
Principle 4.2.1.	**Governance Actions:** The central bank discloses information about to whom its accountability on the policy is owed and how it is discharged.

Description	See 2.2. As for all its decisions, the CBK is accountable to Parliament through its Annual Report.
Review	*Not Implemented* CBK doesn't disclose information about to whom its accountability on the policy is owed and how it is discharged.
Comments	
Principle 4.2.2.	**Policies:** The central bank discloses on a regular basis information about the results in achieving the policy objectives.
Description	See 2.2
Review	Not applicable
Comments	
Principle 4.2.3.	**Implementation:** The central bank discloses on a regular basis information about the results of the policy implementation.
Description	See 2.2
Review	Not applicable
Comments	
Principle 4.3.	**Foreign Exchange Management:** The central bank discloses how its governing committee is accountable for undertaking and reporting on foreign exchange interventions.
Description	
Review	
Comments	
Principle 4.3.1.	**Governance Actions:** The central bank discloses its decision-making structure and how it is accountable for Foreign Exchange Management.
Description	
Review	Not applicable
Comments	
Principle 4.3.2.	**Policies:** The central bank discloses the role of Foreign Exchange Management toward achieving its policy objective(s) as well as its interaction with broader monetary policy objectives.
Description	

Review	Not applicable
Comments	
Principle 4.3.3.	**Operations:** The central bank discloses the results of its market operations, the volume of activity, and the direction of interventions on its website at a predefined time lag.
Description	
Review	Not applicable
Comments	
Principle 4.4.	**Foreign Exchange Reserve Management:** The central bank discloses any changes to the general principles of internal governance and provides clarity on the outcomes of its policy decisions about foreign exchange reserve management.
Principle 4.4.1.	**Governance Actions:** The central bank publicly discloses the general principles of internal governance to ensure the integrity of its policy formulation and operations.
Description	See Principle 2.4.1 The CBK Law, and the unpublished Investment Policy, as well as Guidelines for International Reserves Management define the international reserves' institutional framework. These documents cover, inter alia, the management structure, the division of responsibilities, and the reporting framework. The CAR contains limited information about the investment process's evaluation and changes in the investment framework.
Review	*Core* The CBK Law and the Annual Report provide a partial view of CBK's general principles of internal governance and operations. As mentioned in Principle 2.4.1, the responsibilities of the different decision-making bodies are not communicated. This incomplete information on the foreign reserve management's governance process is insufficient to reassure external stakeholders about the intended implementation, across the FX reserves management function, of proper: (i) segregation of duties; and (ii) checks and balances.
Comments	CBK should publish the IC's Terms of reference and the non-market sensitive elements of the Investment Policy/Guidelines for International Reserves Management as recommended *supra* (See Principle 2.4.1).
Principle 4.4.2.	**Reporting on Implementation:** The central bank discloses data relating to the level and composition of reserve assets, short-term liabilities, and drains that can lead to demand on reserves at a predefined frequency.

Description	The Annual Report and the audited Financial Statements provide detailed information on the asset structure of foreign reserves, maturities, and issuers of securities owned by the CBK. Data on individual outflows and short-term liabilities are monitored by CBK, but are not disclosed. The CBK is yet to report on the foreign reserves under the Special Data Dissemination Standard (SDDS). Kosovo is currently working towards adoptions of the SDDS.
Review	*Core* Information about the level and composition of reserves, objectives and developments influencing investment process is spread throughout the FX reserve management section of the Annual Report.
Comments	Transparency on the liabilities and outflows would improve the rating from "core" to "expanded". Following the adoption of the SDDS, the CBK should publish outcomes as per reserve data template and the Special Data Dissemination Standard.
Principle 4.4.3.	**Financial Results:** There is clarity in audited financial statements on the amount, composition, profit/loss, and risks arising from foreign exchange reserves.
Description	The Financial Statements clearly disclose information on the amount, composition, profit/loss, and risks arising from foreign exchange reserves. In addition, the Annual Report provides detailed information on the performance of reserve management.
Review	*Comprehensive* Annual financial statements are prepared in accordance with a robust and widely recognized accounting framework. An external audit opinion accompanies the published financial statements.
Comments	In line with best practices and following the adoption of the new Investment Policy, the CBK is committed to enhancing transparency by reporting both the absolute and relative rates of return for each portfolio/tranche, as well as on an aggregate basis. These performance metrics will be disclosed through regular publications, such as the Annual Report, ensuring alignment with international reserve management standards.
Principle 4.5.	**Macroprudential Policy:** The central bank discloses outcomes and evaluations of its macroprudential policy actions and its accountability for such actions.
Principle 4.5.1.	**Governance Actions:** The accountability of the central bank on macroprudential policies is clear as to whom accountability is owed and how it is discharged.
Description	There is no reference to macroprudential policies in the primary legislation; but the purpose, scope, and application of macroprudential policies were approved by the

	Executive Board in accordance with its powers under Article 36 of the CBK Law. The CBK is the main authority implementing macroprudential tools (e.g., CCyB, O-SII buffers). The CBK carries out macroprudential monitoring and decision-making internally, based on its general responsibility for financial stability. The CBK currently does not publish outcomes or evaluations of macroprudential policies. Accountability on macroprudential policies is owed to the Kosovo Assembly, as part of CBK's broader institutional mandate. The CBK discharges this accountability by: • Publishing the Annual Report, which includes sections on financial stability and policy actions; • Submitting reports to and, when requested, appearing before Parliamentary Committees; • Publishing Financial Stability Reports, which communicate risk assessments and policy intentions to the public. Through mechanisms such as regular reporting to the Parliament and publications, namely FSR's, and transparent communication of policy actions and their rationale to the sector, the CBK makes will make sure that its policymaking is clear to all agents.
Review	*Core* With regular reporting of its publications, including the Financial Stability Report, the CBK discharges its accountability responsibility to the market participants and to the public at large.
Comments	There is limited explanation to the public about the CBK's assessment of the financial system soundness. An example of this is the relative low dissemination of the FSR the CBK's flagship publication, which, instead of being explained to major stakeholders, it is simply posted on the CBK's website.
Principle 4.5.2.	**Policies:** The central bank discloses ex-post evaluations of its macroprudential policies.
Description	The CBK discloses developments in the financial system in several of its publications (FSR, Annual Report, monthly statistical data etc.). But, there are no explicit ex-post evaluations of its macroprudential policies.
Review	*Not Implemented* The CBK does not publish subsequent evaluations of its macroprudential policies in a structured and explicit manner.

Comments	Macroprudential policies bear costs, like any other policy measures. Therefore, it would be useful to regularly conduct ex-post evaluations of policies and disclose its results. So, CBK should consider the following: • Conduct regular reviews of implemented macroprudential tools (e.g., every 12–24 months); • Include a dedicated "policy effectiveness" section in its Financial Stability Report or issue standalone evaluation notes; • Publish analytical assessments or case studies showing how policy outcomes compare to objectives; • Draw on international examples (e.g., ECB, BIS, or regional central banks) to design an evaluation framework tailored to Kosovo.
Principle 4.6.	**Microprudential Supervision:** Selected principles from BCP, ICP, and IOSCO.
	Reference as per Section III.F. of the Guidance Note
Principle 4.7.	**Emergency Liquidity Assistance:** The Emergency Liquidity Assistance framework allows for appropriate disclosure of the provision of liquidity support, terms and conditions, and amounts provided, while maintaining confidentiality as long as required.
Description	See Principle 2.7.2 Information about the provision of support is disclosed only (i) after the financial stability risk has passed; and (ii) if divulgation does not violate confidentiality agreements with the requesting institution.
Review	*Core* Banks may hesitate to seek ELA if they fear their liquidity challenges could be prematurely disclosed to the market. However, maintaining some degree of post-ELA transparency is still advisable to ensure accountability. Even though CBK does not intend to communicate prematurely, the current Regulation on ELA lacks clarity on the level of transparency applied to ELA transactions.
Comments	CBK should update its "Regulation on ELA" to allow the anonymous disclosure of actual ELA transaction's details after a reasonable definite delay. e.g. two or three years after the repayment. To bolster its ELA-related transparency, CBK should align the contractual confidentiality requirements with this chosen disclosure delay.
Principle 4.8.	**Resolution**: Selected principles from KA.
	Reference as per Section III.F. of the Guidance Note
Principle 4.9.	**Financial Market Infrastructures**: Selected principles from PFMI.
	Reference as per Section III.F. of the Guidance Note

Principle 4.10.	**Financial Integrity**: The central bank discloses the outcome of its Anti-Money Laundering/Countering the Financing of Terrorism supervisory actions as well as details about the oversight of its internal Anti-Money Laundering/Countering the Financing of Terrorism controls.
Principle 4.10.1	**AML/CFT Supervision**: The central bank discloses the outcome of its AML/CFT supervisory actions.
Description	The CBK discloses transparency on the outcomes of its AML/CFT supervisory activities. Key disclosures include: Annual Report: The CBK includes in its Annual Report a summary of AML/CFT supervisory activities, such as the number of inspections conducted, main areas of focus Reporting to the Financial Intelligence Unit (FIU-K): While specific outcomes related to individual institutions are analyzed internally due to confidentiality, the CBK cooperates with FIU-K and other competent authorities when supervisory findings indicate systemic risks or potential breaches of AML/CFT obligations. While the CBK discloses the scope and thematic priorities of its AML/CFT supervision, detailed outcomes—such as enforcement statistics, follow-up actions, or typological observations—are not routinely made public.
Review	*Core* The CBK discloses the outcome of the supervisory activates but nothing related to sanctions or breaches of regulatory requirements.
Comments	
Principle 4.10.2	**Internal AML/CFT Controls:** The central bank discloses the details about the oversight of its internal AML/CFT controls.
Description	See 2.10.2
Review	*Not Implemented* CBK does not publish or disclose the outcomes of the internal AML/CFT controls.
Comments	
Principle 4.11.	**Consumer Protection:** There is clarity about the results and implications of consumer protection policies and operations conducted solely or jointly with other agencies.
Description	In accordance with the requirements of the Internal Rule on handling complaints, the Consumer Protection Department prepares detailed analytical reports on a quarterly and yearly basis for the Executive Board.

	While the reports for the public include information such as the number of complaints by the financial sector (banks, insurance, microfinance, on-bank financial institutions, pension funds), submission channel of complaints and the status evaluation of the complaints. These reports are published in the CBK's Annual Report. Further, in accordance with Internal Rule, in case if the complaint is deemed "founded", CBK shall send a recommendation addressed to the relevant financial institution, instructing it on the actions that the institution should take to review the complaint. The CBK's Annual Reports disclose information on the number of complaints of users of financial services (natural and legal persons) over the years, and the number of complaints, by status. (This is published on page 72 of the Annual report of 2023). Monitoring and Evaluation of Communication and Financial Education impact: Recognizing the importance of evidence-based policy and outreach, the CBK is planning to conduct a survey to see the impact and efforts of our communication and educational initiatives to the Kosovar public. Financial Education Activities: Are disclosed annually in the Annual Report (Page 107 of the CBK 2023 Annual Report).
Review	*Core* The CBK disclosed in the Annual Report claims and financial education activities. There is no information regarding advancements in consumer protection regulations or a reference to comply with the consumer protection strategy of the CBK. Note: This disclosure was subsequently included in the 2024 Annual Report, page 79 and section 5.2. Consumer protection, page 94: CBK_AR_2024-1.pdf There are no actions or reporting on evaluation or lessons learned regarding educational activities. Some type of survey or monitoring should be conducted of the educational activities and actions of the Division of Financial Literacy.
Comments	The Annual Report should contain a section on "Consumer Protection" where the new division on Consumer Protection can present the outcomes of its different activities and functions. To strengthen disclosure of the complaints system it would be useful to publish on the web site on a frequent basis the number of complaints, including types of complaints, by sector and product. It will promote a better understanding, among the public, of the role and responsibility of CBK on consumer protection. The Consumer Protection Department has committed to strengthen such disclosures.
Pillar V—Central Bank Official Relations	
Principle 5.1.	**Government:** The central bank discloses its relationship with the government. This includes the exchange of information, the coordination of policies, and financial

	aspects such as rules on profit distribution, clearly distinguishing the different roles and modalities this can take.
Principle 5.1.1.	The institutional relationship between the central bank and the government/its agencies is clearly defined and publicly disclosed.
Description	**Institutional Relationship with the State Public Institutions** Article 32 of the CBK Law outlines the framework for the Central Bank's relationship with the Government and other public institutions, emphasizing transparency, cooperation, and clear separation of roles. Under this Article, the Central Bank is required to maintain regular communication and coordination with the Government, particularly with the Ministry of Finance, through the exchange of information on matters of mutual interest, regular meetings, and consultations. The Central Bank must inform the Government of developments that may impact shared responsibilities, and in turn, the Government is required to provide the Central Bank with relevant information needed for the effective performance of its functions. The Central Bank may offer advice to the Government on issues that could affect its ability to fulfill its objectives, and it must be consulted on draft laws relating to its mandate or areas of competence before such proposals are submitted to the Assembly. In matters involving financial aspects, the Central Bank must provide the Government, upon request, with data on the sources of funds it receives, while respecting confidentiality rules, particularly concerning supervised entities. This article establishes a framework for policy coordination, information exchange, and financial transparency, while clearly defining institutional boundaries to preserve the Central Bank's autonomy. Memorandums and agreements for cooperation with relevant state public institutions are announced publicly, and the Central Bank publishes press releases for the media and the public regarding its cooperation with the state public institutions. Article 56 of the CBK Law regulates the allocation of distributable earnings, and Article 57 regulates the coverage of shortfall in capital. **Exchange of Information:** According to Article 25 of the CBK Law, the Central Bank collaborates with governmental ministries and agencies in the collection, compilation, and publication of statistics and other relevant information. The CBK Law provides a clear legal framework that governs the institutional relationship between the Central Bank and the Government and other state public institutions. It specifically lays ground for their cooperation in a transparent manner while still preserving the independence of the central bank.

	The institutional relationship between the CBK and the Government of Kosovo Agencies—in the context of AML/CFT is clearly defined by law and reflected in formal cooperation mechanisms: • Under Law No. 05/L-096 on the Prevention of Money Laundering and Combating Terrorist Financing, the CBK is designated as one of the supervisory authorities responsible for overseeing AML/CFT compliance by entities it licenses and supervises (e.g., banks, non-bank financial institutions, money remitters). • The Financial Intelligence Unit of Kosovo (FIU-K), operating under the Ministry of Finance, is the central national authority for receiving, analyzing, and disseminating suspicious transaction reports. The CBK cooperates with the FIU-K based on this legal framework and through a formal Memorandum of Understanding (MoU) that governs: Exchange of information, Joint risk assessments (e.g., National Risk Assessment), Referral of potential regulatory breaches, Feedback on supervisory outcomes. The CBK also collaborates with other government agencies—including the Tax Administration—for due diligence, beneficial ownership verification, and policy development. These relationships are formalized through MoUs or inter-institutional working groups. The CBK Statistics Department has a good collaboration with the government and its agencies. The Department is responsible for the collection, processing, and dissemination of financial statistics and external sector statistics, in accordance with international statistical standards. Coordination and information exchange with government institutions (e.g., Ministry of Finance, Customs of Kosovo, KAS, ministries) occur regularly through formal and informal channels for statistical purposes. These collaborations are regulated by a MoU in place, which defines the roles, responsibilities, and data-sharing procedures between CBK and governmental entities. The statistics published by the CBK comply with the principles of objectivity, impartiality, and confidentiality. Alongside the data, comprehensive metadata is made available on the CBK's official website and the e-GDDS platform, where Kosovo is an active participant. This practice promotes transparency and alignment with international statistical standards. The CBK Statistics Department remains committed to enhancing transparency and collaboration with government institutions. Together with other responsible institutions in the country, the CBK is currently working toward the adoption of a higher IMF data dissemination standard—from e-GDDS to SDDS. Future steps may also include updating existing cooperation agreements and further aligning metadata dissemination with evolving international standards. The disclosure of the interinstitutional MoU would enhance transparency.

Review	*Expanded* The CBK has a solid legal framework regarding the relationship with the government. The central bank has a permanent and dynamic interaction with the government and public institutions that is disclosed to the public mostly in the Annual Report and press releases. Terms and conditions of such interaction like MoU or working groups on specific topics are not disclosed in detail or explained to the public. The CBK publishes through press releases the interaction with the Government. It is advisable to link the press releases to the main functions and powers of the central bank by a topic on the CBK website. This would make the information more accessible for the webpage user.
Comments	The role of the CBK, functions and powers regarding the government and public institutions could be explained on the website and through other means of communication accessible to the public. There is a need to increase accessibility and clarity on the website regarding the important role that CBK has with the government and other public institutions in accordance with the CBK Law.
Principle 5.1.2.	The central bank publicly discloses its policies and terms and conditions governing financial transactions with the government, including its fiscal agent role, the management of the current account, deposit taking, advances, guarantees, loans and credit arrangements to the public sector, as well as agency services performed on behalf of the government.
Description	**Banker, Financial Advisor and Fiscal Agent for the Government:** According to Article 9 of the CBK Law, to conduct its operations, the Central Bank opens and maintains cash and securities accounts on its books for public entities. Articles 30 and 31 of the CBK Law define the Central Bank's role in providing financial services to the Government and public institutions, establishing it as a key partner in managing public finances while maintaining its institutional independence. Article 30 outlines the Central Bank's role as a banker, financial advisor, and fiscal agent for the Government. This includes offering advice on financial matters, managing foreign borrowing and related liabilities on behalf of the State, and handling payments or settlements with external entities. Additionally, the Central Bank operates a securities registry for government-issued instruments and carries out fiscal agency functions under mutually agreed terms with the Government. Article 31 designates the Central Bank as the depository and cashier for the Government, allowing it to accept and manage deposits in any currency from the Government and other public entities. It performs standard banking services such as

	receiving and disbursing funds, maintaining accounts, executing payment orders, and—within the market limits—paying interest on deposits. **Prohibition on Lending to the Government:** Article 33 of the CBK law prevents the CBK, either directly or indirectly, from approving loans to the government and the rest of the public sector. Public banks are an exception under the conditions established by this law. Nonetheless, CBK can buy government securities on the secondary market. The CBK discloses its role as fiscal agent, as well as depository and banker of the government and the public sector at large through its founding law published on its website. **The CBK publicly discloses terms and conditions governing financial transactions with the government and the management of the current account:** From the perspective of banking operations - specifically opening of accounts - the CBK signed the terms and conditions governing the accounts of government/its agencies and regularly updates list of authorized persons and respective signatures for conducting its central bank operations. Article 30, of the CBK Law stipulates that the CBK shall serve as the banker, financial advisor, and fiscal agent for the Government. Acting on behalf of the Government, CBK may receive foreign borrowings, manage and administer such debts, and settle the State's financial obligations to external parties. Under terms and conditions agreed upon with the Government, the CBK may act as a fiscal agent either for the Government itself or for any other public entity designated by the Government. Additionally, the CBK may operate a registry for securities issued by the State. **Financial Transactions with the Government** The institutional relationship between the CBK and the Government of Kosovo is governed by two key legal acts: • Law No. 03/L-209 on the CBK: This law establishes the CBK as an independent institution responsible for overseeing the country's financial system. It grants the CBK authority over payment systems, including the regulation, licensing, registration, and oversight of payment, clearing, and securities settlement systems. The CBK is also empowered to provide facilities, such as intra-day credit collateralized by negotiable government securities, to ensure the safety and efficiency of these systems. • Law on Payment System: Complementing the CBK Law, this legislation designates the CBK as the sole authority responsible for regulating and overseeing payment systems in Kosovo. It outlines CBK's role in establishing and maintaining

	secure and efficient payment infrastructures, both domestically and in the context of cross-border transactions. Together, these laws delineate the CBK's mandate to manage and supervise payment operations, ensuring alignment with international standards and best practices. They also define the collaborative framework between the CBK and the government in facilitating both domestic and international payment activities. The KIPS (RTGS-payment system operated by CBK) participants are: the CBK, commercial banks, Treasury Department, Ministry of Finance, Labour and Transfers, Kosovo Pension Savings Fund. Participation in the above is regulated in accordance with the Operating Rules of KIPS. All necessary information related to payment operations and the operation of KIPS are published on the website, such as: Participants and accounts in KIPS, Operating Rules of KIPS, Liquidity management in KIPS, Technical features of KIPS, Fees charged for payment transactions in the country, Time Schedule of KIPS, and Working Days in KIPS. Government payments and collections are generally automated. All government payments are transferred in electronic format from the Treasury accounts to commercial banks. Government collections are received as electronic payments by the Treasury from commercial banks. The CBK's roles and responsibilities in relation to financial transactions with the Government are clearly defined in the CBK Law. The Statistics Department does not directly engage in formulating or disclosing the policies or terms and conditions governing financial transactions between the central bank and the government. Its role is limited to statistical reporting. As described in CBK Law provisions such as article 30, 31 and 33, and as far this is linked to IFRS requirements, based on article 58 of CBK Law. Refence Financial Statements disclosures as per IFRS requirement. CBK FS 2023 Link: https://bqk-kos.org/wp-content/uploads/2024/11/Financial-Statements-2023.pdf?lang=en (Disclosure of these related events at the extend and volume at the Financial Statements based on provision by the Law and for events that could have happened or/and are active they will and are disclosed in accordance with IFRS requirements, i.e. use of IMF resources/facilities.) Article 30 Banker, financial advisor and fiscal agent for Government 1. The Central Bank shall act as banker and as financial advisor for the Government.

	2. The Central Bank may, for and on behalf of the Government, receive foreign borrowings, manage and administer such debts, and settle claims and financial liabilities of the State to external parties. 3. The Central Bank may, on such terms and conditions as it shall agree with the Government, act as fiscal agent for the accounts of the Government or for such other public agency as the Government may determine. 4. The Central Bank may operate with a registry for securities issued by the State. Article 31 Depository and cashier for Government 1. The Central Bank shall accept deposits in any currency from the Government, or on behalf of it, or from any other public agency. As depository, the Central Bank shall receive and disburse funds and keep an account thereof, and provide other financial services related thereto. 2. The Central Bank shall pay to the limits of the deposited amounts against payment orders concerning such accounts. 3. The Central Bank may pay interest on such deposits at up to market rates. Article 32 Cooperation with the state public institutions 1. With due observance of Article 6 of this Law, and in pursuit of its objectives and tasks pursuant to Article 7, paragraphs 1 and 2 of this Law, the Central Bank shall: 1.1. cooperate with the Government and any other public entity; and 1.2. hold regular meetings with the Ministry on matters of common interest. 2. The Central Bank and the Ministry shall keep one another fully informed of all matters that affect the Central Bank and the Ministry jointly. 3. The Central Bank may render advice to the Government on any matter which, in its opinion, is likely to affect the attainment of the objectives of the Central Bank. 4. The Central Bank shall, on request of the Government, provide the Government with information regarding the tasks of the Central Bank. Specific information relating to supervised entities may be provided subject to such strictures to preserve confidentiality as the Central Bank may deem appropriate. 5. The Central Bank shall, on request of the Government, provide the Government with pertinent data on the receipt by the Central Bank of funds from any source. 6. The Government shall, at the request of the Central Bank, provide the Central Bank with such information and documents as the Central Bank may request for the purpose of carrying out its tasks. 7. The Central Bank shall be consulted by the Government on any draft Laws concerning matters that relate to the objectives of the Central Bank, or that otherwise are within its fields of competence, before such Laws are submitted to the Assembly of Republic of Kosovo. The Government shall submit the views of the

	Central Bank together with the draft Law to the Assembly of the Republic of Kosovo. 8. The requirements stemming from the provisions of this Article shall be fulfilled in a timely manner. Article 33 Prohibition on lending to the Government 1. The Central Bank shall not grant any direct or indirect credits to the Government or to any other public agency or State-owned entity, except for intra-day credits to secure the smooth functioning of the payment system. Such intra-day credits shall be collateralized by negotiable Government securities and shall be fully repaid before the end of the same day. 2. The restrictions of paragraph 1 of this Article regarding the provision of direct or indirect credits to Government shall not apply to publicly owned banks, which shall be given the same treatment as privately-owned banks. 3. The Central Bank may purchase negotiable Government securities provided that such Purchases are only made in the secondary market.
Review	*Expanded* The CBK has a solid legal framework regarding the relationship with the government. The role of the central bank's functions and responsibilities with the government should be disclosed in an accessible manner, especially on the website. Some terms and conditions of the MoU should be disclosed if published by another public institution.
Comments	
Principle 5.1.3.	The instruments used in interaction (including the financial transactions) between the central bank and the government/its agencies are clearly defined and publicly disclosed.
Description	As banker, financial advisor and fiscal agent for the Government, the Central Bank publishes information and data on relevant instruments. The CBK fulfills its obligation of transparency by regularly reporting on instruments used in interaction with the Government, through its annual reports and financial statements, and which are also published on its website. The CBK provides banking services for the government/its agencies as specified in the CBK Law. In particular, the CBK has supported the enhancement of the processes of carrying out transactions and reconciliations of the government/its agencies accounts. Whereas international payments are processed by Cash and Banking Relations Department and subsequently channeled through the SWIFT network, starting from 01 May 2019 all local

	payments of government/its agencies are conducted through the Kosovo Interbank Payment System thus reducing the processing time and increasing the effectiveness. The instrument used for performing domestic payment operations is fully electronic, with messages transmitted in accordance with the Operating Rules of KIPS (RTGS) and the Standard for the purpose and the format of messages in KIPS (RTGS). These documents are published on CBK's website. CBK discloses to the public, on a regular basis and in detail, the instruments used in interactions with the government, including financial transactions. The CBK's roles and responsibilities in relation to financial transactions with the Government are clearly defined in the CBK Law. The CBK has clearly defined its financial relationship with the Government of Kosovo in its legal framework, and the main terms and conditions are publicly available through law and regulations. As described in CBK Law provisions such as article 30, 31 and 33, and as far this is linked to IFRS requirements, based on article 58 of CBK Law. (Disclosure of these related events at the extent and volume of the Financial Statements based on provision by the Law and for events that could have happened or/and are active, they will and are disclosed in accordance with IFRS requirements. Also, on its web site are published auctions announcements for the securities of the Government of Kosovo, which are important for investors and financial institutions. The web site also contains details on open tenders and procurement procedures, ensuring transparency in public procurement processes. Financial Statements - Based on Article 59 of the CBK Law, the CBK publishes annual, quarterly, and monthly financial statements.
Review	*Comprehensive* The CBK consistently implements disclosure of its financial transactions with the government and financial institutions through various means e.g., annual reports, and financial statements.
Comments	To enhance its transparency, it will be good to make information on tenders of government securities and its calendar more visible (user friendly) on the website.
Principle 5.1.4.	The central bank discloses publicly on a regular basis the outcome of its interaction (including operations) with the government/its agencies.
Description	As banker, financial advisor and fiscal agent for the Government, the Central Bank regularly publishes information and data on relevant operations (services).

The CBK is required by law (article 28 and Article 59) to regularly inform both the public and the Assembly of the Republic of Kosovo about the implementation of its policies, the achievement of its objectives, and its assessments of economic developments. At a minimum, this includes an annual report, published within six months after the end of each financial year, detailing the state of the economy, financial system conditions, and the CBK's past and planned policy actions. These reports, approved by the CBK Board, also provide an economic outlook for the upcoming year.

The CBK fulfills its obligation of transparency by regularly reporting on its activities, through its annual reports and financial statements, and which are also published on its website. According to Article 59 of the CBK Law, within six months after the close of each of its financial years, the Central Bank submits to the Assembly of Republic of Kosovo, with a copy to the Minister: financial statements, approved by the Central Bank Board, signed by the Governor and certified by the external auditor; and a report, approved by the Central Bank Board, on the Central Bank's operations and affairs during the financial year that just ended, in particular in relation to its policy objectives and the events that affected the economy of Kosovo. In addition, the Central Bank transmits to the Minister of Finance a copy of the monthly pro forma balance sheet as of the end of each month.

According to Article 29, the Governor, at the request of the Assembly of Republic of Kosovo or on his own initiative, at least once a year, is heard by the Assembly or its committees, concerning the Central Bank's objectives.

The CBK discloses publicly on a regular basis the outcome of its interaction (including operations) with the government/its agencies.

All international payments that are processed by Cash and Banking Relations Department and subsequently channeled through the SWIFT network, are communicated to government/its agencies daily. As explained in 5.1.3., starting from May 1, 2019 all local payments of government/its agencies are conducted through the Kosovo Interbank Payment System thus reducing the processing time and increasing effectiveness.

Related to domestic payment operations, including government transactions of the Ministry of Finance and other KIPS participants, the CBK provides detailed statements and reconciliations reports for executed domestic incoming and outgoing payment transactions on their accounts in KIPS.

	The CBK maintains institutional cooperation with various government bodies and agencies in line with its legal mandate under the CBK Law. The CBK's interactions with government institutions span several operational areas—fiscal agency services, financial stability, AML/CFT coordination, and statistical reporting—and the outcomes of these interactions are disclosed to the public through multiple channels like press releases or annual reports. Based on Article 25 of the CBK Law and Article 21 of the Law on Official Statistics of the Republic of Kosovo, the CBK is legally empowered to collect, compile, and publish statistics to fulfill its objectives. Furthermore, under the "Law on Official Statistics of the Republic of Kosovo", the CBK is recognized as one of the primary producers of official statistics in Kosovo for the financial sector and external sector. Based on this legal mandate, CBK publishes regularly statistics related to Government, such as securities, deposits and external debt, followed by respective metadata. The legal framework clearly defines the CBK's authority to produce and disseminate official statistics, including those related to the government. These statistics are made publicly available in a timely manner and in line with international standards, ensuring transparency and credibility. As described in CBK Law provisions such as article 30, 31 and 33, and as far this is linked to IFRS requirements, based on article 58 of CBK Law. Refence Financial Statements disclosures as per IFRS requirement.
Review	*Comprehensive* The CBK has a sound legal framework and reporting practice regarding its dealings and financial transactions with the Government and Public Institutions. Its disclosure is through annual reports, which are published on the website, financial statements and press releases, and other media tools.
Comments	
Principle 5.2.	**Domestic Financial Agencies**: The central bank discloses its relationships with domestic financial agencies as relevant to the pursuit of its mandate and the execution of its functions.
Principle 5.2.1.	The relationship between the central bank and relevant domestic financial agencies is clearly defined and publicly disclosed, including cooperation and (co-) decision-making modalities and arrangements for the formal/informal sharing of information.

Description	The CBK maintains formal relationships with both the Deposit Insurance Fund of Kosovo (FSDK) and the Credit Guarantee Fund (FKGK), governed by respective laws and reinforced through Memorandums of Understanding (MoUs). These MoUs define the operational framework for cooperation, including mechanisms for information exchange, coordination of examinations, and regular reporting, all aimed at ensuring the effective fulfillment of each institution's mandate and supporting the stability and efficiency of Kosovo's financial system. The relationship between the CBK and the FSDK is governed by a dedicated law (Law No. 03/L-216 on the Establishment of a Deposit Insurance System for Financial Institutions in Kosovo, as amended), which is publicly available. In addition, the two institutions have entered into a bilateral MoU that defines the modalities of communication and data sharing to support financial stability and effective supervision. While the full text of this MoU is not made public, the signing and application are formally announced, and its purpose is to enhance information exchange, coordinate examinations, and ensure the efficient fulfillment of FSDK's mandate as part of Kosovo's financial safety net The relationship between the KCGF and the CBK is enshrined in Article 25 of the Law on the Establishment of the KCGF, which outlines requirements for reporting and cooperation. Under this framework, the KCGF is obligated to comply with reporting and oversight mechanisms detailed in the law, its charter, and internal policies, including submitting its annual IFRS audit report to the CBK and providing regular updates—monthly, quarterly, semiannual, and annual—on its guarantee portfolio and risk assessments, both in aggregate and by individual registered financial institution. The KCGF and CBK also exchange information relevant to fund operations, and the CBK issues regulations on risk-weighting and reserve requirements for credits covered by KCGF guarantees. Regular exchanges of information, particularly regarding loan data reported to the Central Bank Credit Registry, help ensure the accuracy of loan characterizations under guarantee. This cooperation is formalized through a MoU. While the MoU is not published, details of these interactions are made public through channels such as press releases and annual reports. Separately, the CBK cooperates with the Kosovo Agency of Statistics (KAS) and participates in the Statistical Council, an official body established under the Law on Official Statistics (No. 04/L-036). The relationship between the central bank and the KAS is regulated by a MoU. Although the signing of this MoU was announced in a press release, details regarding the relationship with KAS and the extent of the cooperation have not been included in either the Annual Report or on the CBK's website.
Review	*Core*

	Although the laws provide extensive information regarding the CBK's relationship with the FSDK and the FKGK, specific details concerning decision-making processes and information-sharing mechanisms remain undisclosed. Similarly, the relationship with the KAS remains unpublished. A summary outlining the guidelines for information exchange and the scope of cooperation agreements should be made publicly accessible on CBK's website. Additionally, the Annual Report should incorporate more comprehensive details about the annual activities and operations of these entities to enhance transparency and public understanding.
Comments	
Principle 5.2.2.	The policies and instruments used in the interaction of the central bank with domestic financial agencies, and the outcome of the interaction are transparent.
Description	The relationship between the CBK and both the FSDK and FKGK is established in the relevant laws, which outline the CBK's authority and responsibilities, including licensing, oversight, and cooperation with financial institutions and related entities. However, while the existence of MoUs and other policy instruments—such as the signed MoU between the CBK and FKGK—is acknowledged in public communications, a summary of these instruments are not made publicly available by the CBK. Specifically, the CBK's Annual Report does not provide details on these MoUs or the operational mechanisms governing the relationship with agencies like FSDK and FKGK. Additionally, the CBK's website does not feature a dedicated section or repository for disclosing the agencies' operational activities or the instruments that regulate their cooperation. CBK has not disclosed any information regarding policies and instruments used in the interaction with the KAS.
Review	*Core* The CBK should publish on its website a summary of the policies and tools utilized with the FSDK, FKGK, and KAS, along with details on the outcomes of these engagements.
Comments	
Principle 5.2.3.	With respect to macroprudential policy, the central bank discloses its role, responsibly, and actions—and those of any other authority it collaborates with. The central bank also discloses any advice it receives.
Description	The CBK does not cooperate with any other authority in fulfilling its macroprudential policy responsibilities. See Principle 2.5.
Review	N/A
Comments	

Principle 5.2.4.	With respect to financial stability, all arrangements to restore or maintain financial stability are clearly disclosed, including arrangements on data sharing, liquidity support, and who is responsible for which type of decision or action at what stage.
Description	N/A
Review	N/A
Comments	
Principle 5.3.	**Foreign Agencies**: The central bank discloses its dealings with international organizations foreign governments, other central banks, and other relevant foreign agencies, including the nature of the involvement or interactions, and any obligations and commitments that may arise from these relationships.
Principle 5.3.1.	The relationship for the exchange of information and coordination of actions and policies between the central bank and international organizations, foreign governments, other central banks, and other relevant foreign agencies is clearly defined and publicly disclosed.
Description	According to the CBK Law, Article 8, the Central Bank cooperates with and participates in international councils and organizations concerning matters that are within its fields of competence. In addition, according to Article 25, the Central Bank coordinates with bilateral and multilateral agencies the adoption of international data dissemination standards with the aim of achieving consistency and efficiency in the organization of statistics and information, and according to Article 74, the Central Bank may disclose/share information with regulatory and supervisory authorities or public international financial institutions. The relationship for the exchange of information and coordination of actions and policies between the Central Bank and international financial institutions and other central banks are made available to the public through regular announcements on the website and the media. Cooperation agreements are announced to the public through the CBK webpage and its social media tools. The CBK maintains cooperative relationships with international organizations, foreign central banks, and relevant agencies in line with its mandate and the provisions of the CBK Law. These relationships support Kosovo's integration into international financial systems and compliance with global standards, particularly in areas such as monetary policy, financial stability, and AML/CFT. Key aspects include: • Legal Basis (Article 62 of the Law on AML/CFT) • Information Sharing Agreements The CBK Statistics Department highlights in its statistical metadata that data are submitted to international organizations in accordance with their specific requirements and methodologies. In line with its commitment to transparency and international

	standards, the CBK coordinates and maintains the e-GDDS (Enhanced General Data Dissemination System) portal, where statistical data and metadata are regularly published. Additionally, statistical data are disseminated to other international institutions such as Eurostat and others, depending on the data category and relevance. CBK publishes the e-GDDS (Enhanced General Data Dissemination System) page under its official website, which includes direct links to source data and metadata for each statistical category. This ensures that users have easy access to both the data and the institutional context in which they are produced. The CBK cooperation with international agencies is regulated by law and other MoU or any other bilateral cooperation. The cooperation with agencies is communicated to the public and presented in annual reports of CBK.
Review	*Comprehensive* The CBK has a clear legal framework that establishes in detail terms and conditions of cooperation between the Central Bank and foreign and international entities. The CBK's international cooperation framework is legally grounded and operationalized through formal agreements and regular participation in international policy coordination platforms. CBK's cooperation with international agencies is very active and has been an important aspect of its institutional development. CBK interacts with a variety of international entities, such as the World Bank, IMF, European Central Bank, as well bilaterally with other central banks.
Comments	The Central Bank could benefit transparency regarding international cooperation if this topic is displayed on the webpage as an independent topic.
Principle 5.3.2.	The central bank publicly discloses its policies, terms, and conditions governing interaction with international organizations, foreign governments, other central banks, and other relevant foreign agencies.
Description	The Central Bank discloses policies, terms, and conditions governing its interaction with international and foreign entities. Such disclosures are mainly made in the published annual reports and press releases. The CBK publicly references its international engagements in its Annual Reports, strategic documents, and press releases related to international meetings, assessments, and cooperation initiatives. For example, the CBK publishes updates on technical assistance received, contributions to cross-border regulatory projects, and participation in AML/CFT regional coordination bodies, etc.

	The Statistics Department's role in interactions with international organizations is limited to the transmission of data and metadata that fall under its responsibilities. This is done in accordance with the specific requirements and standards set by each organization. The department ensures that the data submitted aligns with the reporting frameworks of the respective international agencies, maintaining accuracy, consistency, and confidentiality. The Statistics Department contributes by fulfilling its data reporting obligations transparently. Where applicable, metadata and data transmission details are disclosed through platforms such as the e-GDDS. The disclosure of MoU is not always a practice, and the website does not have an updated (goes up to 2015) information regarding MoU. There should be a clear practice to disclose the cooperation agreements if the counterparty is published by the counter party.
Review	*Expanded* The CBK discloses its international agreements consistently under press releases and the section of the Annual Report regarding international Cooperation. CBK webpage should continue disclosing international agreements and Memorandums of Understanding. Unfortunately, the disclosure of MoU stopped after 2015.
Comments	The CBK discloses agreements with foreign agencies and bilateral relations on the website as press releases, but not in detail. The webpage should disclose the MoU as it was practiced until 2015. The CBK could reinforce its transparency by making public the detailed contents of the agreements when the counterpart is also willing to disclose the arrangements.
Principle 5.3.3.	The instruments used in the interaction (including financial transactions) between the central bank and international organizations, foreign governments, other central banks, and other relevant foreign agencies are clearly defined and publicly disclosed.
Description	According the Article 9 of the CBK Law, the Central Bank may open and maintain cash and securities accounts on its books for foreign banks, central banks, international financial institutions and, when required, foreign governments, international organizations and donor organizations, and the Central Bank opens and maintains cash and security accounts on the books of banks and other financial institutions, central banks, foreign banks, depositories and international organizations. In addition, Article 5 of Law Nr. 03/L-152 on Membership of the Republic of Kosovo in the International Monetary Fund and World Bank Group Organizations stipulates that the Central Bank serves as the fiscal agency as required under Article V, Section 1 of the Articles of

	Agreement of the Fund, and is accordingly authorized to carry out, on behalf of Kosovo, all operations and transactions authorized under the various provisions of the Articles of Agreement of the Fund. The instruments used in the interaction (including financial transactions) with foreign and international entities are disclosed in the published quarterly and annual financial statements, which are prepared according to IFRS. They are disclosed also in the content of the published annual report. The instruments used in the interaction (including financial transactions) with foreign and international entities are disclosed frequently in financial statements and annual reports. The CBK engages in financial and technical interactions with international organizations, foreign central banks, and other relevant agencies under the CBK Law (Article 15). CBK publishes its Annual Report and Audited Financial Statements, which include information on foreign reserve management, external accounts, and technical assistance received. Cooperation with international institutions is also documented through press releases, participation in working groups, and CBK-hosted events. Agreements and other cooperation with other Central Banks disclosed in webpage of the CBK.
Review	Comprehensive
Comments	Financial transactions involving international institutions are well disclosed in financial statements and annual reports.
Principle 5.3.4.	The central bank discloses publicly on a regular basis the outcome of its relationship with international organizations, foreign governments, other central banks, and other relevant foreign agencies.
Description	The CBK discloses publicly the outcome of its relationship with international and foreign entities on the website and in the annual report. The completed projects that stem from the relationship with international and foreign entities are duly acknowledged when announced on the website and/or in the annual report. The outcome of banking activities with international and foreign entities is disclosed in the published quarterly and annual financial statements. The outcomes of these relationships are publicly disclosed through a combination of official publications, press releases, and strategic documents.

	The Statistics Department contributes to the CBK's transparency and accountability in its international engagements by regularly submitting statistical data and metadata to international organizations such as the IMF and Eurostat, in accordance with their standards and timelines. While broader institutional outcomes from international relations are managed outside the Statistics Department, the department ensures that the statistical commitments are fulfilled and reflected in public platforms like the CBK website and the IMF's e-GDDS portal.
Review	*Expanded* The CBK has a consistent practice of disclosing its dealings with international organizations in the annual report and its financial statements. The webpage should have a separate page for international cooperation, describing the outcomes of technical cooperation, aside from the information published in the annual report.
Comments	International cooperations should be explained to the public in a simple and accessible manner. The website could have a specific section on international cooperation.
Principle 5.4.	**Other Relations**: The central bank discloses its involvement with private or semi-public institutions.
Principle 5.4.1.	The central bank discloses its investments in and ownership of subsidiaries and joint ventures with private, semi-public, or public entities.
Description	Article 71 of the CBK Law prohibits the institution from holding shares in any corporation, including financial institutions, except in cases where ownership is necessary or beneficial for fulfilling the central bank's duties and responsibilities. To date, the CBK has not exercised this exception and does not hold shares in any such organizations.
Review	Not applicable
Comments	

Annex II. List of CBK Units and External Stakeholders

Central Bank of the Republic of Kosovo—Senior Management and Staff:

- Governor
- Deputy Governors
- Chairman of the CBK Audit Committee
- Advisers to the Governor
- Secretary of the Board
- AML/CFT Division
- Assets and Reserve Management Department
- Banking Supervision Department
- Cash and Banking Relations Department
- Finance Department
- Financial Stability, Research and Economic Analysis Department
- Legal Department
- Payment Systems Department
- Public Relations and Financial Literacy Department
- Risk Management Department
- Statistics Department

External Stakeholders:

- Association for Microfinance Institutions
- BDO—CBK's external auditor
- Deposit Insurance Fund of Kosovo
- Economy, Budget, and Finance Parliamentary Committee
- European Investment Council
- European Union Office in Kosovo
- GAP Institute—Kosovo
- German Kosovar Business Association
- Kallxo Media
- Koha Media
- Kolegi UBT
- Kosovan Banking Association
- Kosovar Civil Society Foundation

- Kosovo Credit Guarantee Fund
- Ministry of Finance
- NLB Banka Kosovo
- ProCredit Bank
- Raiffieisen Bank Kosovo
- RTK Media
- Sigal Uniqa
- Telegrafi Media
- US Embassy—Economic unit

Annex III. Quantitative Analysis of the Central Bank of the Republic of Kosovo's Communication

1. A quantitative analysis was performed to complement the CBT review and quantify the readability, clarity, and thematic breadth and evolution of CBK communication through flagship reports. The analysis employs a multifaceted framework that includes lexical, syntactical, and semantical analyses to assess central bank communication practices. The lexical analysis uses readability metrics to determine the wording complexity, an essential component of communication comprehensibility. The syntactical analysis focuses on the sentence structure complexity using dependency measures, which is relevant to identify potential clarity barriers. The semantical analysis examines the thematic content, evaluating topics, communication stance, audience targeting, and policy sentiment using a novel text-based classifier, which is based on the recent development of novel multilingual Large Language Models (LLM), like ChatGPT. This part profiles the CBK's messaging style and pattern in a comprehensive and objective way.

2. The mission collected more than seven years of published texts by the CBK, enabling analysis of how communication patterns have been evolving over time. The CBK communication data set encompasses 12 reports i.e., six Annual Reports and six Financial Stability Reports that were published in English. For cross-comparisons, the mission also compiled 92 publications from Bosnia-Herzegovina, Kosovo, and Montenegro combined between 1999 and 2024. This comparison is not intended as a benchmarking exercise but rather to facilitate the understanding of how CBK communication compares with regional peers. All the extracted data is publicly available.

A. Lexical Analysis

3. Between 2018 and 2024, the CBK's annual and financial stability reports have exhibited a trend towards increased length (Figure 1). Compared to those of other emerging economies, the CBK's reports appear somewhat longer in terms of word count. When compared to annual reports issued by central banks in neighboring countries, a similar lengthening trend is observable in Montenegro; however, its reports remain slightly shorter than those of Kosovo. In contrast, the reports of the Central Bank of Bosnia and Herzegovina are significantly longer than those of Kosovo. With respect to the Financial Stability Report, the word count increased by 25 percent or more over the same period. Among neighboring countries, Bosnia and Herzegovina has exhibited a similar upward trend, and in absolute terms, the length of its reports is roughly comparable to that of Kosovo. This stands in contrast to the broader trend observed in other emerging economies, where the length of such reports has generally declined during the same timeframe.

Figure 1. Length of the Published Documents over Time

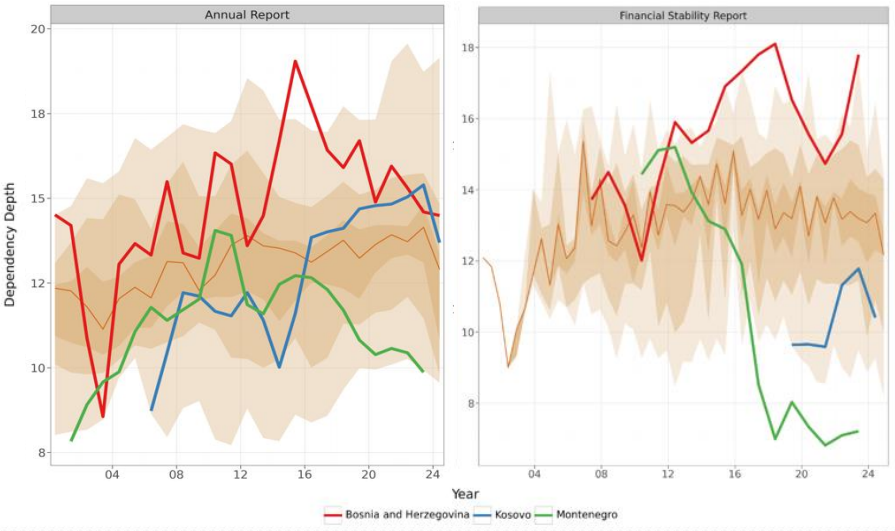


Source: IMF Staff construction

B. Syntactical Analysis

4. The CBK's Annual Reports have shown a consistent decline in terms of readability till 2023, indicating increasing complexity (Figure 2). This trend contrasted with that of other emerging economies, but in 2024 the CBK significantly improved the readability of its Annual Report. Among neighboring countries, Montenegro aligns more closely with the emerging market, both in terms of readability level and trend. Regarding the Financial Stability Reports, Kosovo's reports are found to have considerably more straightforward sentence structures than those of emerging markets. Notably, Montenegro's reports exhibit even higher readability.

Figure 2. Sentence Structure Complexity



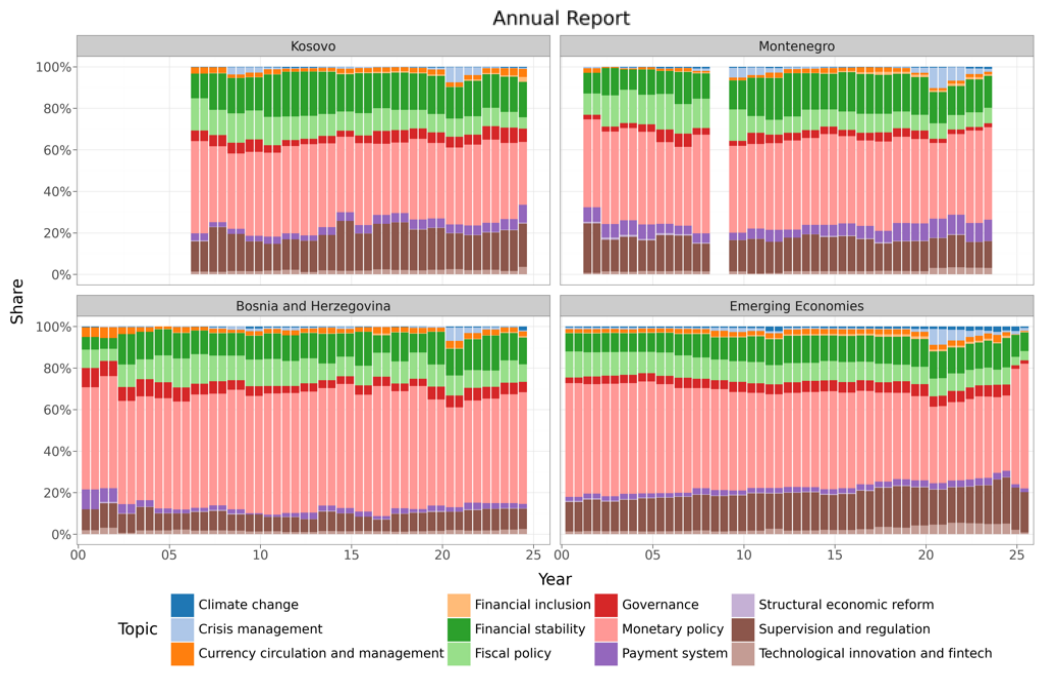
Source: IMF Staff construction

C. Semantical Analysis

5. This section employs a state-of-the-art methodology utilizing LLMs to classify and interpret text in an automated manner. LLMs are exceptional at extracting semantic information from text, making them invaluable tools for gaining a more precise understanding of the macroeconomic context conveyed through language. By leveraging the power of LLMs, the analysis discerns topics, communication stances, audiences, and policy sentiment, providing a deeper insight into central bank communications. This innovative application of LLMs in marks a significant step forward in text classification for the context of central bank communication, offering a sophisticated tool for analyzing complex communication patterns.

6. A noticeable divergence is that Kosovo's Annual Reports till 2023 have not shown an increased emphasis on Payment System, and Technological Innovation and Fintech, in contrast to those of many emerging economies and of Montenegro—a neighboring country with a similar monetary framework (Figure 3). That said, the 2024 Annual Report shows increased coverage of these topics. While the overall distribution of content across topics has remained relatively stable within the past few years for all these countries, including during the global financial crisis and the COVID-19 pandemic, reports from emerging economies have gradually allocated a greater share to issues related to Payment System, and Technological Innovation and Fintech.

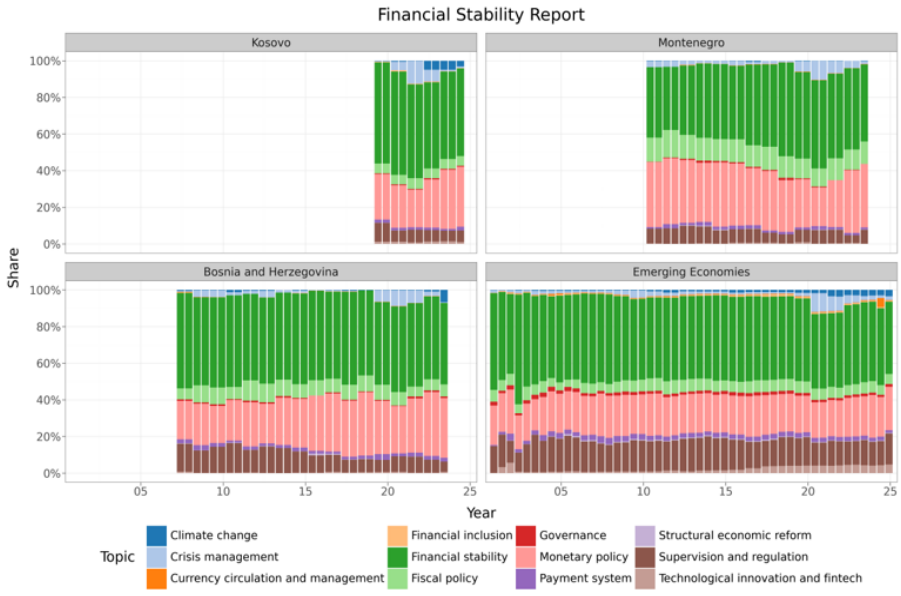
Figure 3. Topics in Annual Reports



Source: IMF Staff construction

7. The CBK's Financial Stability Reports have taken an early lead among neighboring countries in addressing Climate Change, devoting a decent share of content to this topic from the outset when compared to other emerging economies (Figure 4). In contrast, while many emerging economies have in recent years begun to allocate increasing attention to the topic of Technological Innovation and Fintech within their financial stability reporting, Kosovo—along with Montenegro and Bosnia and Herzegovina—has yet to initiate such analysis in this context.

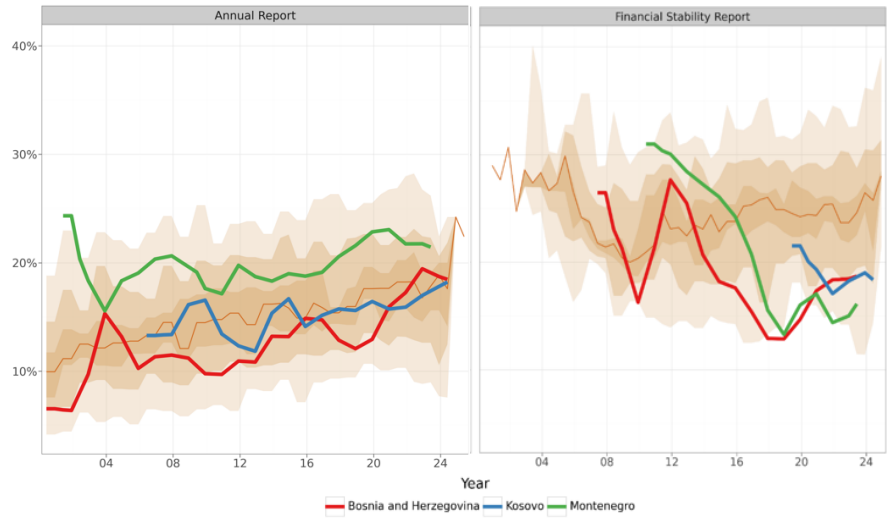
Figure 4. Topics in Financial Stability Reports



Source: IMF Staff construction

8. Over the period under review, the forward-lookingness of the CBK's Annual Reports has remained broadly comparable to other emerging economies. It is noteworthy that the CBK's Annual Reports exhibit a lower degree of forward-lookingness compared to those of Montenegro, which operates under a similar monetary framework. With respect to the CBK's Financial Stability Reports, forward-lookingness is observed to be persistently low compared to other emerging economies—a pattern shared by both neighboring Montenegro and Bosnia and Herzegovina (Figure 5).

Figure 5. Forward-lookingness in Central Bank Communication

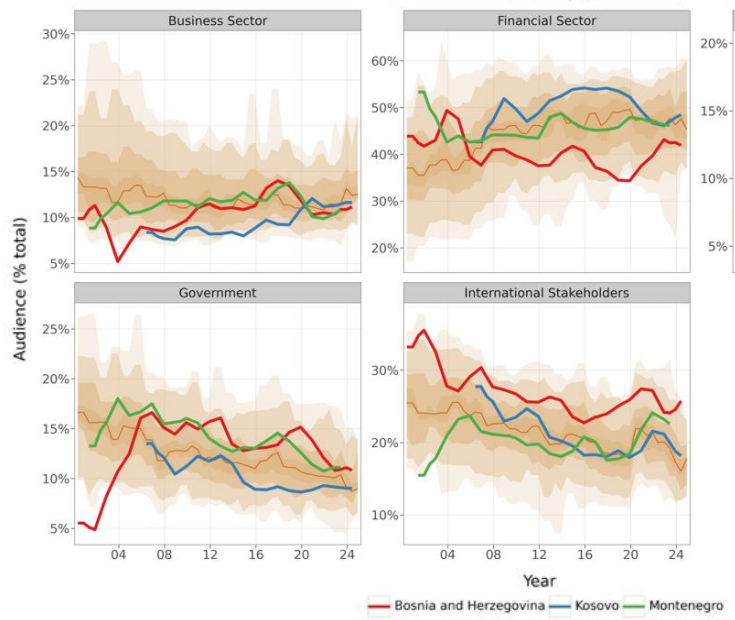


Source: IMF Staff construction

Note: Brownish colors represent percentiles of the distribution composed of emerging economies.

9. In the case of the CBK's annual and financial stability reports, the financial sector appears to be a particularly attentive audience, to a greater extent than in neighboring countries or other emerging economies. By contrast, the level of engagement from the business and government sectors seems relatively limited when compared to peer countries. As for the international audience, the CBK occupies a position broadly in line with the median for emerging economies. In this regard, it is noteworthy that Bosnia and Herzegovina's reports attract a comparatively higher level of international attention (Figure 6). The CBK's Financial Stability Reports similarly attract strong demand from the financial sector, which remains by far the most engaged audience. There is also a noticeable level of interest from the general public. Among neighboring countries, an interesting case is Montenegro, where the reports appear to generate significant attention from the government sector. In terms of international readership, both Montenegro and Bosnia and Herzegovina seem to attract a broader audience than the CBK (Figure 7).

Figure 6. Audience – Annual Reports

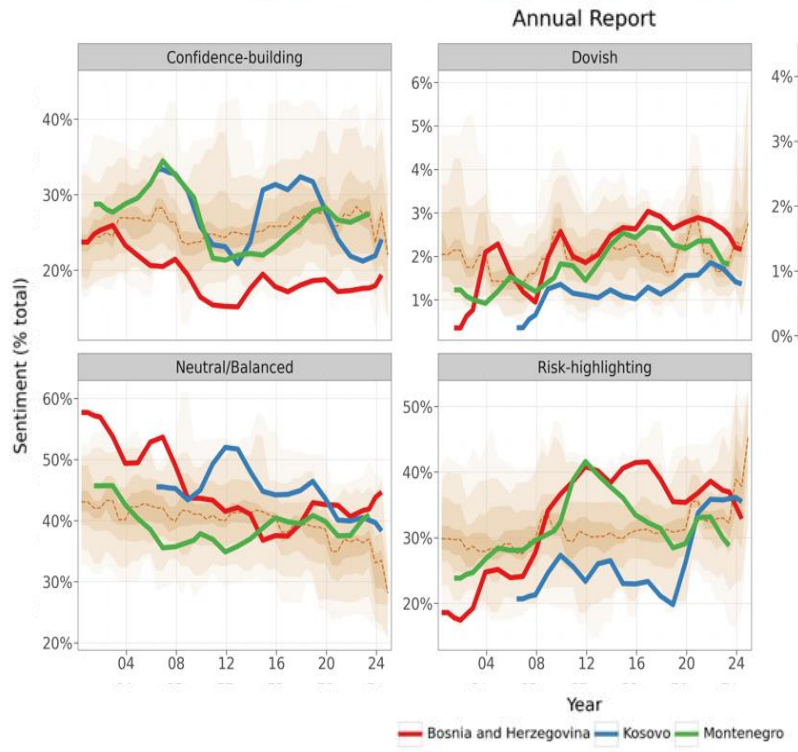


Source: IMF Staff construction

Note: Brownish colors represent percentiles of the distribution composed of emerging economies.

10. The CBK Annual Reports focus on providing neutral data, while the FSRs refer to more risks. The net policy stance—a metric derived from the text communication data—was used to evaluate policy signaling of the CBK communication. This metric incorporates explicit signaling in messaging, such as hawkish and dovish statements, and also implicit signals, such as risk-highlighting and confidence-building sentences, making it better suited for analyzing the broader stance of central bank messaging. The CBK's Annual Reports tend to focus more on providing factual data (i.e. neutral) when compared to the median emerging economies (Figure 8). On the other hand, the CBK Financial Stability Reports highlight more risk than build confidence when compared to the median emerging economies (Figure 9).

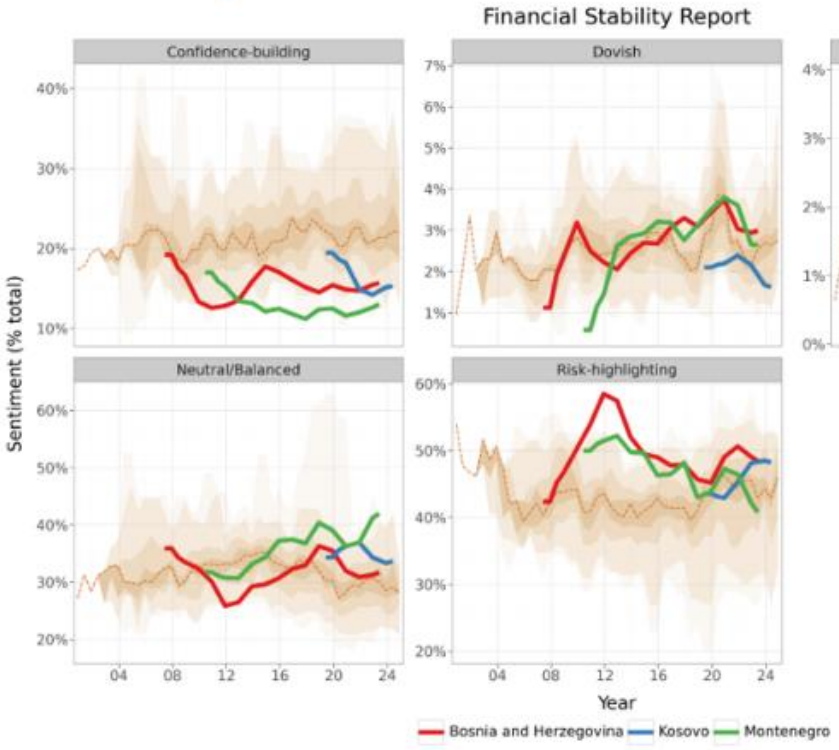
Figure 8. Communication Sentiment – Annual Reports



Source: IMF Staff construction

Note: Brownish colors represent percentiles of the distribution composed of emerging economies.

Figure 9. Communication Sentiment – Financial Stability Reports



Source: IMF Staff construction

- Note: Kosovo's communication tends to highlight more risk than build confidence when compared to the median emerging economies