

Radovan Jelašić: Remittances to Serbia

Speech by Mr Radovan Jelašić, Governor of the National Bank of Serbia, on the occasion of the international conference on remittances, Berlin, 29 November 2007.

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Dear Mrs. Minister, Mr. Minister, Your Excellency, Ladies and Gentlemen,

It would be true to say that citizens of Serbia are its main article of export since no other “article” brings in more foreign currency than the Serbian diaspora sending remittances from abroad. This is particularly true of the Serbian diaspora in Germany as over 700,000 Serbian nationals still live there – let us be clear on this, I am referring to those still holding Serbian passports, or better to say, Yugoslav passports!

Though our fellow citizens have left Serbia, and done so for various reasons of economic or political nature, in order to obtain better employment opportunities or to flee the war-torn regions, etc. – they all share a common denominator. All of them are sending money to Serbia. And, they are sending lots of it! Based on our estimates, around USD 3, 0 billion or 8.1% of the GDP was sent to Serbia in 2006, of which over USD 300 million from Germany alone! These transactions have two important aspects: social – assistance to those who had stayed behind, care for the elderly, supporting relatives, and economic – investment in the SMEs, residential building, purchase of property, investment in their own or their children’s education, etc.

However, our estimates show that only half of all remittances take the formal route, i.e. reach Serbia through banking channels, which certainly has nothing to do with the quality of the banking sector in Serbia since 80% of the sector is in majority ownership of well ranked strategic owners from the EU countries - Austria, Italy, France and Greece. This means that the majority of such money is brought into Serbia by people crossing borders, which naturally has a negative impact on all those participating in such dealings:

- there are side-effects to money senders in terms of undesirable costs, safety exposure and loss of tax benefits (if the aim is to support relatives);
- money recipients must pick up the money and hopefully take it to a bank, which is not a simple matter as they do not fully qualify for use of banking products, such as credit cards, mortgage loans, etc.

Why is money still being transferred in this manner? The answer lies primarily in tradition, and lack of information. For that particular reason, the web page GELDTRANSAIR.DE, which was activated today, will be of particular significance. The NBS is doing its best not only to advertise this page, but also to update its content and to provide technical support. Last but not least, I think of this page as being “ours”. Hence, I suggest that we do not focus on traditional ways of money transfer only, but give our support to alternative ways as well, e.g. money transfer via mobile phone, especially of small amounts, or via the Internet!

If I were still living in Frankfurt which I left eight years ago, I would certainly be among the first users of this web page as the main source of information for transactions to Serbia. But I can see its advantages from the point of view of the National bank as well, and feel certain that we shall make the best use of its potentials.

Dear Mrs. Minister and Mr. Minister, allow me to express my most sincere gratitude for all that Germany has done for the development of the democratic Serbia. Financial assistance we received from Germany over the last seven years is higher than that received from all other donors taken together. This speaks more than thousand words. Once again, thank you very much!