

## **Radovan Jelašić: Developments in the Serbian financial sector**

Speech by Mr Radovan Jelašić, Governor of the National Bank of Serbia, on the occasion of the opening of the Eighth Forum and Exhibition of Banking Technology “Tehnobank 2008”, Belgrade, 9 April 2008.

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Ladies and gentlemen,

Allow me to greet you on behalf of the National Bank of Serbia on the occasion of the opening of the eighth “Tehnobank” meeting which was first organized at the outset of transition of our economy. I wish to thank the organizers for a very interesting programme which, just as the transition itself, forces us to face up to new challenging ideas.

The Serbian financial sector is developing rapidly and I wish to single out three topics from this year's agenda which the NBS is particularly keen to develop:

- Business continuity and disaster recovery
- Mobile payment services
- New SEPA regulations

Why these three?

First, because quality and efficiency in performing financial services are of vital interest to any central bank. Implementation of the technology which enables business continuity and disaster recovery is a sign of maturity of both the banking industry and the banking market environment itself. The NBS expects that application of such technologies will increase in the near future and, with that purpose in mind, in cooperation with the Bank of England, plans to organize an international seminar on this topic to take place in Belgrade on 13 through 15 May 2008. The NBS will host this meeting to discuss the targets, significance and the experiences of central banks in managing business continuity as well as the strategy for disaster recovery and averting threats to the normal conduct of business operations. One thing is for certain – in the 21st century, liquidity and solvency are important but are not sufficient to ensure stability of the financial sector if business continuity and disaster recovery do not function immaculately. Let us take the UK example of the Northern Rock where a mistake in that respect actually led in great part to the first instance of bank nationalization after more than a century.

Mobile payments, however, are a chance for Serbia to jumpstart technological development and to implement from the start the most innovative technologies. While many countries are still at the stage of devising extended pilot programs for mobile payments, in many Serbian cities mobile telephony is already used for payment of parking space fees, while payment of top up fees for prepaid mobile telephony through SMS messaging service is already a matter of everyday use. It gives me pleasure to announce that over 100,000 mobile payments of top up fees for prepaid mobile telephony use is registered through the Dina Card system on a monthly basis. Our target, of course, is a manifold increase of this number during this year. On this occasion I would also like to announce another new project to be soon realized in cooperation with the Telekom that will enable our citizens to request issuance of and mobile payment for excerpts of various personal documents kept on records with the state institutions.

Finally, allow me to remind you of another topical issue in the European environment that we are striving to join, which can be used to exemplify how technology can bring on a change even to the regulatory systems within our region. I am referring here to the initiation of the system of interbank payments in accordance with the SEPA (Single European Payment Area) and the ECB initiative. What is it that SEPA will bring about? Here is an example:

An internet user from Belgium pays electricity bill for his daughter studying in France from his account opened with a Spanish bank and is charged fees for banking services as if all these transactions were taking place in one and the same country.

This example is the best illustration of the encouraging impact of high technology not only in respect of the development of the financial services market but also in respect of encouraging market regulators and finding innovative solutions. The NBS hopes that application of similar technologies in Serbia will enable faster development of the financial industry. One thing is for sure, the existing multitude of fees charged for banking services would certainly have remained if it were not for the decisiveness of the European Central Bank and other regulators who insisted on treating all payments within the Euro zone as strictly domestic – and only seven years after they began using the same currency.

I wish much success to all of you present in this meeting, and hope that we shall all come up with new ideas and initiatives to enable application of the 21st century technologies in the financial market of Serbia.