

Ahmet Ismaili: Navigating the digital transformation of the financial sector

Speech by Mr Ahmet Ismaili, Governor of the Central Bank of the Republic of Kosovo, at the Conference "Navigating the digital transformation of the financial sector", organised by ProCredit Kosovo, Pristina, 21 March 2025.

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Dear Mr. Paçarada
Dear Ms. Krenare Sogojeva Dërmaku
Dear Mr. Zdravko Vuki,
Representatives of public institutions
Esteemed representatives of international organizations
Distinguished colleagues, ladies and gentlemen

It's my pleasure to greet all of you on behalf of the Central Bank of Kosovo as we discuss a crucial topic—the digital transformation of our financial sector. This transformation is at our focus as the regulator, and we are dedicated towards a more modern, inclusive, as well as safe and secure financial system.

The advancement of digitalization is not just a global trend; it is a key objective of the CBK's Strategic Plan. Our aim is to foster digital finance in a way that benefits all sectors of society, promotes financial inclusion, and drives economic growth. However, we are fully aware that the future of financial services lies in digital transformation, where every individual and business in Kosovo can easily access and benefit from digital financial services, which will entail strengthening of data protection, cybersecurity and fraud prevention.

As part of this ongoing journey, I would like to share the key initiatives we are undertaking as regulator to move Kosovo's financial sector forward in the digital age while maintaining safety and stability of our financial system.

The Central Bank of the Republic of Kosovo over the years has put in place critical regulations that support digitalization, including regulations for licensing and supervising payment service providers, including fintech companies, and ensuring that new payment providers have access to the market. We have also enacted several key regulations that foster the development of digital financial services, improving the security and efficiency of digital transactions and protection of users of electronic payment instruments. In addition to the recently approved laws for the financial sector, these regulations are laying a robust framework for Kosovo's digital financial sector, helping to integrate digital finance with global best practices.

One of the most significant efforts in Kosovo's finance transformation is our efforts to align and become part of SEPA as well as adopt an instant payment system. SEPA's adoption will be a game-changer for Kosovo's payment system, ensuring that our financial infrastructure meets EU standards and enhances the efficiency of both domestic and cross-border transactions.

As part of this alignment, we are adopting best practices in digital banking, including strong consumer authentication, cybersecurity measures, and the implementation of electronic signatures. These steps are essential for creating a secure and efficient financial ecosystem that can seamlessly integrate into the broader EU market. Additionally, the alignment with SEPA will facilitate faster integration of people and systems within the EU.

The Central Bank of Kosovo is proud to be collaborating with the International Finance Corporation (IFC) to accelerate the development of digital financial services in Kosovo. With the support of the Swiss Secretariat for Economic Affairs (SECO), the CBK and IFC are working together in driving infrastructure improvements, promoting open banking initiatives, through establishing an Innovation Hub for enabling the launching of new services and products in a controlled environment while preserving the potential risks, as well as through capacity building and expertise in digital financial services. We have already made tangible progress in advancing digitalization at the CBK. Some of the initiatives we are implementing include: Preparing for SEPA by introducing provisions that regulate Open Banking (Open API), Adopting a New Regulation on Technical Standards for Strong Consumer Authentication, ensuring security and consumer confidence in digital transactions, Standardizing QR code procedures for payments, which simplifies and secures digital transactions for both consumers and businesses.

As part of our ongoing efforts to support digitalization in the financial sector, the Central Bank of Kosovo, in collaboration with the Agency for Information Society (ASHI), has made significant progress in improving public access to services.

We have integrated two services—the Register of Accounts (RLLB) and the Credit Registry of Kosovo (CRK)—into the national eKosova platform. This integration, allows citizens to easily verify their accounts with financial institutions and access their individual credit reports directly through the platform, without needing to make physical requests to the CBK.

In addition, we are working with the Agency for Information Society and Civil Register Agency with the support from the IFC, in enabling electronic verifications of IDs and addresses for bank clients directly through e-Kosova platform. All these efforts, should contribute in creating an environment that enables digital transformation and advances digital financial services.

We will closely cooperate with the Information and Privacy Agency, Ministry of Interior Affairs, Kosovo Banking Association and other institutions, to make sure that we jointly contribute to this process in efficient and secure implementation.

The road ahead is both exciting and challenging. The digital transformation of the financial sector is not just about technology - it is about creating a financial system that is more accessible, inclusive, and secure for all. This includes extensive collaboration and engagements in financial education in order to prepare the users of new digital financial services with the risks they pose, and against financial fraud that might potentially come with increased digitalization. Through our regulatory framework,

partnerships with international organizations, and ongoing capacity building, the Central Bank of Kosovo is committed to supporting a digital future and the protection of consumers along with safe usage of data, that benefits everyone in Kosovo.

In conclusion, the Central Bank of Kosovo is fully committed to supporting digital transformation, with digitalization at the core of its vision. We are not just adapting to the digital age, but actively shaping a future driven by innovation. By supporting the market in its digital journey, we are creating a dynamic financial ecosystem that will drive Kosovo's long-term economic growth. Together, we are building a foundation of progress, resilience, and opportunity for future generations.

Thank you.