ROLE OF CENTRAL BANK IN KOSOVO IN AGRIBUSINESS INVESTMENTS

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Abstract: The bank offers full financial solutions and has designed a line of products and services to provide unique banking needs to different segments of company. Bank allows clients to select different Fixed Savings Accounts, each modified to match different needs, budgets and financial requirements. Our deposit products offer a combination of affordability, flexibility, liquidity and promising return on investment. The bank has multilateral links with the majority of the transfer company, which provide fast and efficient transfers across the globe. The bank understands the business needs and respectively offers flexible and tailored products for small businesses and promising terms of service that are best suited to small businesses. We offer a full set of solutions for small businesses from credit facilities to meet the regular requirements of producers / merchants / service providers' funds for the introduction of trading of financial products.
Keywords: agribusiness investments, financial solutions, central bank

INTRODUCTION

The word 'bank' has entered in most language dictionaries in the fifteenth century. The bankers of North Italy had travelled across Europe and had had the activity sitting on a desk or bank.[153]

Functions that are included in the banking system today, are of ancient origin. Usually, large assets were stored in temples or trusted in important priests. Greece is considered to be the cradle of banks, as the first documented banking transactions were carried out. In the middle classes, apart from lending, there were natural lending, even interest rates. Rich people were using credit cards on the basis of which the first bearer was paid. This was done in cases when it came to large sums or valuable goods.

The letter of credit was the forerunner of today's check, that enabled enrichment at giant rates of bankers at that time, especially those exercising activity in large commercial cities, such as Florence or Amsterdam. Even some became so wealthy that they managed to lend to the family nobles, but also for kings who, in cases when they were unable to pay the money, gave titles of nobility.

The first bankers took over to keep gold or other valuables. When this property was required, the landlord should have shown a receipt or document confirming the ownership and the date of delivery of the gold. Over time, depositors always attracted some gold, so it was thought that the rest would be invested by the bankers in various lucrative activities.

Even if a customer wants all of the deposited property, his claim would be met by using a piece of gold, deposited by other clients. Since Italian bankers were the best known, they were active in many European countries. Cambist activity took place in the Middle Ages. Europe's leaders developed many wars. To recruit and pay the soldiers, gold was needed(the first name at that time) and they were getting them by exchanging them with gold or other valuables. Until that time, the church and its politics criticized heavy money, however, they could not hinder its development and dissemination.

Lending was initially an activity of Jews, but over time has found extensive use in many empires.

But, unfortunately, banks are often made and are a source of distrust. In fact, in addition to the first loan, the first fraud, dating back to 1384 is also documented when a notary genius seeks the money of a banker but has failed to obtain it.[154]

1. ROLE OF THE CENTRAL BANK

The central bank was developed by the type of universal bank, which besides other work, was also dealt with, by issuing money. Along with the development of the monetary systems, middle-level Central Banks are differentiated by other banks and specialize in issuing money. Thus, the issuance of money becomes their duty and basic work, as a privileged institution, it is based on a special authorization by the government.[155]

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[153] Ceni, Ahmet (2012), *Role of Public Investment.*
[154]Ceku, Bardhyl. Loca, Semiha , *International Marketing Management*, Tiranë.
[155] Fadil Govori &Valon Lluka" Money, Banks and Financial Markets",2011

They, not only run "currency trading", but at the same time, they are its manufacturing industry. Every repayable loan reduces the amount of money in the market but at the same time adds the bank's wealth. Banks have a very important role, as they orient the money in the direction of those who most need it without forgetting their contribution to the economy of a state.

The bank was created based on a system that aims to deal with monetary deposits, saving customer savings and lending for financial purposes. Its services are provided through an agency network. Over time and the rapid development of technology are emerging more and more new opportunities for action, where we can mention:

• Actions through the Internet,
• Use of Credit Cards,
• Cash withdrawal ATM.

The development and effectiveness of these three elements, is essential to the performance of a bank at present. The bank must have a license and a contract with the state, on the basis of which, it sets out a number of elements that make it possible for a bank to comply with the rules and constitution of a state.

The credit card, in some way, is the newest checkout descendant. It allows withdrawal of money from any branch of the bank to which we deposit our income. Certainly, not a simple card to attract money, is not enough. In addition, the user is provided with only a hidden code that enables the safe operation of the card. Money withdraws from the customer account. The credit card has found extensive use and on internet purchases. Of course, the use of a credit card and cash withdrawal requires ATMs. However, the invention of this object has some names that require the recognition of the invention of this object's invention.

At first, the ATM was seen as a very inventive invention that reduced the possibility of theft. However, technology began to be used by robbers, as well. It has been rarely possible to find the PIN of the users or the 12 digit card number with the aid of a fake credit card to absorb the amount change.[156] International Bank for Reconstruction and Development, United Nations' special organization founded in 1945. It started work in 1946. In 1947, it established links with the UN. Its purpose is to promote the economic development of member countries by providing loans for productive projects and technical advice. It also promotes private foreign investment and trade. The European Central Bank is one of the most important central banks in the world, responsible for monetary policy for the 16 eurozone member states. It was founded by the European Union in 1998 with its headquarters in Frankfurt, Germany.

The forerunner of the ECB was the European Monetary Institute (IME). It was established at the start of the second phase of the European Union's Economic and Monetary Union (EMU) to deal with the transitional issues of countries that will accept the euro as the currency and prepare the creation of the ECB and the European System of Central Banks (SEBQ). The IME itself took over from the European Monetary Cooperation Fund (FEBM).

2. TASKS OF THE CENTRAL BANK

The banking system of each country consists of two tiers or main links: from the central bank that is considered the Bank of banks and various commercial banks.[157] The central bank is a bank which is responsible for stabilizing a country's banking and monetary policy. This responsibility usually implies that the central bank has control over commercial banks (second tier), has a monopoly on issuing currency / currencies and other monopoly privileges. The most important function of the central bank is to regulate monetary and credit circulation and maintain the monetary stability of the country, and this function is realized through monetary and credit policy instruments.[158] For more than two centuries, issuing currencies was not an exclusive monopoly of central banks, as it is today. Various commercial banks (or even private individuals) issued their coins, causing many types of coins to exist. Thus, different currencies were subjected to the competition and the choice made by the customer. The coins that were not used for exchanges, disappeared from circulation. In the United States, in 1912, a year before the creation of the "Federal Reserve", there were 7355 banks entitled to emit dollars.

For many decades, there has been a huge doctrinal debate that faced those who advocated the idea of a free competition in the field of monetary emission and supporters of the idea of a state monopoly in the field of monetary emission, as it is today in most of countries. Central banks are perhaps the only case in the history of capitalism, where monopoly victory over free competition is absolute. Some famous theorists, including the Nobel laureate in

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[156] Kristo, I (2004) , *International Business*, Tiranë.
[157] Aristotel Pano&Elisabeta Gjoni" Financial Markets, Their Instruments and Actions",Tirane,2007.
[158] http:// www.bqk-kos.org/repository/docs/2014/CBK-Q4%202013.pdf

Economics, argue that the expansionary monetary policies implemented by central banks in co-operation with the respective governments, were responsible for the great depression of 1933, and also for the 2008 financial crisis that was triggered in a bubble in the apartment and insurance market in the US.

Central banks may be owned by private individuals or by banks, but directed and influenced by the governments of the states they have created. They generally have a monopoly over the legal course, in the form of banknotes and coins.[159] Towards the end of the 19th century, the concept that the central bank had to act as the "last lender", which has the right to give loans to banks that are at risk of loose bankruptcy, is becoming more and more accepted. This happened even after the 2008 crisis in different countries of the world that currently pursue Keynesian economic policies.

Most of the countries in the world have the central bank in one way or another. Centrally-located countries, like Panama, a Central-American country, that does not have a central bank. The Panama Republic, despite having no central bank since declaring independence, lives in a stable macroeconomic environment. The absence of a central bank in Panama has left the money supply under market influence, which seems to have been the reason why in the last 20 years, inflation has averaged 1% every year. Moreover, in 1986, 1989 and 2003, there was also price deflation.

The bank has had a tradition of being a leader in adapting to changes and bringing innovation to meet customer needs. Our Vision, Mission and Values are in line to hold this position. We are fully aware that our success in the future will depend on the ability to deliver a range of inclusive, faster, cheaper and more efficient services to our sophisticated global growing customers. To reach that goal, the Bank is investing heavily in human and technological resources.[160]

3. CENTRAL BANK OF KOSOVO

The CBK's objectives under the applicable law are:[161]

1. The primary objective of the Central Bank is to promote and maintain a stable financial system, including a secure, stable and efficient payment system.
2. The additional objective of the Central Bank, which is subject to its primary objective, is to contribute to achieving and maintaining the stability of domestic prices.
3. Without prejudice to the attainment of these objectives, the Central Bank shall support the general economic policies of the Government.
4. The Central Bank shall act in accordance with the principle of an open market economy with free competition, favoring the efficient allocation of resources.

The tasks of the Central Bank in meeting the objectives set by the applicable law include:

1. Determining and implementing policies of a stable financial system, including overseeing a deposit insurance scheme, conducting market operations and providing emergency liquidity;
2. regulation, licensing, registration and supervision of financial institutions as further specified in this law or any other law;
3. promotion and supervision of secure, stable and efficient payment, clearing and settlement systems;
4. Providing an adequate supply of banknotes and coins in Kosovo;
5. maintaining and managing international reserves;
6. collection and publication of statistics;
7. Contributes to the achievement and maintenance of domestic price stability;
8. Informing the Assembly of the Republic of Kosovo, the Government and the general public about its policies, duties and operations as further defined in this law;
9. acting as a banker, financial advisor and fiscal agent for the Government and any public body and public organization of Kosovo;
10. co-operation and participation in international councils and organizations regarding matters within its area of competence; and
11. the performance of any auxiliary activity arising from the exercise of its duties under this Law or any other law.

Within the powers provided by law, the Central Bank, members of decision-making bodies or Central Bank staff, will not receive instructions from any other person or entity, including government entities. The independence and

[159] http:// www.bqk-kos.org/repository/docs/2014/CBK-Q4%202013.pdf
[160] http:// www.mei-ks.net/sq/kosova/ekonomia-e-kosoves
[161] http:// www.bqk-kos.org/repository/docs/2014/CBK-Q4%202013.pdf

autonomy of the Central Bank is respected at any time and no person or entity will try to influence members of decision-making bodies or Central Bank staff in carrying out their duties or intervening in the activities of the Central Bank.

4. APPROVING AGRIBUSINESS IN KOSOVO

Kosovo authorities aim to create a friendly investment climate for business and actively promote both local and foreign investment. Legislation and regulations regulating business activity, are designed to align with EU standards. However, as summarized in the statement of the US State Department on the Kosovo Investment Climate in 2013: "public private distrust; opposition to government policy for the privatization of all Socially Owned Enterprises (SOEs) and many Publicly Owned Enterprises (NPs), leaseholder behavior by some government officials and unstable electricity supply, all increase the risk and cost of investments in Kosovo. "By the relevant international ranking, Kosovo is generally ranked among the global group.[162] The World Bank's Doing Business poll, puts Kosovo in 98th place out of 185 countries (an improvement from its 117th position last year). However, Kosovo is ranked below in some important areas, such as contract enforcement (ranked 138 out of 185), and investor protection (which, despite improving to the 100th place from 176 in the previous year, is still a cause for concern). The Corruption Perceptions Index, compiled by Transparency International, places Kosovo in 105th place out of 176 countries, where the countries ranked above are seen as less corrupt by their citizens. Agriculture lags behind other sectors as a target for investment, when foreign investment mainly stems in construction and infrastructure, as well as in the privatization of state assets (such as energy infrastructure and power plants). Despite the proximity to European markets and favorable trade regimes with neighboring countries, the fragmented and quasi-legal nature of keeping land in Kosovo, as well as the poorly maintained or well-maintained infrastructure weaken the attractiveness of investments. Investors in primary production need access to larger, uninterrupted land plots than those currently available, while processors need better infrastructure and higher quality products.[163]

The financial sector in Kosovo is dominated by commercial banks. Currently there are eight banks, whose assets in 2012 amounted to 2.83 billion euros, or 74.0% of the total financial assets in the country. Despite a downward trend in recent years, the banking sector remains highly concentrated, with the three largest banks owning 69.3% of total banking assets. Only two are banks with local ownership, while foreign banks manage 89.5% of total banking assets. Kosovo's banking system continues to maintain a high level of stability, characterized by strong capitalization, acceptable credit portfolio quality and satisfactory liquidity position. The capital adequacy ratio at the end of 2012 stood at 14.2%, which represents a satisfactory level of capitalization and exceeds the minimum of 12% required by the CBK. The share of non-performing loans in relation to total loans at the end of 2012 increased to 7.5% from 5.7% in 2011 and 5.9% in 2010. The level of coverage of non-performing loans with provisions for credit loss stood at 112.4%, representing a satisfactory level of coverage. Among Southeast European (SEE) countries, Kosovo continues to be among the countries with the highest growth rate of credit and the highest quality of the loan portfolio.

CONCLUSION

The main source of financing banks remains customer deposit. Households continue to generate the majority of deposits in the banking system and their share has increased in recent years (72% in 2012, 71% in 2011 and 67% in 2010). Kosovo banks are not very dependent on foreign-funded wholesale, but mainly lending finance activities have their deposit base. Deposits in the banking system continue to grow, reaching 2.3 billion euros at the end of 2012. As a result, credit-deposit ratio in 2012 has fallen to 76.7% from 79.9% in 2011, reflecting a higher rate of the growth when compared to the loan portfolio. Business loans dominate the total lending structure with 70% participation. In 2011, the portfolio of business loans was 1.6 billion euros, of which 71.7% were issued in the service sector, mainly in the trade sector (52.7% of total business loans). Industrial sector loans represented 24.8%. Microfinance has considerable representation in Kosovo, with 15 microfinance institutions (MFIs) listed on the CBK website. MFIs play an important role in achieving a part of the economy that commercial banks find difficult to serve - small businesses and micro businesses, agricultural households, and agribusinesses.

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