BANKING PERFORMANCE ACTIVITY IN KOSOVO

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Abstract: The contemporary economic situation always requires analysis of the processes that take place in the banking market and in its direct environment to enable the use their funds more efficiently and to meet consumers' needs. The process of globalization and technological development require innovative activities that will enable the banks to adapt to the changes that occur in the market and to increase performance at work.

Banks need to follow the changes of the competitive market, regulations, strategy implementation, assets and liquidity, financial and operational support, benefits and stability as well as the risks they face. Banks should analyse the balance sheet report, i.e. the inflow and outflow of money with which they work, as a form of reflection and follow-up on operations performance.

The market remains the initial basis on the formation and creation of strategies, on the analysis of competition and on the evaluation of work results. The market should be understood as a relationship between demand and supply, as an activity of the exchange process, as a global market in which the exchange should take place at the right time and space.

The management and marketing plan should include everything that the bank should undertake to provide customers, i.e. buyers, to buy or use its products and services. This is often the most stable part of the bank's business plan, and it should be noted that it is very important to spend time and ensure that all the information is provided to create this part of the plan which will enable the successful operation of the bank. A key element in the developing a successful plan is knowing the buyers, their desires, needs and expectations. Knowing these factors enables the development of strategies which will be oriented towards meeting the needs and requirements of customers.

Commercial banks are financial intermediaries that increase funds through demand for deposits from other sources, such as Central Bank reserves, funds for enterprises, i.e. companies, and through loans from other institutions. In order that the Commercial Banks solve their liquidity problems in the short term, they have to borrow financial means from the Central Bank. Commercial banks provide loans from the funds that their depositors have placed in them, from their own incomes and borrowed funds. Banks cannot give unlimited amount of loans because they have to maintain certain reserves in order to be able to repay the required deposits.

Keywords: bank, services, customer, management, marketing

1. INTRODUCTION

Banks as organizations store money and valuables, provide loans, pay salaries and provide other services such as working with fluid accounts, cash flows, and also dealing with investments and insurance. Such banking is largely done by commercial banks. [46]

Interest on loans, i.e. products from implemented services are the basic income for most banks, because the success of the banks depends on the loans. The money for granting loans, on the first place, are secured by deposits which are kept in the bank by citizens and by enterprises. For deposits, the bank must pay the interest to the money owners and guarantee them that the holders of the deposit will be able, whenever they wish, to withdraw their money by a term agreement or by a notice. All this points to the fact that the management in the banks must nevertheless ensure that the bank operates safely, profitably and is liquid.

There are 10 commercial banks operating in Kosova, which are mainly foreign capital and which in their activity include bank accounts, loans, deposits, local and international payments, bank cards, bank warranties, letter of credit, electronic services, points of sale (POS), ATMs, checks, etc. Banking activity in Kosova is mainly dominated by short-term and long-term loans, while the main liabilities remain in deposits. [47]

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[46] Bank Management, By Timothy W. Koch, S. Scott , MacDonald, NY, 2015
[47] www.BQK.com

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2. ANALYSIS OF TYPES OF BANKS IN KOSOVA

The size of the market depends on the number of people who show their needs, have the means that can engage with and they are prepared to offer those means in exchange to what they want. In financial markets, the object of exchange is money, as a type of a specific commodity. Even in the market of the money, there are sellers and buyers expressed as certain institutions, then the product which is sold and bought, which are the money, purchasing power and prices, as well as interest rates. Financial market participants are distinguished according to which market they participate in, in the market of money or the market of capital. [48]

Commercial banks in Kosova play an important role in the money market. They are presented as the largest participants, on supply and demand side. The money market enables them to efficiently allocate their means as well as the move their reserves at a potential level. Commercial banks are financial intermediaries that increase funds through demand for deposits from other sources, such as Central Bank reserves, funds for enterprises, i.e. companies, and through loans from other institutions. In order that the Commercial Banks solve their liquidity problems in the short term, they have to borrow financial means from the Central Bank. Commercial banks provide loans from the funds that their depositors have placed in them, from their own incomes and borrowed funds. Banks cannot give unlimited amount of loans because they have to maintain certain reserves in order to be able to repay the required deposits.

The Central Bank of Kosova describes the liabilities in terms of maintaining the liquidity of banks and undertake measures against non-liquid banks. The bank is obliged to maintain an open foreign exchange position within the Central Bank regulation in accordance with the law on banks. [49]

3. SURROUNDING FACTORS IN BANKING ACTIVITY

New technologies in banking offer greater opportunities for successful operations, facilitate the work and accelerate the bank's ability to achieve its goals. The management of the bank, within the present times working conditions, must be oriented towards providing the best conditions to the buyers in the achievement of the greatest efficiency. [50]

The demand, as a market element in general and in the financial system too, i.e. banking, can be defined as a functional proportion of certain purchases with a quantities of goods, in our case with banking, obtaining loans, credit cards, using bills or other services (consulting) at different prices in a certain place and at a certain time. Demand can appear also as a significant amount of products that are demanded by the organized market. [51]

For their services, banks calculate a certain amount in the form of commission or credit rates which determine the price of the service, i.e. the amount of expenses that must be spent or the profit that must be realized by citizens in using the banking services, consumers, i.e. the users of banking services. From the banks perspective, they should be expected as consumers or seekers of banking services in the new environment in the functioning of economy. Existence of competition is not expressed through banks and the participation in this market or through other financial institutions. [52]

The environment in general can be classified to a certain degree composed of the key factors that describe the economic, political, legal and social environment. These factors can be provided by various elements and entities that make up the bank, including: shareholders, customers, competitors, partners, the central bank, employees, as well as by the general public.

4. WAYS OF REALIZING PERFORMANCE AT WORK

The development of conditions for cooperation and the cooperation between the special functions and the organizational parts of the bank has a strong impact on the distribution of operational resources and on setting of priorities on tasks. The development of tasks is a process which should define the path that the bank should follow in the achievement of its goals.

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[48] Luboteni Gazmend: Banks and banking, Grafika Rezniqi, Prishtina, 2006
[49] BQK
[50] Luboteni Gazmend : Banks and Banking, Grafika Rezniqi, Prishtina, 2006
[51] Bundo, Dr Sherif., "Fiances", Faculty of Economy, Tirana, 2012
[52] Central Bank of Kosova (BQK)

Rushing towards the market means that the bank is looking to differentiate itself from the other banks at a quick pace by offering new and more valuable products for all customer segments. Accelerating towards the market is also the ability of the bank to try to launch a real product and service and offer a real market segment. Banks that can quickly understand, i.e. discover the needs of the market, have potential opportunities to increase their market share, even with secure segments and to increase the overall profit. Rushing towards the market is anticipating customer needs and providing to them products and services that will meet those needs. Banks that always offer new products and services can surprise their competitors and differentiate competitive advantages. [53]

When it comes to the banking system, it should be highlighted that the supply of banking services and the demand are related to money. Money-related services for consumers who present themselves as citizens and business clients, oblige the banks to provide more innovative and quality services. Today, the banks in Kosova are considered as the most stable and most profitable sector, while currently all Kosova banks have a positive performance in their business activities. [54]

5. ANALYSIS OF COMMERCIAL BANKS IN KOSOVA

In research-scientific work, the setting of parameters as a guiding idea is presented as an assumption that stems after the verification of certain facts of financial market analysis. The drafted plans should be checked and verified with the clarifications of those facts, i.e. they represent the ways how to move from the old to the new state. In order that data collection be scientifically processed develops in two ways: the direct and the indirect way. The indirect impression of observation is a great guarantee that the researcher will make a real approach towards the object of research.

The majority theory is nowadays composite part of each scientific methodology which is uses both in general and natural sciences. Sample selection depends on probability theory which is applied in statistical and mathematical science. The analysing and interpretation of the results is the most professional part of the research work. In order to carry out the analysis correctly, the essence of the submission should be well known in all its developmental stages. [55]

Table 1. presents the share of financial banks in bank deposits, where we present the balance sheet of the banking sector in Kosova from 2019 and 2020. Based on financial analysis, the trend of the banking sector from year to year has always shown good results. Credit performance has continuously increased from 3.97% in 2012, to 10.77% in 2020. If we compare 2012 with 2020, then the increase for this period is 32.17%.[56]

The financial performance of banks in Kosova has a professional oversight. The Central Bank, as supervisor and regulator of the financial sector, obliges all banks for fair reporting of financial performance. Banks are required to publish their financial statements on a quarterly basis. Based on financial analysis, on yearly basis, the trend of the banking sector has always shown good results. [57]

Table 1. Financial structure of banks in Kosova

PERFORMANCE	January 2019	December 2019	January 2020	December 2020
Number of Banks	9	10	10	10
Number of Branches	299	277	265	262
Number of employees	3,549	3,507	3,375	3,375
Annual loans growth rate	2.30%	4.20%	7.30%	10.40%
The annual deposit growth rate	7.90%	360.00%	6.50%	7.20%
Liquidity ratio	48.40%	43.60%	44.90%	41.50%

[53] Komani Sabahudin: Finances , FE, Prishtina, 2012
[54] www.BQK.com
[55] Pelivanov, UKIM, Skopje, 2001, page 81
[56] BQK
[57] www.BQK.com

Non-performing loan loss reserve	112.50%	114.40%	115.10%	126.50%
Unintentional lending(NPL)	8.70%	8.30%	6.20%	4.90%
Lending rate	11.70%	9.20%	7.70%	7.20%
Deposit borrowing rate	2.70%	1.10%	1.20%	1.20%

Source: Central Bank of Kosova (BQK

The efficiency of the bank is expressed in the implementation of various programs for that country. Efficiency will also depend on social development. This has an impact on the society where different norms of work and behaviour are applied. The effectiveness of banks is seen in the duration of assets in the shortest possible time. All assets available to banks should be rotated several times on annual time periods.

6. CONCLUSION

In the process of leading the work with customers, it is of great importance of for the banks to acknowledging their experiences. When introducing new products and services, customer relationships should be taken into account. The management of the bank should know what they gain out of each contact with the clients, while the costumers should understand what they gain with the contacts of the bank.

Meeting the customers' needs on financial services is the primary goal of any financial institution or company. Customers show the needs for financial services, while the main goal of the bank is to find out what those needs are, in order to be able to meet some of them.

Banks and those who lead them, i.e. the managers, work in an environment that changes constantly. Therefore, managers have an obligation to identify, think and lead the work by providing strategies that will describe the goals and tasks and respond to the market and uncertainties which is created at the wider scale environment.

The types of banking services that are offered to customers depend on the type of the bank and the place where the banking is performed. For all these banking services, banks have different users for their services and products. Their clients can be individuals and businesses, firms or companies, small businesses and families, state bodies and non-governmental institutions and others.

- Banks should always research on the needs of their customers and create new products and services. In terms of commercial work, imposed by the environment at which the bank operates, only those banks which are willing to make changes and adapt to the new conditions can be developed. Each bank should be looking for new methods to be ahead in the competition, make less expenses and offer more innovative products that its customers want.
- Capabilities of the banks (the capital) and other capabilities (natural resources) are related to the development of that country in the social and economic development, to use all opportunities to increase the level of development.

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