

CENTRALNA BANKA
BOSNE I HERCEGOVINE



ЦЕНТРАЛНА БАНКА
БОСНЕ И ХЕРЦЕГОВИНЕ



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FINANCIAL SERVICES AND PRODUCTS

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FINANCIAL SERVICES AND PRODUCTS

If you are a resident natural person receiving money from abroad and have an open bank account, *it is important that you get familiar with basic financial services and products* accessible to you as the remittance recipient.



BANK ACCOUNTS

In addition to *foreign currency accounts for incoming and outgoing payments in a foreign currency*, there are *various current and giro accounts* in local currency that are used domestically for regular payments (e.g. salary) or periodic payments (e.g. royalties).

By opening such accounts in a commercial bank you have the option of transferring money from a foreign-currency account to a KM account and performing currency conversions from foreign to domestic currency.



PAYMENT CARDS

Debit cards

By opening a foreign currency or a current bank account, you get to use **debit cards to access your available funds**, both domestically and abroad. You can withdraw cash from automated teller machines (ATMs), pay for goods and services through a POS terminal, make online purchases, or simply check your account balance by using these cards.

This way, as a remittance recipient, you can access your money in a simple and safe way without having to go to a bank.

Tips: use the ATM network of your bank to avoid paying cash withdrawal fees; keep your PIN and card safeguarded, do not give them away to anyone; pay in store currency to avoid the currency conversion commission; buy only through secured websites designated by the “s” in <https://>.



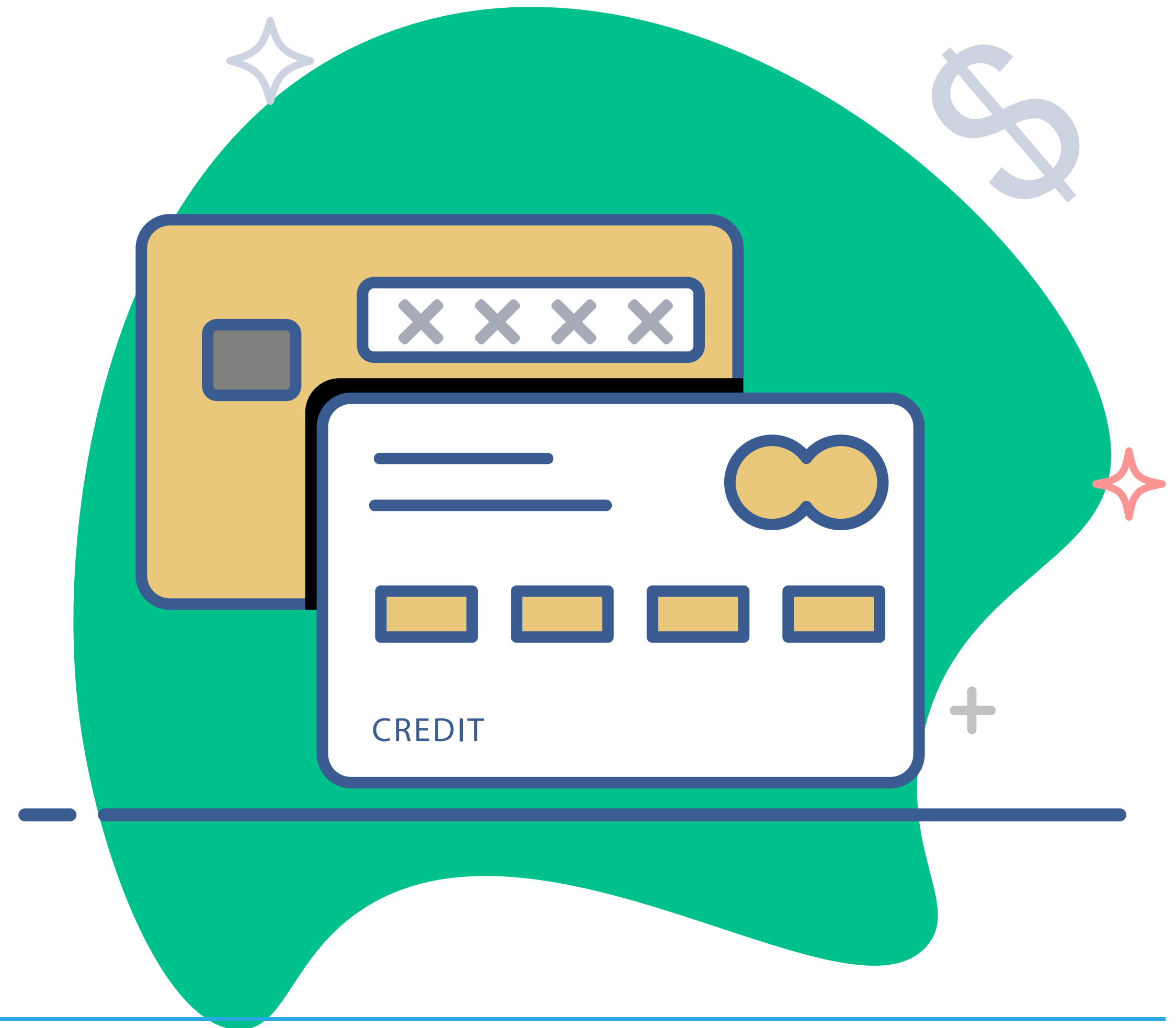
PAYMENT CARDS

Credit cards

They represent a means of lending by which you can carry out non-cash payments for goods and services or access cash at ATMs. Since these are not your funds, pay attention to the fees and interest rates that you will incur, depending on the debt amount and the type of use.

Remittance recipients may own a credit card only after a bank assesses their credit rating.

Tips: Inquire about the conditions of use and costs before signing a contract.



LOANS

They represent funds that a financial institution lends to a client for a specified period under certain conditions and with interest to be paid.

Depending on their purpose, loans may be purpose-specific or general purpose; they may be short or long term, and depending on the currency, they may be in domestic or foreign currency.

Remittances can be used as collateral when taking out a loan for starting a small business.



LOANS

Effective interest rate represents the total price of the loan and includes the nominal interest rate and all the fees and commissions.

If the interest rate can change during the repayment period, that is a variable interest rate as opposed to a fixed interest rate which cannot change during the repayment period.



LOANS

Before approving a loan, the financial institution will evaluate your creditworthiness i.e. your ability to pay the monthly installments relative to your income and assets. Regular inflow of money transfers from abroad into your account may be considered by the financial institution as a positive assessment factor.

AN EXAMPLE OF THE DIFFERENCES BETWEEN EFFECTIVE AND NOMINAL INTEREST RATES¹

<i>Loan Offer</i>	<i>Nominal Interest Rate</i>	<i>Effective Interest Rate</i>
Financial Institution 1	3.98%	5.92%
Financial Institution 2	4.40%	5.85%
Financial Institution 3	5.96%	6.50%

¹ These are examples taken from the offers of three financial institutions operating in Bosnia and Hercegovina.

LOANS

ASK about details of an offered loan that you might not fully understand. The bank's representative is obliged to clarify each item of the agreement. Do your RESEARCH – get offers from multiple financial institutions. Seek advice from people you trust and who have deeper knowledge in this area.

The most important thing is to TAKE YOUR TIME. Remember, the decision to engage in a loan arrangement will affect your financial situation for a longer period. You have to be certain you have made the right decision.



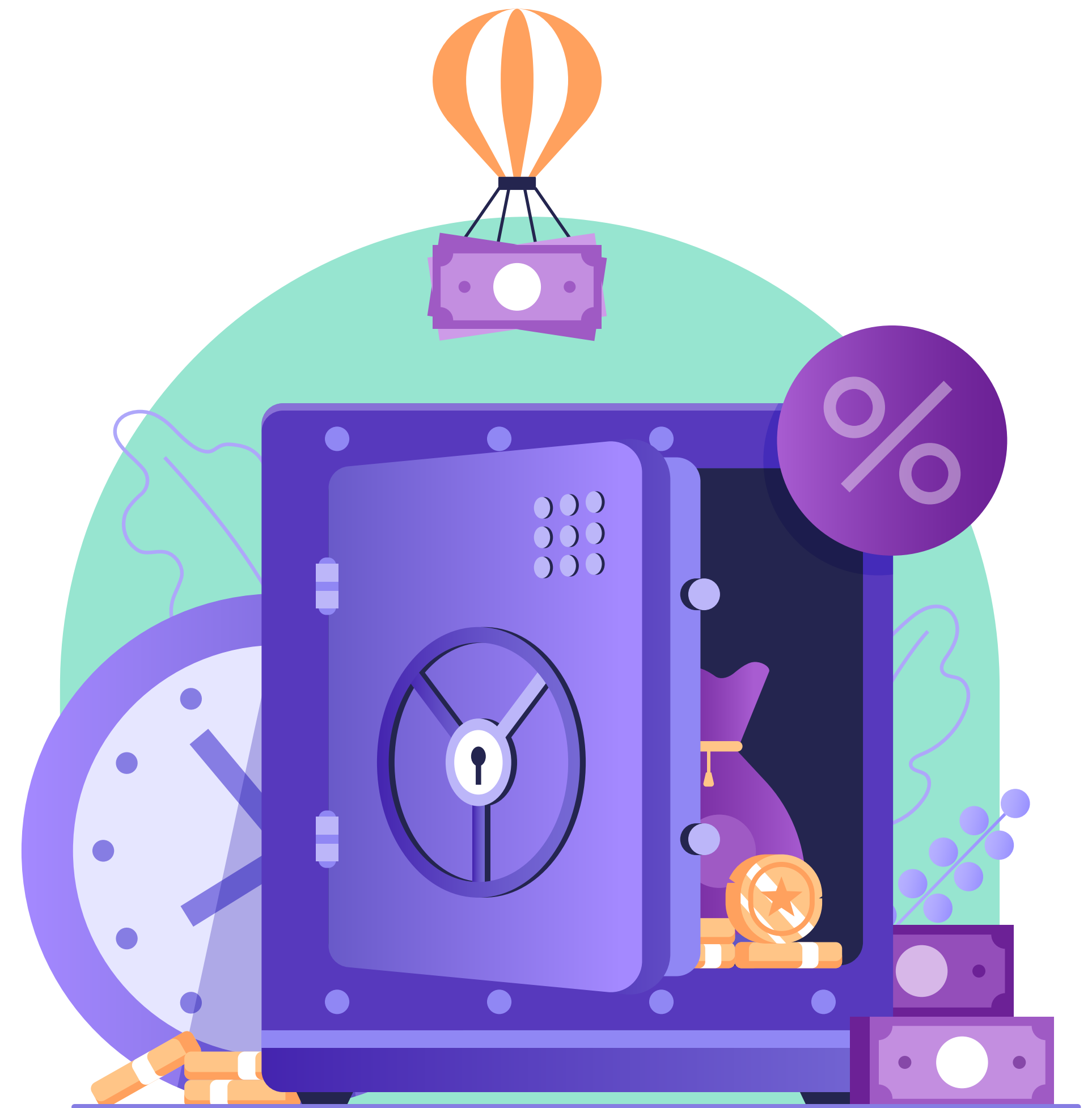
SAVINGS

Saving remittances is a healthy habit that enables us to achieve our goals and tackle unforeseen expenses better. Banks offer several savings options, some of which are the following:

- » **Sight deposit accounts** are accounts with unlimited deposits and withdrawals, but with minimal or no interest,
- » **Basic savings accounts** are term-free with limited withdrawal options and yielding somewhat higher interest, and
- » **Time deposit accounts** are fixed-term without the possibility of making further deposits or withdrawals for the duration of the agreed term, but with higher interest.

Household deposits are insured up to KM 50,000 per bank, under the Law on deposit insurance.

Tip: Deposit foreign currency cash into a savings bank account as certain countries can withdraw their banknotes from circulation, which could create difficulties when attempting to exchange them



E-BANKING AND M-BANKING

Digital banking has a number of advantages for remittance beneficiary it enables direct access to accounts at any time with the possibility to perform transactions and payments without going to a bank.

Additionally, with digital banking you can make online requests and communicate with the bank 24 hours a day.

Compared to using on-site bank tellers, fees are usually lower.



Every utility provider (electricity, waste management, gas, water supply, telecommunications...) has multiple accounts in different commercial banks. One of the ways to cut additional costs is to pay your utility bills using the provider’s account with the same commercial bank you use. The provider’s transaction account numbers are listed on utility bills.

EXAMPLE OF AVERAGE DOMESTIC TRANSACTION COSTS¹

¹ The following is an example of average domestic transaction costs. The actual amount in individual cases depends on the situation and the client’s relationship with the bank.

Type of payment	DIGITAL BANKING (cost per transaction)	OVER-THE-COUNTER TRANSACTIONS (cost per transaction)
Transactions between accounts within the same bank	0.00 KM – 0.50 KM	1.50 KM – 2.50 KM
Transactions towards other banks of up to KM 10,000	0.50 KM – 1.00 KM	2.00 KM – 3.00 KM
Transactions towards other banks exceeding KM 10,000	1.50 KM – 4.00 KM	5.00 KM – 7.50 KM

CURRENCY CONVERSION

Banks and other authorized institutions buy and sell foreign currencies. Each bank publishes its currency exchange rate, list following the foreign currency exchange market, except in case of Euro, where KM purchases are carried out at the fixed exchange rate of $1\text{EUR} = 1.95583\text{ KM}$. Keep in mind that the conversion commission for the Euro may not be higher than 1%.

The most frequently used currency for sending remittances in BiH is Euro.



STANDING ORDER

Standing orders enable regular monthly payments directly from your account toward third-parties. The time of issuing and the amount of the payments can be either fixed, as determined by the account holder, or these can vary (e.g. when paying for utility bills).

This service can be canceled or modified at any time.

Standing orders are also useful for senders transferring remittances regularly.



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