

Banks to expand plans to suspend loan payments, while the Government to help citizens in need

The number of people affected by Coronavirus pandemics (COVID-19) continues to rise, and the measures taken must be appropriate with the level of risk and side effects. We, below listed civil society organizations, welcome the actions of the Government of Kosovo to prevent the spread of the virus, believing that Kosovo institutions will take all necessary preventive measures to reduce the effects of this health emergency, and not only. We also welcome the efforts of the government and the competent institutions in the financial sector for fiscal and financial mitigation measures, in order to facilitate the citizens who are facing with pandemics.

Extraordinary situations like this will mostly affect the most vulnerable parts of the population, especially those in difficult economic situation. From the first days of the restrictions imposed on business activities, citizens have reported on dismissals, the obligation to take unpaid leave or other consequences that directly affect their economic situation. Even those with more regular incomes, have reported high spending on food and medicine. Even during a typical crisis-free year like this, households in Kosovo often find it difficult to pay their bills on time. According to the Kosovo Agency of Statistics (KAS), about half of Kosovar families cannot afford a surprise spending of 500 euros. In general, a significant part of the Kosovo citizens have already started to feel the economic effects of this situation. Similar problems are expected to occur in a significant part of private sector, especially in small and medium enterprises.

On the other hand, the banking sector in Kosovo is quite stable, largely due to the behavior of creditors. Despite the constant problems with the rule of law on the one hand and the aggravated economic situation on the other, the citizens of Kosovo continue to pay their loans regularly. The rate of non-performing loans in Kosovo is among the lowest in Europe.

Warnings on the possibility of suspending loan installment payments based on special requirements are a good step, including facilitating the administrative procedure for this. However, they may be insufficient in relation to the situation. Of approximately 300,000 citizens who have active loans, many fall into the category of those affected by such crisis. Moreover, due to the very nature of the functioning of the Kosovar economy, many of them will find it very difficult to prove financial difficulties because of declining personal or business income.

Considering this, we invite commercial banks and other financial institutions to continuously increase their social responsibility by taking the first bold steps to alleviate the financial burden of the citizens of Kosovo during this difficult period.

More concretely, we invite them to:

1. Consider changing the approach by **suspending the payment of loan installments** as a general rule, while loan payments are made only by those who can afford such a payments; and
2. **Extension of deadline** for suspension of payments for at least three months.

This does not mean giving up from income and profit, but only postponing the collection of such income and profit due to the extraordinary situation and the objective impossibility of a large part of the borrowers to pay their installments. In order to implement these measures, we request that the **Government of Kosovo, in cooperation with the Central Bank of Kosovo (CBK) as a regulator, should initiate an urgent dialogue with the banking sector in Kosovo** to find appropriate solutions for all parties.

On the other hand, we invite the Government of Kosovo **to ensure increased attention to citizens and in particular to citizens in difficult economic condition**, either through the provision of food, basic medicines and services, as well as through other financial and non-financial incentives for them. The aggravated situation we are going through must not be destructive for anyone. Only in this way, Kosovo will show that it is a state of all without exception, especially in crises.

Civil society organizations:

- Democracy for Development (D4D)
- Democracy Plus (D+)
- Kosovar Civil Society Foundation (KCSF)
- Group for Legal and Political Studies (GLPS)
- Kosovo Democratic Institute (KDI)
- GAP Institute
- Kosovo Institute of Justice (IKD)
- Kosovo Institute for European Policy (EPIK)
- Kosovo Institute for Policy Research and Development (KIPRED)
- Institute for Development Policy (INDEP)
- FOL Movement
- Organization for Democracy, Anti-Corruption and Dignity, Çohu!