

# OHR's Statement at the International Agencies' Joint Press Conference in Banja Luka

## OHR assessing RS NA recommendation

I'm sure you followed the RSNA closely last night. The OHR is still assessing the contents of the Recommendation adopted late yesterday evening. An initial review suggests that the RSNA has shown a willingness to make progress in the reform. The Directorate will continue to work and progress towards meeting their work plan.

It will be for the CoM and the Directorate to consider elements of the Recommendation further.

## Effective BiH Banking Supervision

There is a substantial body of legislation that will have to be enacted by the various parliaments in the course of the summer if BiH is to meet the reform targets that it has set itself.

There have been over the past few days discussions among various stakeholders about modernising banking supervision in BiH – a key SAA requirement. Entity parliaments need to enact the necessary transfer laws that will allow a central banking supervisions system to be established in BiH.

A single banking supervision system will further protect depositors, and, by increasing banking security and maintaining the buoyancy of lending, will help to encourage investment and create jobs.

Currently, banks in BiH are supervised by the two Entity Banking Agencies. The fact that cross-Entity banking has become the norm makes the existence of two banking regulators superfluous and counterproductive. It is expensive and inefficient to maintain separate organisations – and costs will rise further in the future as BiH begins to comply with EU

banking Directives over the next few years. This will require special expertise, which will be more expensive if it has to be offered by two organizations rather than one.

This is a reform has broad political and popular support and which can deliver real benefits to citizens very quickly. It is therefore crucial that the responsible ministers work constructively to make the proposed change a reality. For all concerned a positive and speedy agreement can represent a win-win situation.

If both Entity parliaments enact the necessary agreements in the coming weeks, a modern European-standard banking supervision system, under the aegis of the Central Bank rather than separate Entity Banking Agencies, can be established before the October elections.