



National Bank of Serbia

# SOCIAL RESPONSIBILITY



# 2011



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# INTRODUCTORY NOTE

During the past year, we were faced with numerous challenges and serious business tasks. The second wave of the global financial crisis put our obligations and activities into the context of a considerably more complex and more sensitive financial environment. Still, we can be relatively satisfied with the results achieved in the given framework, with an obligation to continue with an even more successful work, as well as to persevere with our institutional policies.

Accordingly, it was the strengthening of institutional capacities, social responsibility and transparency of work that represented strategic priorities for the National Bank of Serbia in the past year.

In order to project the real picture about our activities, we continually work on improving the communication within the institution, as well as with the general public. By improving the communication with the general public and by truly understanding the problems and needs of the society, we contribute to an open dialogue among all interested stakeholders. In that way, we wish to strengthen confidence that represents one of the key resources for an institution such as the National Bank of Serbia, which carries out its activity in the interest of the society as a whole.

Decades of duration and tradition of this institution oblige us to measure our social responsibility not only by our professionalism, preservation of independence and credibility of the institution and our relationship with employees, but also by the National Bank of Serbia's impact in spreading and promotion of social values.

In the area of social responsibility, the Financial Services Consumer Protection Law was adopted at the proposal of the National Bank of Serbia. The aim of this Law is to protect citizens in financial transactions, reach the standards of the European Union in this area and further strengthen the confidence in the country's financial system.

The establishment of the Financial Stability Department and the work of the Centre for Financial System Development provided a further contribution to the development of the financial market. In order to ensure efficient, stable and healthy financial markets that provide quality financial services, it is necessary that we support financial education for all financial market participants. We will continue with financial education of the wider public (school age children and the general citizenry) and participants in the financial system (citizens as loan users, entrepreneurs, farmers and businesspeople).

We are currently in the process of implementing the National Bank of Serbia's Financial Education Strategy, which aims to improve activities in the area, as well as to ensure adequate ways of informing pupils, students,

citizens, entrepreneurs and businesspeople so that they get the information that is important for them not only at this moment, but in the future as well. We intend to initiate the development of a national financial education strategy as a necessary supplement to a healthy financial regulatory and supervisory framework.

In order to establish a more active two-way communication with the business community, the Corporate Liaisons Office was formed. Its objective is to provide timely and credible information about the state of the Serbian economy and familiarise businesspeople with the measures and policies of the National Bank of Serbia.

As part of the development of the National Bank of Serbia as a local and regional research hub, the Chief Economist's Office was established. In the previous year, the Office was engaged more actively in the publishing of research papers and the organisation of regular research seminars in the National Bank of Serbia.

In 2011, the National Bank organised for the first time the Annual Conference of Young Economists to give an opportunity to advanced PhD students and scientists who recently got their PhD degrees to present their research achievements in all fields of economics and finance and to get in touch with renowned experts in these fields.

Also, to encourage scientific research, the National Bank of Serbia awards money prizes to authors of doctoral dissertations and master's papers, as well as authors engaged in scientific research in Serbia in the fields of macroeconomics, monetary economy, supervision of financial institutions and financial stability.

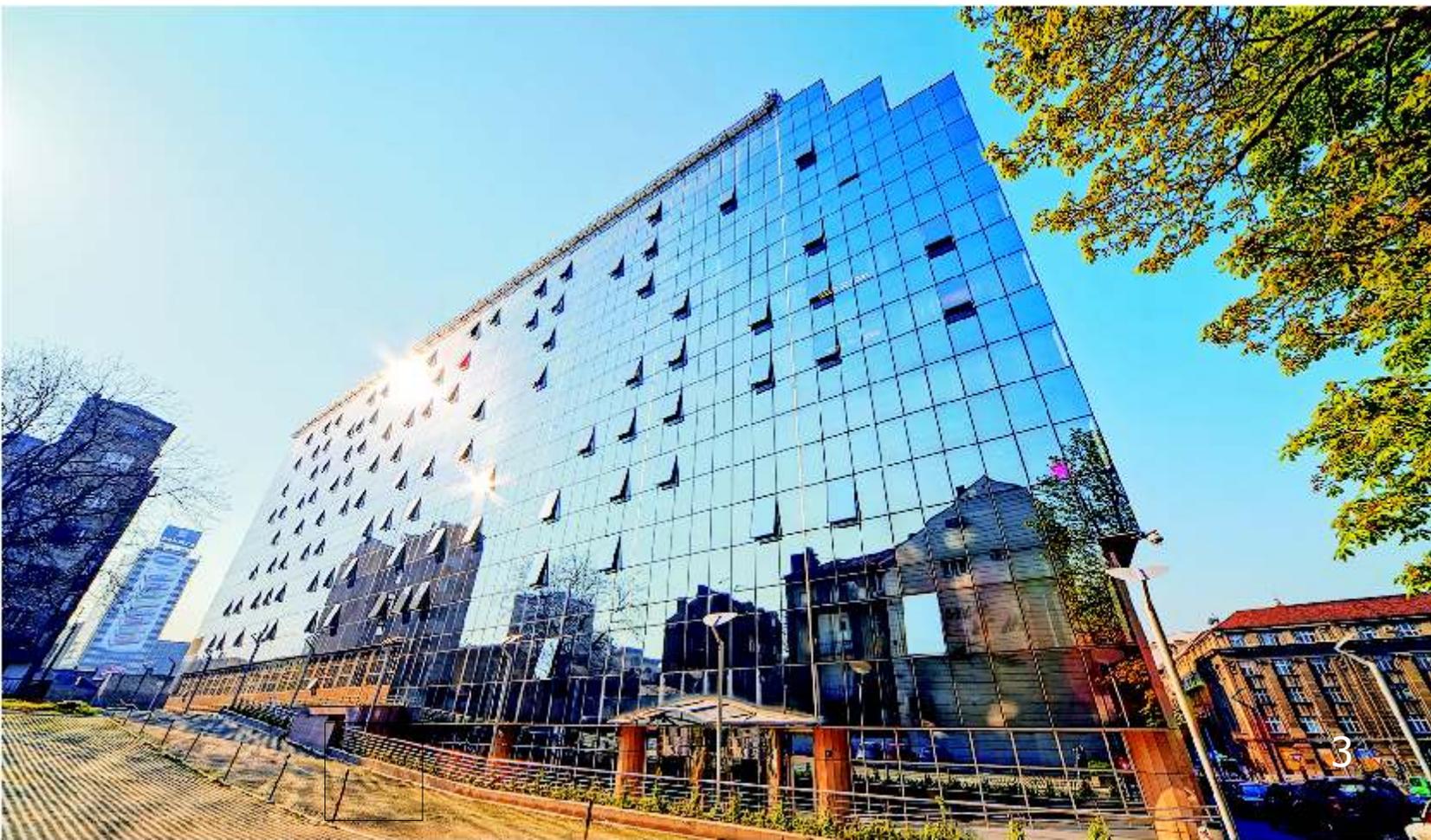
In addition, in 2011 we implemented numerous humanitarian activities and are very proud of high employee participation. For years back we have been active in the field of environmental protection.

As a founding and active member of the United Nations' Global Compact in Serbia, the National Bank of Serbia fully supports the "Ten Principles of the Global Compact" which deal with labour rights, environmental protection and the fight against corruption. The existence of such an initiative allows the promotion and development of the concept of social responsibility and gives corporate entities an opportunity to learn from the experiences of others and share good practices. It is within this initiative that the National Bank of Serbia entered into many partnerships and implemented joint projects.

In 2012 the National Bank of Serbia will continue to pursue its statutory objectives of price and financial stability, bearing in mind the extremely important long-term positive impact on economic activity and employment in our country, which is vital for citizens, the financial system and the overall economy.



Governor  
Dejan Šoškić





# ABOUT THE NATIONAL BANK OF SERBIA

The position, organisation, mandate and functions of the National Bank of Serbia, as well as the relationship between the National Bank of Serbia and other bodies of the Republic of Serbia and international organisations and institutions are regulated by the Constitution of the Republic of Serbia and the Law on the National Bank of Serbia.

The National Bank of Serbia is independent and autonomous in executing its functions as regulated by the Law on the National Bank of Serbia and other legislation, and is accountable for its work to the National Assembly of the Republic of Serbia.

The primary objective of the National Bank of Serbia is to achieve and maintain price stability. Aside from that, without prejudice to the fulfilment of its primary objective, the National Bank of Serbia also contributes to the safeguarding and strengthening of the stability of the financial system.

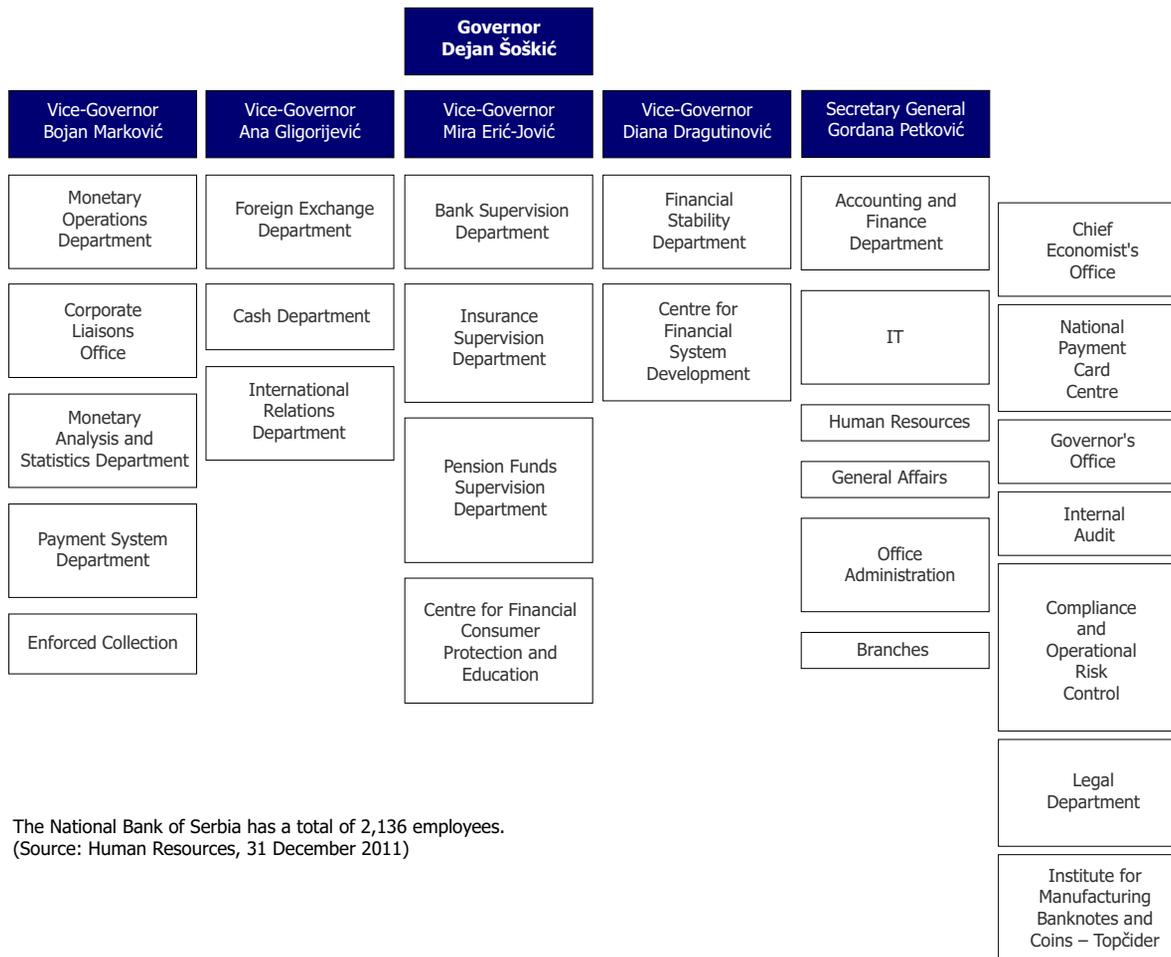
The National Bank of Serbia has the following functions:

- determining and implementing monetary and foreign exchange policies;
- managing foreign exchange reserves;
- establishing and implementing activities and measures coming under its remit, relating to the preservation and strengthening of financial stability;
- granting and revoking operating licences, supervising bank solvency and legality of operations and performing other activities in line with the law governing banks;
- granting and revoking operating licenses and/or authorisations to insurance companies, supervising these companies and performing other activities in line with the law governing insurance;
- granting and revoking operating licences to voluntary pension fund management companies, supervising these companies and performing other activities in line with the law governing voluntary pension funds;
- granting and revoking operating licenses to financial leasing companies, supervising these companies and performing other activities in line with law governing leasing operations;
- issuing banknotes and coins and managing cash flows;
- regulating, controlling and promoting uninterrupted functioning of the payment system;
- performing statutory tasks for the Republic of Serbia or tasks established by treaties, without affecting thereby its autonomy and independence.

The governing bodies of the National Bank of Serbia comprise:

- the Executive Board;
- the Governor; and
- the Council of the Governor.

The activities from the National Bank of Serbia's scope of work are carried out by the following departments, directorates, centres, branches and the Institute for Manufacturing Banknotes and Coins – Topčider (ZIN):



The National Bank of Serbia has a total of 2,136 employees.  
(Source: Human Resources, 31 December 2011)

The Executive Board is in charge of determining monetary and foreign exchange policies, and in particular the terms and conditions of issuing securities, terms and conditions under which the National Bank of Serbia carries out open market operations and discount operations, short-term lending policy, dinar exchange rate policy, strategy of foreign currency reserves management, the key policy rate and other interest rates of the National Bank of Serbia, the base for calculating required reserves and the reserve requirement ratio. The Executive Board establishes measures and activities, within the National Bank of Serbia's remit, aimed at maintaining and strengthening financial stability, as well as measures for maintaining bank liquidity. The Executive Board also decides on granting and revocation of operating licences to banks, insurance companies, financial leasing companies and voluntary pension fund management companies.

Meetings of the Executive Board are held on as needed basis and minimum once a month, provided that at least three of its members are present. The Executive Board makes decisions by the majority vote and in case of a tie, the Governor's vote is decisive. Meetings of the Executive Board are chaired by the Governor.

Upon the Executive Board's proposal and with the Government's consent, the Council of the Governor establishes the dinar exchange rate regime, passes the By-Law of the National Bank of Serbia as well as the National Bank of Serbia's development strategy, and monitors its implementation. The Council adopts the financial plan and annual financial statements of the National Bank of Serbia, appoints the external auditor and discusses the auditor's report. Furthermore, the Council supervises the National Bank of Serbia's financial reporting

system, assesses adequacy of the accounting policies and procedures, supervises and adopts the annual internal audit plan. In addition, the Council submits to the National Assembly the report on its operations, at least once a year, as well as the annual statement of accounts along with the certified auditor's report not later than by 30 June of the following year. The Council makes decisions in the meetings by a majority vote of the total number of Council members.

The Governor of the National Bank of Serbia is appointed by the National Assembly of the Republic of Serbia for a term of six years, with the right to re-election.

The Governor is in charge of and responsible for the achievement of the objectives of the National Bank of Serbia, and in particular for the implementation of decisions of the Executive Board and the Council, for the organisation and operations of the National Bank of Serbia, for the drafting of legislation falling under the competence of the National Bank of Serbia, for the enacting legislation falling under the competence of the National Bank of Serbia but not under the scope of activities of the Executive Board and the Council, and for other activities as regulated by the Law on the National Bank of Serbia and other legislation, but without prejudice to the key objective referred to in Article 3 of the Law on the National Bank of Serbia.

The National Bank of Serbia is a legal entity with its head office in Belgrade. The National Bank of Serbia may establish branches that do not have the status of legal entities and their internal organisation and the scope of authority and operations are regulated by the By-Law of the National Bank of Serbia.



# SOCIAL RESPONSIBILITY OF THE NATIONAL BANK OF SERBIA

The 2011 Report on Social Responsibility of the National Bank of Serbia is the fifth such report published by our institution. The report includes activities carried out in the field of social responsibility and explains the approach that our institution has in terms of social responsibility. At the same time, it follows the tendencies of modern corporate governance according to which social responsibility becomes an integral part of every institution, company or organisation. Also, the publication of this report testifies to the continuous efforts on improving National Bank of Serbia's communication with the general public.

In accordance with its strategy for 2011, the National Bank of Serbia sought to contribute to the strengthening of social responsibility. By implementing activities that have positive effects on the protection of financial service consumers, the National Bank of Serbia gave its contribution to the improvement of the financial system and the development of the financial market.

This contribution is reflected in the adoption of the Financial Services Consumer Protection Law whose main aim is to protect citizens in financial transactions.

Additional institutional support to the development of financial education was provided by forming a new department for educating users of financial services within the Centre for Financial Consumer Protection and Education.

The strengthening of social responsibility and work on the development of institutional capacities continued by forming new independent organisational units:

- the Financial Stability Department,
- the Corporate Liaisons Office,
- the Chief Economist's Office, and
- the Compliance and Operational Risk Control.

As one of the most prominent institutions in the country, the National Bank of Serbia wants to serve as a role model and to encourage similar behaviour by other institutions, companies and organisations in Serbia, especially those in the financial sector.

Strategic and operational priorities for the National Bank of Serbia in 2012 will be focused on the following:

- development of the financial stability sector,
- improving the management of foreign exchange reserves,
- strengthening the capacity of supervision,
- improving the organisational structure,
- improving control of operational risk (IT resources, protection of data secrecy, disaster recovery),
- establishing the system of budgeting in the National Bank of Serbia.

## Socially Responsible Activities as a Channel for Internal Communication

In accordance with the objective and functions set forth by the law, and relying on the principles of the Global Compact, the activities of the Communications Division/Internal Communication and Social Responsibility Section are focused on promoting the concept of social responsibility and implementation of activities with which the National Bank of Serbia makes a positive impact on the working and social environment.

In the course of 2011, the Internal Communication and Social Responsibility Section:

- continually conducted socially responsible activities, striving to achieve large-scale involvement of employees;
- established and developed public partnerships with relevant institutions in the fields in which our employees showed most interest;
- conducted activities in branch offices, with constant growth of the number of employees involved in activities and minimum costs for the Bank, indirectly making a positive influence on the reputation of the National Bank of Serbia as a socially responsible institution.

In 2012, the Internal Communication and Social Responsibility Section will encourage employees to take part in socially responsible activities. In accordance with that, special attention will be paid to the following:

- encouraging the concept of social responsibility through internal channels of communication;
- organisation and innovation of socially responsible activities for employees and their children;
- realisation of a number of humanitarian and voluntary activities with participation of employees to help vulnerable children and poor citizens;
- realisation of activities aimed at protecting the environment, cherishing tradition and promoting inter-generational solidarity and active aging.

## *One Hundred and Twenty-seven Years of the National Bank of Serbia*

In order to promote and develop organisational culture, one hundred and twenty-seven years since the opening of a counter of the Privileged National Bank of the Kingdom of Serbia was marked by the organisation of an appropriate event for bank employees called "The Bank's Day". This activity, which has become traditional, is aimed at promoting communication among employees by pleasant socialising. The programme included a play by which, returning back in time with Georg Weifert, we reminded our employees of the history of the National Bank of Serbia and pointed out to the values and importance of this institution.

The fact that employee turnout was 60% higher than the last year speaks about employees' positive reaction to this way of marking "The Bank's Day".

## The National Bank of Serbia as a Local and Regional Research Hub

By developing its research function, the National Bank of Serbia creates an important precondition for the fulfilment of basic goals and tasks from its jurisdiction. As part of profiling the National Bank of Serbia as a research hub, the Chief Economist's Office was established with the main role to:

- define priority courses of research within the National Bank of Serbia and coordinate research efforts across the NBS departments;
- strengthen the reputation of the National Bank of Serbia as a prestigious hub in the field of applied economic research on the national, regional and global scale;
- promote research capacities within the National Bank of Serbia;
- develop partnership research efforts.



In addition to intensifying research activities by means of working papers and other publications, activities on profiling the National Bank of Serbia as a local and regional hub for research seminars and international conferences will continue. The National Bank of Serbia will continue to support the economic thought in Serbia by awarding special prizes and donations.

In order to enable communication between its employees and other economic experts in Serbia and world's leading economists, the National Bank of Serbia organises research seminars every Friday. The guests of research seminars were distinguished experts such as Bojan Jovanović, Lucrezia Reichlin, Bernard Dumas, Charles Engel, Jordi Galí, Fabrizio Zilibotti and many others. A total of 27 seminars were organised in 2011.

#### *Conferences and Research Courses*

As part of its research development strategy, the National Bank of Serbia organises international conferences in the fields that are of special interest research-wise. The aim of those conferences is to include some of the leading world experts in those fields, active researchers, as well as young people from Serbia who represent a significant potential for the development of the Serbian science.

#### *The First Annual Conference of Young Serbian Economists*

During 2011, the Chief Economist's Office organised the First Annual Conference of Young Serbian Economists whose aim was to gather at one place active Serbian researchers in the area of economics and finance based in the country and abroad. The conference attracted participation of best young Serbian economists – PhD students, as well as academics who recently earned their doctoral degrees from domestic or foreign universities. Conference participants presented their scientific papers and exchanged views with a group of top Serbian economists, including Professor Bojan Jovanović from the Department of Economics, New York University. In addition to authors and the discussion panellists, other economists interested in this unique gathering also took part. The papers were written and presented in the English language. The paper by Teodora Borota "World Trade Patterns and Prices: The Role of Productivity and Quality Heterogeneity" was selected as the best paper.

#### *Master Course in Macroeconomics for Employees in the National Bank of Serbia*

Professor Peter Sinclair, a highly esteemed lecturer from the University of Oxford and the University of Birmingham and a special adviser to the governor of the Bank of England, held a free Master Course in Macroeconomics at the National Bank of Serbia from 15 to 19 July.

#### Compliance

The organisational unit in charge of compliance and operational risk control continually undertakes activities aimed at promoting the highest ethical and professional standards of behaviour in the National Bank of Serbia and implementing the regulations on preventing the conflict of interest. A new Code of Conduct of Employees in the National Bank of Serbia came into effect in the course of 2011. The Code of Conduct stipulates the principles of business behaviour that the employees are obliged to apply when carrying out the entrusted tasks. Also, the criteria for assessing such behaviour were outlined in order to preserve and improve business and moral responsibility of the employees, their mutual cooperation and relations with third persons, and also in

order to preserve and improve trust in the National Bank of Serbia and its reputation. Provisions of this Code apply to the Governor and Vice-Governors if not otherwise set forth by regulations regulating the prevention of the conflict of interest in executing public functions.

Special attention was dedicated to the establishment of mechanisms for application of those rules. Therefore, a procedure of registering the gifts received in connection with performance of jobs in the National Bank of Serbia was introduced. Also, the forms for registration of gifts and notification of the gift-giver were established. The Compliance estimates whether a gift may be considered adequate and protocolary, unless when it is obvious.

The procedure of acquiring consent for performance of an additional job and activity has been established as well as the form for acquiring such consent. For the Governor to be provided with the necessary information on the basis of which he/she can estimate whether the performance of a particular job may give rise to the conflict of interest or interfere with the impartial performance of the employee's duties, before submitting the request for the Governor's consent, the managers need to obtain the consent of the competent Vice-Governor, i.e., the Secretary General, while other employees, before submitting that request, acquire the consent from the manager of the organisational unit in which they work.

In addition, the Compliance gives its opinion on whether the performance of a particular job or activity may give rise to conflict of interest and submits that opinion to the Governor. In the period from 1 June until 30 November, the Compliance gave 20 opinions on whether particular jobs that the employees performed outside their working hours resulted in the occurrence of the conflict of interest.

Special attention was dedicated to raising employees' awareness on the importance and necessity of adherence to ethical rules. Therefore, a special section "Business Conduct" was created on the webhouse, containing information and instructions regarding the application of ethical rules. Since the Compliance supervises the implementation of the provisions of the Code of Conduct, gives interpretation of those provisions and the necessary explanations regarding their application, the employees address this office regularly with concrete questions. Also, presentations of ethical and professional standards of behaviour are organised for all interns.

Since the Law on the Anti-Corruption Agency and the regulations that this Agency passed pursuant to this law apply on the National Bank of Serbia and its officials, the organisational unit in charge of compliance undertakes activities aimed at the fulfilment of obligations arising from that law and those regulations. Therefore, the Agency receives from the National Bank of Serbia quarterly reports on activities undertaken in order to implement the National Strategy for Combating Corruption and the Action Plan for Implementation of the National Strategy for Combating Corruption, notifications on assuming one's office or termination of one's office, a copy of the records on gifts for officials and other members of the Council. The Governor and Vice-Governors are provided with the information on obligations arising from the regulations on the prevention of the conflict of interest that apply on them.

# MEMBERSHIP IN UNITED NATIONS GLOBAL COMPACT

After the establishment of the Global Compact, on 6 December 2007, the National Bank of Serbia, as one of the founders and an active member of this initiative, continued with its commitment to promote and affirm this largest voluntary association in the world (with over 10,000 members from more than 130 countries), dedicated to promoting corporate social responsibility. Global Compact requires from its members to adopt, support and promote the ten universal principles in the protection of human and labour rights, environmental protection and the fight against corruption. During the four years of work in Serbia, the number of members increased to 80. Apart from large companies, members are also representatives of small and medium-sized companies, non-governmental organisations (NGOs), business associations, academic institutions, cities and trade unions.

In 2011, together with other working group members, the National Bank of Serbia actively participated in the working group for corporate social responsibility in banking and finance, social inclusion, education and development of the corporate social responsibility, environment and support in emergency situations.

As chair of the working group for corporate social responsibility in banking and finance, the National Bank of Serbia, together with other members of the working group worked on the implementation of two projects in the field of financial education, which is a primary objective of this group.

Within the project of cooperation with secondary schools with an educational profile "banking", the students from those schools were provided with:

- one-week/two-week practice for third/fourth grade students in branches of banks members;
- visit to the National Bank of Serbia's Visitor Centre, thematic lectures for students and teachers;
- participation of representatives of banks members in the final high-school exam,
- participation in professional seminars of the Academy for Banking and Finance for teachers of this educational profile.

The cooperation was formalised by signing a cooperation protocol between the Association of Economic Schools, Law and Administration Schools, Schools of Commerce and Catering and Tourism Schools in the Republic of Serbia and the Global Compact in Serbia and will be continued in 2012.

Free-of-charge workshops for citizens under the title "Managing Personal Finances" are the result of cooperation of the Global Compact in Serbia and the Croatian Banking Association. Following the positive experiences of Croatia, members of the working group decided to organise and launch free-of-charge interactive workshops for citizens on planning and managing



personal finances in Serbia. Apart from financial education, great importance should be given to mutual cooperation among banks members as well as corporate entities in the organisation and implementation of this project. The project puts the client and the client's education in focus, and it is launched with the aim to help citizens, through training and counselling, to learn about financial services, strengthen their confidence in the banking sector as well as to help them efficiently manage their household budgets.

A total of 25 workshops have been organised so far (20 in Belgrade, one each in Niš, Novi Sad and Kraljevo, and two on Kopaonik Mountain). The workshops gathered more than 350 citizens. The participants graded the organisation (location, time, space), comprehension and the manner of presentation as well as usefulness of the workshops with the highest grades.

In participants' view, the greatest benefit from the workshops was a better overview of expenses and income in personal/household budgets, a new look at the planning and attaining goals, new insights into the possibilities of savings, a realistic understanding of financial possibilities and future improvements in managing personal/household budgets.

In 2011, members of the working group worked on designing and developing an e-learning application, which has been uploaded on the project's website. A new cycle of workshops is planned for 2012, and the focus will be placed on organising workshops in smaller towns in cooperation with local

organisations, as well as on developing the network of partners in the implementation of those workshops.

Together with other members of the working group for support in emergency situations, the National Bank of Serbia participated in the action of collecting the books for the public library "Stefan Prvovenčani" from Kraljevo, which was directly stricken by a destructive earthquake. Over 3,000 books were collected in the action, and banks members donated computers for the library.

More information about the activities of the Global Compact in Serbia is available on the website [www.unglobalcompact.rs](http://www.unglobalcompact.rs).

### Application of the Ten Principles

The Global Compact's Ten Principles in the areas of human and labour rights, environment protection and anti-corruption are based on: the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development; and the United Nations Convention against Corruption.

#### The Ten Principles:

#### Application:

#### Planned Activities:

### HUMAN RIGHTS

**Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and

**Principle 2:** make sure that they are not complicit in human rights abuse.

- The National Bank of Serbia with its participation and membership in the Global Compact acknowledges and affirms the values and human rights protection policy of the United Nations;

- An Act on risk assessment at place of work and in the working environment in the National Bank of Serbia was enacted;

- A Plan for staff training for safe and healthy work in the National Bank of Serbia was passed;

- A Decision on determining salary increases for higher-risk jobs was passed;

- Activities on passing a Programme of phased removal of deficiencies in the field of occupational safety and health were launched;

- A system was established within the organisational unit Human Resources for prevention of mobbing at work.

- Support to projects of social inclusion and education of persons with disabilities.

## The Ten Principles:

## Application:

## Planned Activities:

### LABOUR STANDARDS

#### Principle 3:

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

#### Principle 4:

the elimination of all forms of forced and compulsory labour;

#### Principle 5:

the effective abolition of child labour;

#### Principle 6:

the elimination of discrimination in respect of employment and occupation.

- The Trade Union functions within the National Bank of Serbia as an independent, democratic and autonomous organisation of employees;

- A total of 63% of employees are members of the National Bank of Serbia's Trade Union;

- Of the total number of employees, 54% are women and 46% are men;

- Of the total number of managers, 48% are women and 52% are men;

- Under the Law on Professional Rehabilitation and Employment of Persons with Disabilities, the National Bank of Serbia covers the costs for the assessment of employees' working capacity;

- Eight employees got the status of a person with disability in 2011;

- The building on 12 Kralja Petra Street was made available to persons with disabilities in accordance with measures of technical protection issued by the Serbian Institute for the Protection of Cultural Monuments in Belgrade.

- Raising awareness of all employees on the importance of including the persons with disabilities into the local community by organising inclusion events for employees and their children;

- Making a decision to grant scholarships for children of deceased workers of the National Bank of Serbia and children of persons with special needs who are employed in the National Bank of Serbia.

### ENVIRONMENTAL PROTECTION

#### Principle 7:

Businesses should support a precautionary approach to environmental challenges;

#### Principle 8:

undertake initiatives to promote greater environmental responsibility; and

#### Principle 9:

encourage the development and diffusion of environmentally friendly technologies.

- Reducing the use, sorting and recycling of paper, PET packaging and office materials;

- The Slavija building of the National Bank of Serbia is among highly automated buildings, thanks to which considerable energy savings are made;

- Application of new technologies in the area of waste waters processing in the Institute for Manufacturing Banknotes and Coins;

- Adaptation and revitalization of an energy block. Measurements of gas emissions from the boiler room of the Institute for Manufacturing Banknotes and Coins were done, followed by appropriate measurement reports;

- The programme of the sorting of waste was expanded to other branches of the National Bank of Serbia.

- We continue to apply measures for efficient consumption of resources;

- We continue to support and promote all activities related to environmental protection;

- Organisation of voluntary actions for employees.

The Ten Principles:

Application:

Planned Activities:

## **ANTI-CORRUPTION**

**Principle 10:**  
Businesses should work against corruption in all its forms, including extortion and bribery.

- A new Code of Conduct of Employees in the National Bank of Serbia came into effect;

- The Compliance and Operational Risk Control was established as a separate organisational unit;

- The Compliance and Operational Risk Control gives its opinion on the possibility of emerging of the conflict of interest and submits that opinion to the Governor and undertakes activities aimed at fulfilling the obligations arising from the Law on the Anti-Corruption Agency;

- The National Bank of Serbia sends to the Anti-Corruption Agency quarterly activity reports;

- The National Bank of Serbia publishes the Annual Report on Activities and Results, approved by accredited audit companies;

- The National Bank of Serbia supports the fight against money laundering and the financing of terrorism through the participation of representatives of the National Bank in the delegation of the Republic of Serbia that prepared a Progress report on the fight against money laundering and the financing of terrorism for the Republic of Serbia, that is submitted to the Committee of the Council of Europe – Moneyval. The report is submitted with the aim of assessing compliance, through the process of mutual assessment, of the system for the fight against money laundering and the financing of terrorism in countries members with international standards.

- The National Bank of Serbia will continue to undertake activities directed toward fulfilment of obligations arising from the Law on the Anti-Corruption Agency and the Action Plan for Implementation of the National Strategy for Combating Corruption, about which the National Bank will submit quarterly reports to the Anti-Corruption Agency;

- Development of an integrity plan in the National Bank of Serbia is planned, in accordance with the Law on the Anti-Corruption Agency.

# EMPLOYEE CARE

## Occupational Health and Safety

The National Bank of Serbia passed an Act on risk assessment at place of work and in the working environment as well as a Decision on determining salary increases for higher risk jobs.

Also, a procedure has been initiated at the Republican Pension and Disability Insurance Fund for determining the workplaces, i.e. jobs (the driver of a special vehicle in the General Affairs Department whose capacity is seven and more tons) whose years of insurance are calculated with an extended duration.

The equipment for personal safety of employees (clothes, shoes, gloves, goggles, masks) was procured and the conditions of the working environment in the buildings during the summer period were examined.

Most of the working equipment was examined and tested, and the employees at the workplaces with an increased risk are regularly sent for periodic medical examinations. A number of employees who work with equipment with a screen (on computers) for at least four hours a day were sent to an ophthalmic examination.

In addition to adopting the Plan for training of employees for safe and healthy work in the National Bank of Serbia, training of employees for safe and healthy work began in some of the branch offices of the National Bank of Serbia, and in others it was fully implemented.

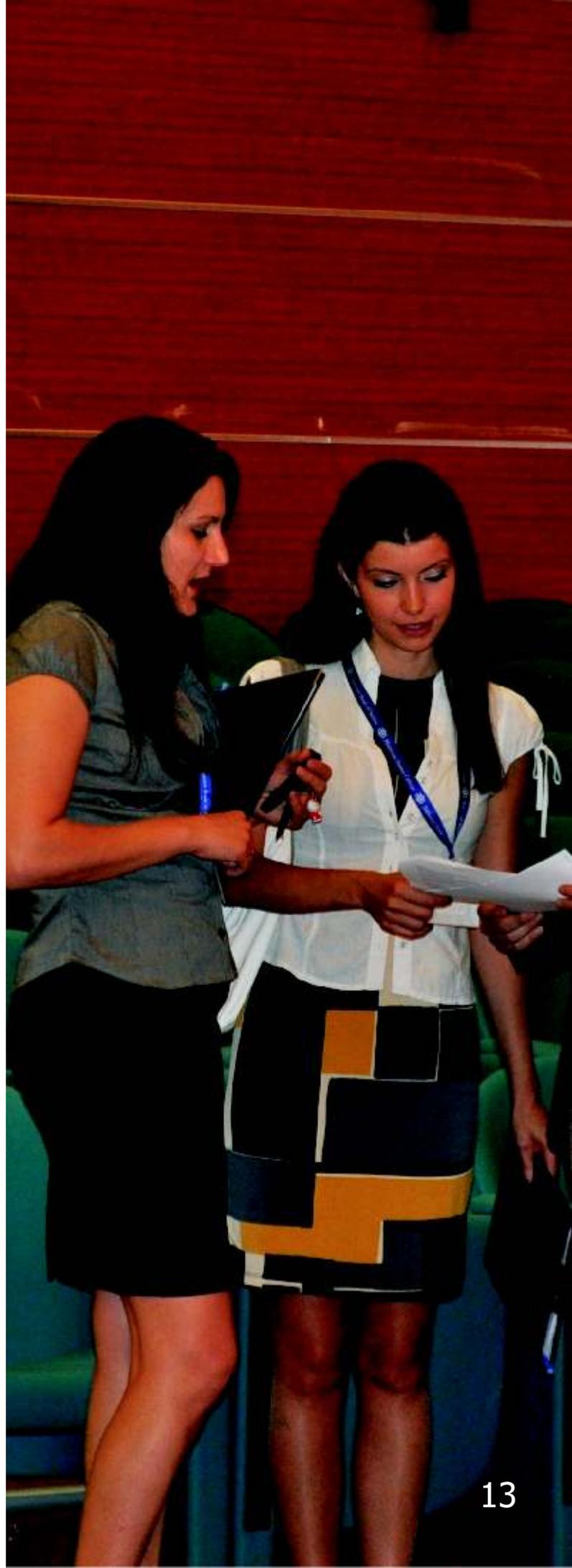
When it comes to activities in the field of occupational health and safety of employees at the Institute for Manufacturing Banknotes and Coins, by recording the organisation of work, technological and business processes and resources of work in the organisational units of the Institute for Manufacturing Banknotes and Coins and their comparison with the actual situation, 113 elementary, relatively independent, corporate and technological processes were identified.

The circumstances that may endanger occupational safety and health (an increased risk) are grouped in 28 working positions where technology and work processes are performed by 122 employees.

In accordance with the regulations in the field of occupational safety and health, in cooperation with direct supervisors, (theoretical and practical) training of 110 employees in the Institute for Manufacturing Banknotes and Coins was conducted. The training was carried out during the working hours and was recorded in the prescribed form.

The examination of the working environment in the Institute for Manufacturing Banknotes and Coins buildings was carried out in the summer period to measure chemical and physical hazards (other than ionizing radiation), microclimate and brightness. The examination was performed by the Institute for Occupational Safety and Health from Novi Sad and MD Project Institute from Niš. Based on technical findings of the performed examinations of the working environment, measures to eliminate or reduce the risks and hazards to the health of employees were proposed and then implemented.

Under the current acts, working tools and personal protection equipment (overalls, coats, shoes, gloves, masks) were distributed to organisational units.



To address the identified deficiencies in the area of occupational safety and health, the removal of which requires larger investments, and in the case of which life and health of employees are not at serious danger, a Proposal of the programme for gradual elimination of deficiencies in the area of occupational safety and health was developed with deadlines for its implementation. A procedure of partial amendments to the Act on risk assessment was launched.

A total of 150 employees were sent to a periodic medical examination, while 22 employees went to a control medical check-up.

Under the Rulebook on the records in the field of occupational safety and health, the prescribed forms were kept and signed.

There is a fair cooperation in implementing occupational safety and health measures with companies and institutions with which the Institute for Manufacturing Banknotes and Coins shares a

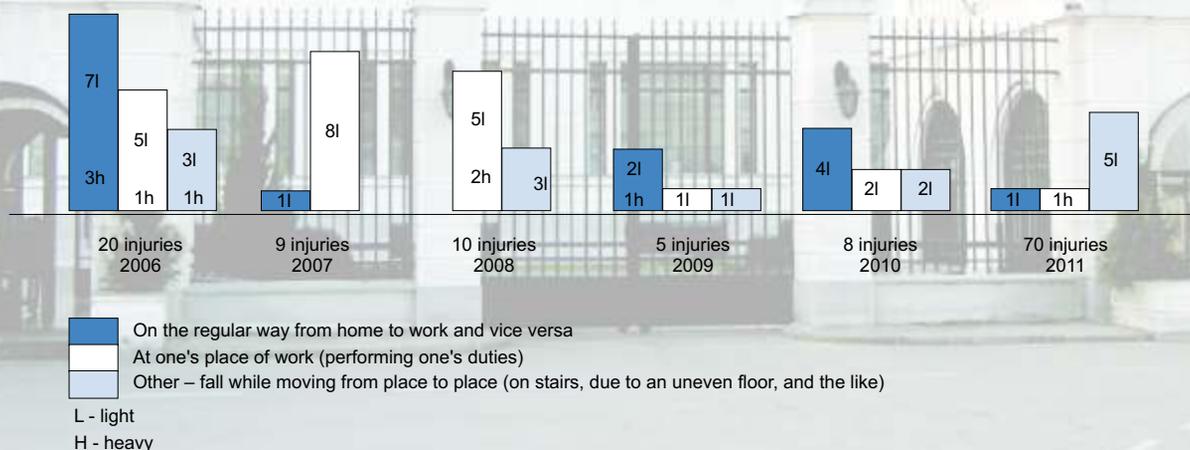
common working space, in line with Article 19 of the Law on Occupational Safety and Health and the signed agreement.

Based on the analysis of injuries, their total number and structure in the period from 2006 to 2011, it may be concluded that due to the activities undertaken in the field of occupational safety and health in the Institute for Manufacturing Banknotes and Coins, a significant positive effect was achieved. This is indicated by the reduction of injuries and the number of injuries at the place of work in 2011 (65%, or 83.30% less than in 2006). Further activities are focused on training of employees on occupational safety and health and are aimed to reduce the number of injuries at the place of work and in the working environment. Most injuries were caused by carelessness or falls while moving from place to place.

Number and structure of injuries in the Institute for Manufacturing Banknotes and Coins

Severity of injury \ Year	2006	2007	2008	2009	2010	2011
Light	15	9	8	4	8	6
Heavy	5	0	2	1	0	1
Total	20	9	10	5	8	7

Seriousness of injuries and the place where the injury happened



### Prevention and Prohibition of Mobbing at Work

In the course of 2011, eight employees addressed the person for support to report mobbing at work. Of that, two employees filed a request for protection from mobbing. The procedure ended by a decision to halt the procedure, as the parties concerned could

not reach a mutually acceptable, peaceful solution of the disputed relation. After that, the employees pressed charges to the competent court against the National Bank of Serbia and the manager-mobber.

## Education, Professional Development and Vocational Training of Employees

No.	Form of education, professional development and vocational training	Number of employees
<b>Education</b>		
1	BA/BSc degree	2
2	PhD degree	4
3	Professional training, licences, certificates	5
<b>Professional development</b>		
4	Seminars, workshops, counselling and conferences in the country	202
5	Seminars, workshops, counselling, study visits and conferences abroad	393
6	Seminars in the National Bank of Serbia organised within bilateral cooperation with foreign central banks	38
7	One-month study trips to a foreign central bank	1
8	Foreign language classes	378
9	Internal courses	343
10	Seminars in the National Bank of Serbia organised by engaging external lecturers	89
<b>Vocational training</b>		
11	Internship training	27
<b>Summer practice</b>		
12	The practice of university students from the country and abroad in the period July-August	31

The employees in the National Bank of Serbia have the opportunity for continuous professional development and therefore are able to achieve appropriate titles and certificates, as well as to participate in seminars, courses, study visits and workshops at home and abroad. A total of 393 employees went to seminars, conferences, courses and workshops abroad, while 202 employees attended such events in the country.

The National Bank of Serbia organises foreign language courses (English, German, Russian and French) for its employees. This programme segment is intended to provide easier communication with colleagues and experts from abroad, as well as the use of literature in foreign languages. There were a total of 378 employees who in 2011 attended foreign language courses.

Realising the importance of developing the young talent, the National Bank of Serbia organises a summer internship practice once a year thus enabling students to gain valuable experience and recommendations for further career development. A total of 26 senior students from the faculties of universities in Serbia as well as five students studying abroad attended the summer internship programme in July and August.

In 2011, the National Bank of Serbia continued to actively implement the protocol on regional cooperation with the central banks of Bosnia and Herzegovina, Montenegro, Albania and Macedonia. The goal of the cooperation is the achievement of



common interests in the field of vocational development of employees through the exchange of experiences and educational work that is of relevance for promoting the functioning of partner relations of institutions and creating a stable and developed banking and financial sector. The cooperation included the organisation of 33 mutual study visits, involving 93 employees from partner institutions.

Major donors providing expert and technical assistance to the National Bank of Serbia in 2011 were the Deutsche Bundesbank and the Bank of Slovenia. As part of realised bilateral cooperation, there were 17 study visits, involving 90 employees, two international seminars in Belgrade, one specialised seminar for employees in the IT sector, as well as one study visit that lasted one month for one employee from the Legal Department.

For the needs of its employees, the National Bank of Serbia organises seminars and other types of courses, in which competent lecturers from the country and abroad take part.

In order to develop and improve personal characteristics and competencies of its employees, the National Bank organises internal courses on teamwork, presentation skills and public appearances, communication skills and conflicts, stress management and time management.



## Benefits

In 2011 the National Bank of Serbia continued to expand cooperation with the central banks of the European countries enabling bank employees to use the sporting and leisure resorts of those central banks. In 2011, the National Bank of Serbia established cooperation with the Deutsche Bundesbank, the Cyprus Union of Bank Employees (ETYK) as well as with the Bank of Finland. In that way, this form of cooperation was extended to nine countries (the Czech Republic, the Netherlands, Switzerland, Poland, Portugal, Russia, Cyprus, Finland, Germany) and, thanks to that, the employees of the National Bank of Serbia can use the benefit of staying under favourable conditions in the countries with which such cooperation was established. The plan for 2012 is to establish cooperation, i.e., exchange of the use of resorts, with the central banks of Latvia and Romania.

During 2011, five employees of the Central Bank of the Russian Federation and two employees of the National Bank of Poland visited our resorts. Our employees in the course of 2011 visited the Swiss National Bank (three), the Czech National Bank (five), the Deutsche Bundesbank (two) and the Bank of Finland (one).

Furthermore, continuing the existing practice, the National Bank will pay a contribution in the amount of 3% of the employee's basic salary for those employees who opted for membership in a voluntary pension fund. This contribution may not be below RSD 2,000 or above RSD 10,000. That amount is increased by the amount that the employee pays into the voluntary pension fund, up to the maximum amount determined by the law regulating citizens' income tax established as the non-taxable amount.

The National Bank of Serbia expanded its cooperation with city theatres from 13 to 15 theatres, including four children's theatres. As part of that cooperation, discounts for theatre tickets, which varies depending on the theatre and the play, was ensured. The discounts range from 20% to 50%.

The employees are able to go for recreation in the Business Recreation Centre – Topčider. They have courts for tennis, volleyball, football, and basketball at disposal there.

The list of benefits for the employees in the National Bank of Serbia includes continued cooperation with seven tourist agencies. The National Bank of Serbia staff is entitled to discounts and payments for travel arrangements via wage garnishment.

## Status of Persons with Disabilities

Under the Law on Professional Rehabilitation and Employment of Persons with Disabilities, eight employees got the status of a person with disability. The costs for the assessment of working capacity were covered by the National Bank of Serbia.

The Department for Maintenance of Buildings, Technical Systems and Equipment in 2011 participated in the project of adapting the building at 12 Kralja Petra Street for the needs of persons with disabilities. To this end the following services and works were agreed on and performed:

- Developing a design project for works on investment maintenance making the building more accessible for persons with disabilities according to the measures of technical protection prescribed by the Institute for the Protection of Cultural Monuments in Belgrade;

- Persons with disabilities are to move from the parking lot on Gračanička Street, through a part of the building in whose antechamber there is an elevator which they can use to get to the ground floor. As the elevator doors are narrower than it is prescribed, and wider models of wheelchairs cannot go through (technical protection measures do not allow any intervention that could undermine the stability of the building or violate its monumental value), a smaller-size wheelchair was provided. The change of wheelchairs is to take place in the antechamber in front of the elevator, and the smaller-size wheelchair could then be used for undisturbed movement through the building;

- The ground floor hallway has a delevelling of two steps, because of which two metal ramps connected by a platform were designed, which rely on the weight of the existing floor, without anchoring, that is, without causing damage to the floor of the existing hallway. The designed ramps allow the undisturbed use of the whole ground floor, as well as accessibility to other elevators connecting the ground floor with other floors;

- The existing toilet on the ground floor is adapted to the new purpose and is designed in accordance with appropriate regulations for people with disabilities.



# LOCAL COMMUNITY

## Protection and Education of Financial Service Consumers

During 2011, the Centre for Financial Consumer Protection and Education actively provided assistance to citizens in the exercise of their rights by acting upon complaints and through mediation in resolving disputes with financial institutions. Also, by setting up a special organisational unit for financial education, activities aimed at informing and educating financial service consumers intensified.

In order to improve the existing mechanisms of financial service consumer protection, the National Bank of Serbia proposed the Financial Services Consumer Protection Law, which came into force on 4 June 2011, to be applied as of 5 December of the same year. The law primarily aims to ensure good business practices of financial institutions and their fair attitude towards the consumers, which includes in particular: precisely and clearly defined terms of the agreement concerning the rights and obligations of citizens, the obligation of the financial institution to provide the citizens prior to the establishment of contractual relationship or prior to the agreement signing with full, clear, unambiguous and understandable information about the financial service that they wish to use and the conditions under which such service is offered.

A survey was conducted for the needs of the National Bank of Serbia on the conditions under which the financial services are offered on the market – current accounts and loans. The aim of that survey was to objectively analyse transparency, completeness and availability of information in relation to the financial products offered, with a special overview of the level of consumers' awareness and adherence to the National Bank of Serbia's regulations. The survey was conducted by the company for market, public opinion and media research TNS Medium Gallup.

### *Complaint Procedures*

Throughout 2011, the Consumer Protection Centre received a total of 1,885 complaints and early complaints against operations of financial institutions, i.e. 30% more than in the previous year.

Financial service consumers submitted 1,122 complaints against financial institutions' operations, which indicates a 5.25% increase compared to 2010. Of that number, majority of complaints, 76%, referred to banks, which was expected given that banks make up the largest part of the financial market. Of 855 complaints related to banks' operations, the majority concerned loans (53.1%), current accounts (20.4%) and payment cards (17.1%).

A total of 237 complaints relating to the work of insurance companies were sent, which is 30% more when compared to the previous year. The complaints were mainly related to the amount of the offered damage compensations, untimely payment of damages and the refusal of payment of the undisputed amount. Thirty complaints concerned other financial institutions, mostly lessors (27 complaints, or 2.4% of all complaints).





Number of complaints by financial service providers in the period 1 January-31 December 2011

Providers of financial services	First quarter	Second quarter	Third quarter	Fourth quarter	Total	In %
Banks	213	210	199	233	855	76.2%
Insurance companies	52	56	65	64	237	21.1%
Lessors	8	9	5	5	27	2.4%
Voluntary pension fund management companies	0	0	2	0	2	0.2%
Other	0	0	1	0	1	0.1%
<b>TOTAL</b>	<b>273</b>	<b>275</b>	<b>272</b>	<b>302</b>	<b>1,122</b>	<b>100%</b>

Обрати пажњу... то је ТВОЈ НОВАЦ TN

Актуелности: www.TVOJNOVAC.NBS.RS

Приликом donošenja Zakona o zaštiti prava potrošača... (Consumer Protection Act)

Primenjena od 1. januara 2011. godine... (Application of the Act)

Šta je korisno da znamo... (What is useful to know...)

111 110

Number of mediations by financial service providers in the period 1 January-31 December 2011

Number of mediations by financial service providers in the period 1 January-31 December 2011

Providers of financial services	In progress	Settlements	Suspension	Abandonment	Total	In %
Banks	5	49	72	1	127	70%
Insurance companies	9	28	15	1	53	29%
Lessors	0	0	1	0	1	1%
Voluntary pension fund management companies	0	0	0	0	0	0%
<b>TOTAL</b>	<b>14</b>	<b>77</b>	<b>88</b>	<b>2</b>	<b>181</b>	<b>100%</b>

Source: the National Bank of Serbia.

### Mediation

In 2011, a total of 181 mediations of the National Bank of Serbia were scheduled, which is 1.24 times more than in 2010. Mediation procedures were brought to completion in 167 cases, and in 46% of cases a settlement was reached between financial institutions and their clients. The largest number of mediation cases referred to disputed loan relations (51%), payment cards (9%) and current accounts.

### Informing Financial Service Consumers

Throughout 2011, the Information Centre received 21,098 citizens' calls. The bulk of citizens' questions were related to banking services, currency exchange and insurance. A total of 1,126 requests were received electronically, with questions about the procedure of sending objections to the financial organisations' operations, the dinar currency exchange rates, enforced collection, payment operations, etc. The Centre responded to all requests within the prescribed deadline.

### Financial Education of Citizens

As part of its regular educational activities, the National Bank of Serbia continued to provide information to citizens through its regional offices for financial education. In 2011, the regional offices recorded 1,303 visits.

The questions asked related mostly to banking services (51.1%), in particular to loan refinancing, housing loans subsidised by the state, the manner of calculating annuities,



savings, the procedure related to the closing of account, the procedure of filing a complaint against bank operations, activities from the scope of the National Bank of Serbia's jurisdictions, etc. From the beginning of the year, educational forums on different current financial topics tailored for citizens and businesses were held.

The content of 17 printed brochures on different financial products was harmonised with changes to regulations during the year, and the brochures were distributed to financial service consumers through the branches of National Bank of Serbia in Užice, Kragujevac, Niš, Novi Sad and Belgrade. The brochures were distributed also across organisational units of the Tax Administration, the Treasury, utility services, regional chambers of commerce, etc. A website designed for consumers of financial services, [www.tvojnovac.nbs.rs](http://www.tvojnovac.nbs.rs), was updated with current information and materials on a daily basis.

### *Planned Activities*

The Centre for Financial Consumer Protection and Education will continue to work on further improvement of the regulatory framework and undertake activities to provide better and more efficient consumer protection.

In addition, the goal is to improve the level of consumers' awareness and their understanding of financial services in the upcoming year by creating conditions for them to have complete, relevant and reliable information at disposal.

Providing adequate protection as well as timely and complete information about the concept and the risks of financial products and services will contribute to strengthening of citizens' trust in the financial sector.





## Exhibition Activities

Exhibitions, educational programmes and other cultural and educational events, organised for the general public by the National Bank of Serbia in the course 2011, were attended by 31,064 visitors. Of that number, 17,902 visitors attended the events organised in the building located in Kralja Petra Street and 13,162 visited the National Bank of Serbia building at Slavija Square.

### *Exhibition Space in Kralja Petra Street*

Apart from individual visitors, the National Bank of Serbia's Visitor Centre received group visits by:

- three kindergartens,
- fifty-seven primary schools,
- thirty-four secondary schools,
- fifteen university institutions from Belgrade and other parts of Serbia,
- trainees and participants in the summer internship of the National Bank of Serbia.

Like in the previous years, this year too, the visitors included the wards from homes for children deprived of parental care "Drinka Pavlović", "Moše Pijade" and "Jovan Jovanović Zmaj", the wards from the Home for Children and Youth with Developmental Disabilities "Sremčica" and the patients of the special hospital "Dr Laza Lazarević" from Belgrade. The children saw thematic exhibitions and selections from the permanent exhibition "Banknotes and Coins in the Territory of Serbia".

The programme "Pensioners' Evenings in the National Bank of Serbia" was organised twice during the year. As part of it, pensioners from the "Bežanijska Kosa" home visited the Visitor Centre and toured the building of the National Bank of Serbia.

Also, cooperation with the Association of Self-Supporting Mothers from Niš was established and mothers with their children visited the National Bank of Serbia in June.

The Visitor Centre hosted a number of official delegations during the year: from the European Central Bank, Deutsche Bundesbank, the Central Bank of Bosnia and Herzegovina, the Bank of Albania, the Central Bank of Montenegro, the National Bank of Macedonia, the Central Bank of Armenia, the International Monetary Fund (IMF), the Archives of Serbia, the National and the Military Museum, the Central Bank of Romania, the Banque de France, the Italian Embassy, the Embassy of Brazil, as well as representatives of the Italian financial police.

### *Exhibition Space at Slavija Building*

The following exhibitions and cultural events were organised at the lobby of the office building in Slavija:

- the exhibition "Crown on Earth", organised by the Photo Association of Serbia and Photo Association of Japan;
- the exhibition "Eco-diamond", the project of the Savski Venac municipality,
- the exhibition "Historical Ties and Cooperation between Central Banks of Belgium and Serbia (1883-2011)";
- the exhibition "Visas for Freedom", in cooperation with the Embassy of Spain;
- the exhibition of the Davis Cup trophy "Salad Bowl" that our tennis national team won in 2010;

- the exhibition "Parallel Nippon" of modern Japanese architecture from 1996 to 2006, in cooperation with the Embassy of Japan;
- the exhibition of assemblage-sculptures, "Metaphysicopolis" by Aleksandar Gligorijević;
- the international review of composers "Splendour of the Voice" as part of which domestic and foreign choirs and performers took part;
- "On the Trail of Light", an exhibition of 50 award-winning photographs of the Photo Association of Serbia;
- Multimedia exhibition "S.U.T.R.A. – Mixture of Art, Technology, Diversity and Authenticity", within the Fifth Festival of Science;
- the exhibition of photographs of people with disabilities "The Windows of Intimacy", members of the Per.Art organisation;
- the exhibition of handicrafts of the Ethno-network, a project of the National Alliance for Local Economic Development.

#### *Cooperation With Other Institutions, Participation in Cultural Events*

In December 2011, the conference "Children's Right to Culture" was organised at the Cultural Centre in Belgrade. It included a school culture fair "Marketplace of Ideas", at which the Visitor Centre of the National Bank Serbia had a presentation. With its offer of educational and exhibition materials, the Visitor Centre attracted great attention and interest of the conference participants both in the field of culture and education. This is evidenced by the invitations for cooperation the Centre received from education professionals, as well as by the interest shown in the seminar for teachers "The Dinar, Our Money".

Study visits and requests for technical assistance by the central banks from the region represented an additional international recognition to the Visitor Centre's work. Thus, in the second half of the year, the Visitor Centre hosted representatives of the central banks of Albania, Montenegro and Macedonia. During that visit, the guests were acquainted with the work of the Communications Division. They were particularly interested in financial education of young people and the organisation of exhibition activities.

#### *Exhibition "Brazil and the Brazilian Money"*

The visitors were able to see in March the exhibition "Brazil and the Brazilian Money", which was organised thanks to the cooperation of the National Bank of Serbia, the Embassy of Brazil,

the Banco Central do Brasil and its Museum of Money. The exhibition presented the authenticity of the culture, history, the people, money, economy and natural characteristics of the largest South American country.

#### *International Day of Francophonie*

On the occasion of the International Day of Francophonie and the signing of the Protocol on Cooperation by the National Bank of Serbia, the European Central Bank and the Delegation of the European Union in Serbia, the exhibition "Historical Ties and Cooperation between Central Banks of Serbia and Belgium 1883-2011" was opened in March. The exhibition, on the occasion of the Belgian presidency of the Council Ministers of the European Union, was prepared by the National Bank of Serbia in cooperation with the National Bank of Belgium, the Embassy of Belgium and the Belgian Ministry of Foreign Affairs. The exhibition presented historical ties between the two banks, their importance for the development of Serbian institutions and state, the achievements of the Serbian central bank in reforms so far, and economic ties between the two countries.

#### *"The Night of the Museums"*

For the fifth consecutive year, the National Bank of Serbia took part in the "Night of the Museums" event, which took place on 14 May from 6 p.m. until 2 a.m. During that time, 6,715 visitors visited two buildings of the National Bank of Serbia, at Kralja Petra Street and in Slavija Square.

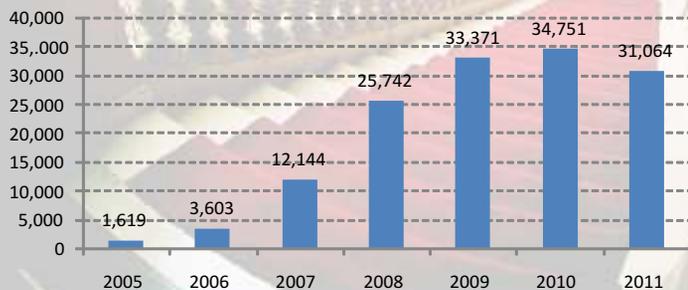
The visit to the National Bank of Serbia building at Kralja Petra Street included the tour of the ceremonial hall, where the visitors, apart from the interior of the building, could see an educational movie about the history of money and finances and their development to date. As usual, visitors were very interested in taking a photo on a banknote with their own portrait.

After touring the ceremonial hall, the visitors would go further to the exhibition space featuring the main exhibition and thematic exhibitions, including an exhibition of the Archive of the National Bank of Serbia "Capital Employed – Securities in the Financial Market of Serbia in the 19th and the First Half of the 20th Century". One of the treasury rooms featured the exhibition "The National Bank of Serbia, a National and a European Institution", while the hall towards the exit from the treasury presented the exhibition "Brazil and the Brazilian Money". At the office building in Slavija the visitors could see the exhibition called "Visas for Freedom", organised by the Embassy of Spain, the Ministry of Foreign Affairs of Spain and the Sephardi House "Israel" from Madrid.





Visitor Centre – visits by year



### *“Small Graduation, Big Heart”*

The National Bank of Serbia hosted pupils of eight primary schools from Kosovo and Metohija in May. Their visit was organised as a part of the “Small Graduation, Big Heart” action, jointly carried out by the Ministry of Education, the Ministry for Kosovo and Metohija and the Secretariat for Education of the City of Belgrade. For the third consecutive year, the National Bank of Serbia joined the action. As part of the action, graduate pupils of Belgrade primary schools hosted their peers from Kosovo and Metohija in their homes. For its contribution to the action, the National Bank of Serbia received recognition and acknowledgment from the Ministry of Education and the Ministry for Kosovo and Metohija.

### *“European Heritage Days”*

One weekend in September is reserved for participation in the event marking the preservation and representation of diversity and richness of the national cultural heritage and identity. This year, that weekend was on 17-18 September. As part of the event, the visitors, with guided tours, had the opportunity to see the interior of the National Bank of Serbia building on Kralja Petra Street as well as the exhibitions.

### *“Akan Goldweights Exhibition”*

In accordance with the concept of using the exhibition space in Kralja Petra Street building to organise exhibitions related to money and banking, an exhibition of the Museum of African Art called “Akan Goldweights Exhibition” was opened in October.

### *Cooperation With Partners in the Country and Abroad*

The Visitor Centre in its work and activities related to exhibition programmes and animating the public for a specific type of financial education, uses the valuable experience of the most authoritative international professional organisation – ICOMON. Representatives of the National Bank of Serbia also took part in the ICOMON Annual Conference in Cyprus in 2011. On this occasion, the ICOMON Managing Board proposed that the National Bank of Serbia hosts the Annual Conference in 2014, which represents a recognition of the international professional public for the activities of the National Bank of Serbia Visitor Centre.

### *Educational Activities*

As part of the GIZ programme, students from seven secondary schools of economics which include a professional profile “banking” visited the National Bank of Serbia in 2011. On that occasion, the students visited the exhibition and learned about the objectives, functions and the role of the National Bank of Serbia.

Also, as part of cooperation with the Faculty of Economics in Belgrade, students of the second, third and fourth year visited the Visitor Centre and attended lectures by the Governor Dejan Šoškić and the Vice-Governor Bojan Marković in the amphitheatre of the NBS Slavija building. Within the project “Communication in Action”, organised by the Faculty of Economics, foreign students, the students of the Faculty of Philology in Belgrade, together with TV Production Company “Network” and the students of the Faculty of Applied Arts visited the Visitor Centre. Students of the Faculty of Organisational Sciences from Novi Sad and students of the Faculty of Economics in Subotica also visited the exhibitions.

### *Seminars for Teachers*

Three seminars under the title “The Dinar, Our Money”, whose participants included primary and secondary schoolteachers from all over Serbia, were held in 2011. The aim of the seminars was to

enable teachers to convey some knowledge in finance to their students. The seminar was accredited by the Ministry of Education and the Institute for Development of Education and was classified in the group of compulsory school seminars.

The seminar programme included the presentation of four didactic materials for primary and secondary schools abridged into a school manual with the following themes: "Money in history", "Counterfeit money and how to recognise it", "The National Bank of Serbia – the concept and tasks" and "Inflation". The manuals are intended as an aid in teaching social sciences, and their certification for the school subject Civic Education is planned as well as their introduction into the official curriculum of schools in the territory of Serbia.

Due to an increased interest of teachers in educational workshops, the workshop "The Dinar, Our Money" was held on 10 May for third grade students of the secondary school of commerce. The students on this occasion visited the National Bank of Serbia Visitor Centre.

#### *Financial Education Programme Tours*

Educational workshops for pupils and students of primary and secondary schools are part of the educational programme of the National Bank of Serbia implemented in Belgrade and throughout Serbia in cooperation with partner institutions that recognised the importance of financial education of youth. "My Budget and Me" is a new creative workshop, which had its promotion at the public library "Stefan Prvovenčani" in Kraljevo, followed by the presentation at the public library in Bor.

#### *Internal and External Promotion of "Moneture"*

In order to present to the domestic general public the basic methods of implementing monetary policy, the National Bank of Serbia developed a board game, which in a fun and imaginative way introduces its participants into the world of creating and implementing monetary policy in response to the challenges the policymakers face every day. The game is designed for the employees in the National Bank of Serbia, as well as for students of economics and other faculties where banking and finance courses are studied.

In accordance with that, the activities of internal promotion of "Moneture" were organised through the holding of a prize tournament for employees and external promotion among the students of secondary schools of economics and students from economics faculties from all over Serbia.

During 2012 the plan is to organise a tournament in "Moneture" at universities in Serbia, as well as to create a new board game whose theme will be savings.

#### *Working With Special Target Groups*

The National Bank of Serbia pays special attention to children with special needs. A workshop "Draw a banknote of your choice" was therefore organised at the Home for Children and Youth with Developmental Disabilities "Sremčica" whose wards took part in the workshop. At the end of the year, the National Bank of Serbia bought off the works of these pupils, which were exhibited as part of the New Year's humanitarian activities in the Slavija building hall.



### *“Young Visa Leaders”*

The project “Young Visa Leaders” was launched with the aim of enabling young people in Serbia to express their views about the issues that directly affect their future place and role of young people in contemporary society in Serbia. The aim of the project is to incite dialogue between young leaders and the general public, and not to impose ready-made solutions or affect in any way the authentic views of the future leaders in Serbian society.

Within the fifth forum “Young Visa Leaders”, which discussed the issue of entrepreneurship, representatives of the National Bank of Serbia spoke about the importance of financial literacy, managing finances and organising personal budget, as preconditions for a successful launch of a private business. The participants were acquainted with the programmes implemented by the National Bank of Serbia in the field of financial education and received leaflets of the Centre for Financial Service Consumer Protection and Education, as well as tables for managing personal expenses from the workshop “Managing Personal Finances”.

### *Protocol on Cooperation With the Youth Office*

The National Bank of Serbia and the Youth Office signed a Protocol on cooperation for establishing the conditions for financial education of young people. One workshop per month is planned for 2012.

The envisaged cooperation means that the Bank organises and implements the workshops so that service users of the Youth Office could be acquainted with the functions and affairs of the National Bank of Serbia, as well as basic economic terms and financial products. Lectures will be organised on a range of topics: the place and role of the National Bank of Serbia, banking products, credit cards, inflation and monetary policies, pension funds, insurance and electronic banking, as well as workshops “The Dinar, Our Money”, “Managing Personal Finances”, and the presentation of “Moneture”.



## Cultural Heritage “Georg Weifert – a Visionary and Enthusiast”

The publication “Georg Weifert – a Visionary and Enthusiast (1850-1937), a personal and business illustrated biography”, authored by Saša Ilić, Sonja Jerković and Vladimir Bulajić from the Archives of the National Bank of Serbia, was presented in Vršac, Pančevo, Požarevac, Bor and Belgrade in 2011.

The promotions attracted adequate media coverage, on more than 20 web-portals with a few dozen pages, in newspapers and in electronic media. The number of visitors was satisfactory, with the largest visitor turnout in the hall of the public library in Bor and in the social hall of the National Bank of Serbia, where there were not enough seats for all guests.

As a reminder, the above publication was published by the National Bank of Serbia in 2010, to mark the 160th anniversary of birth of the famous Governor Georg Weifert. The intention was not just to present the story about Weifert's life, nor to show numerous illustrations that should make closer to people the space and time spoken of, but rather to affirm the values that Weifert nurtured and left as a legacy – his diligent work, curiosity and research spirit, responsibility, charity and philanthropy.

As part of the activities relating to the presentation of the archives material of the National Bank of Serbia, the Archives also hosted the exhibition “Capital Employed – Securities in the Financial Market of Serbia in the 19th and the First Half of the 20th Century”, which was officially opened in the exhibition space at 12 Kralja Petra Street on 7 April. The exhibition presented over 100 original artefacts, featuring for the first time the temporary share of the Privileged National Bank of the Kingdom of Serbia from 1884 and the permanent share from 1913.

On this occasion the National Bank of Serbia again showed its social responsibility, primarily through education of youth, who have had the opportunity to familiarise themselves with the richness of securities that circulated in the territory of today's Serbia until the beginning of the Second World War. From 7 April until 30 September the exhibits were seen by 12,409 visitors.





List of allocated donations in 2011



No.	Amount in RSD	Recipient	Purpose
1.	800,000	Obstetrics and Gynaecology Clinic "Narodni Front", Belgrade	To cover the expenses of final works on adaptation of the existing premises for genetic laboratory - upon the reasoned proposal of the Commission (G. No. 2785 of 24 March 2011)
2.	25,000	Humanitarian NGO "Our Serbia", Belgrade	For realization of charity action "Send a Card of Friendship", whose aim is to support the population of underdeveloped municipalities by strengthening the local community, creating better living conditions, education and children's play - upon the reasoned proposal of the Commission (G. No. 2785 of 24 March 2011)
3.	56,000	Faculty of Music Arts, Belgrade, for the needs of the Madrigal Choir of the Faculty	To cover the expenses of bus transportation of the Madrigal Choir of the Faculty at the Days of Serbian Culture in Timisoara, on 12 and 13 November 2011 - upon the reasoned proposal of the Commission (G. No. 2785 of 24 March 2011)



## Donations

In 2011, the National Bank of Serbia allocated RSD 1,081,000.00 in donations and RSD 83,333.34 for humanitarian purposes, which makes a total of RSD 1,164,333.34. The National Bank of Serbia in the year observed did not award funds for sponsorship, given that the Decision on Terms and Conditions for Allocating Donations and Humanitarian Aid in the National Bank of Serbia does not envisage the sponsoring of legal and physical persons.

Under the Decision on Terms and Conditions for Allocating Donations and Humanitarian Aid, the means for donations and humanitarian aid are established by the financial plan of the National Bank of Serbia. The Commission, established in accordance with the Decision, determined the criteria governing the awarding of donations and humanitarian aid. Under the terms and conditions and in the manner determined by the Decision, equipment that the National Bank of Serbia disposed of in a regulated manner may also be awarded.

The National Bank of Serbia paid the amount of RSD 83,333.34 to the primary school "Anton Skala" from Belgrade to purchase audio-vibratory lazy bag – sofas for relaxation for children with disabilities, which have a therapeutic effect.

The funds were paid on the basis of written statements by Mr. Pavle Petrović and Mrs. Zorica Mladenović, the authors of awarded scientific research studies in the areas of monetary economics, supervision of financial institutions and financial stability in the competition of the National Bank of Serbia in 2011, who renounced the cash amount of their prizes for charity.

*List of donated IT equipment and office and other furniture*

No.	Recipient	IT equipment (working stations and monitors)
1.	Children's safe house, Novi Sad	9 pieces
2.	Primary school "Sveti Sava", Belgrade	10 pieces
3.	Association of the Blind, Belgrade	8 pieces
4.	Primary school "Vuk Karadžić", Krnjevo	12 pieces
5.	Primary school "Miropolit Mihajlo", Sokobanja	12 pieces
6.	Association of Self-Supporting Mothers Niš	23 pieces

No.	Recipient	Office and other furniture
1.	Orthodox Metropolitanate of Montenegro	32 pieces
2.	Primary school "Vuk Karadžić", Krnjevo	36 pieces
3.	Primary school "Nadežda Petrović", New Belgrade	19 pieces
4.	The College of Hotel Management Belgrade	23 pieces
5.	Primary school "Sveti Sava", Žitište	57 pieces
6.	Primary school "Miropolit Mihajlo", Sokobanja	36 pieces
7.	Centre for Social Work, Novi Sad	1 piece

*Grants for Encouraging Scientific Research Work*

In accordance with its commitment to promote scientific research work in the field of macroeconomics, monetary economics, supervision of financial institutions and financial stability, the National Bank of Serbia awards annual cash prize reward to authors of:

- PhD theses defended at universities in the Republic of Serbia in the field of monetary economics, supervision of financial institutions or financial stability; and

- Master's theses in macroeconomics and finances defended at the universities in Serbia.

Also, the authors' papers in the field and macroeconomics and finances need to be published in reputable international journals.

In 2011, the grant was awarded to the Vojvodina Association of Economists to cover the publishing costs of scientific magazine "Panoeconomicus".

The winner of the best doctoral thesis in 2011 was:

- Mirjana Miletić, for the doctoral thesis "Modelling the Real Exchange Rate and Credit Demand in CESE Countries by Applying the Cointegration Panel", defended on 15 November 2010 at the Faculty of Economics, University of Belgrade.

The winners of the best master's theses in 2011 were:

- Aljoša Babić, for his master's thesis "Embedded Optionality Risk in Trading and Banking Book" defended on 21 April 2011 at the Faculty of Economics, University of Belgrade;

- Nikola Vasiljević, for his master's thesis "Jump Fears Makes Volatility Smiles", defended on 24 June 2011 at the Faculty of Economics, University of Belgrade;

- Milan Cvetković, for his master's thesis "Volatility of Hedge Funds" defended on 10 October 2011 at the Faculty of Natural Sciences and Mathematics, University of Niš.

The prizes for scientific research work in 2011 were awarded to:

- Vladimir Njegomir (Faculty of Legal and Business Studies, University of Novi Sad) and Dragan Stojić (Faculty of Economics, University of Novi Sad), the authors of scientific research paper "Liberalisation and Market Concentration Impact on Performance of the Non-Life Insurance Industry: The Evidence from Eastern Europe", published in Geneva Papers on Risk and Insurance, 2011, 36, 94-106;

- Pavle Petrović (Faculty of Economics, University of Belgrade), Zorica Mladenović (Faculty of Economics, University of Belgrade) and Aleksandra Nojković (Faculty of Economics, University of Belgrade), the authors of scientific research paper "Inflation Triggers in Transition Economies: Their Evolution and Specific Features" published in Emerging Markets Finance and Trade, September-October 2011, 47 (5), 101-124;



- Zorica Mladenović (Faculty of Economics, University of Belgrade) and Pavle Petrović (Faculty of Economics, University of Belgrade), the authors of scientific research paper "Cagan's Paradox and Money Demand in Hyperinflation: Revisited at Daily Frequency", published in the Journal of International Money and Finance, 2010, 29, 1369-1384;

- Gorana Krstić (Faculty of Economics, University of Belgrade), the author of scientific research paper "Earnings Inequality and the Informal Economy", published in Economics of Transition, 2011, 19 (1), 179-199.

## Humanitarian Activities

During the year, the traditional Easter and New Year's exhibitions were held for the employees at the NBS head office building. At the Easter sale exhibition of decorative and for-use objects, the children from the Day Care Centre for Children and Youth with Developmental Disabilities in Belgrade raised a total of RSD 50,000, while the children from the Home for Children and Youth with Developmental Disabilities "Sremčica" raised another RSD 9,000. The money was used to purchase craft materials for their workshops, which are irreplaceable therapeutic aids in working with these children. At the New Year's humanitarian exhibition of children's artwork, the Home for Children and Youth with Developmental Disabilities "Sremčica" and the Day Care Centre for Children and Youth with Developmental Disabilities raised RSD 133,000.

Supporting the activities of the United Nations Global Compact in Serbia, the National Bank of Serbia employees were involved in the initiative of the Global Compact working group for support in emergency situations and collected 210 books and magazines that were sent to the public library "Stefan Prvovenčani" in Kraljevo. They were also involved in the action to support to socially neglected children "Small Change is not a Small Thing", carried out by the Balkan Community Initiatives Fund with the aim of improving the quality of life of those children. The boxes in which the employees of the National Bank of Serbia could insert the change were placed at the entrance of National Bank of Serbia buildings. The funds raised during the campaign were submitted to the local foundation "Mesečina" from Subotica, which, in cooperation with primary schools, organises evening gatherings for children from families with problems.

In the traditional collection of food for vulnerable families, around 900 kilograms of food was collected, 300 kilograms more than in the year before. This year, the food was collected for vulnerable families from Zvezdara and Palilula neighbourhoods.

At the end of the year, an action for National Bank of Serbia staff and their children called "A Present for an Unknown Friend" was organised together with the non-governmental organisation "Mali veliki ljudi". On that occasion, the National Bank of Serbia staff made 150 New Year's presents for children with special needs.

The National Bank of Serbia staff from Novi Sad, Kragujevac, Niš and Užice branches was involved in community activities. The Kragujevac branch organised the collection of food for vulnerable families in Kragujevac in cooperation with the Food Bank organisation. Owing to high employee turnout, 200 kilograms of food was collected. Another food collection action was carried out by the Novi Sad branch for vulnerable children from the Safe House shelter for children and youth in Novi Sad, raising 125 kilograms of food. The employees from the Niš branch collected food for the Association of Self-Supporting Mothers in Niš. Participation went across the board and 200 kilograms of food was collected.

Employees at the Užice branch made sweet parcels for children at the "Petar Radovanović" Home in Užice.

The Novi Sad branch of the National Bank of Serbia hosted the Easter and New Year's humanitarian sale exhibitions featuring works of pupils from the school for primary and secondary education "Milan Petrović" and raised RSD 31,000.



# ENVIRONMENTAL PROTECTION



Adaptation and Revitalisation of an Electric Power Block, Gas Emission Control and New Wastewater Technology in the Institute for Manufacturing Banknotes and Coins – Topčider

During 2011, before the agreed-on deadline, a very important project was completed – adaptation and revitalisation of an electric power block. The realisation also included complete renovation of the electric power block, which was built three decades ago.

The electric power block was designed to meet the highest technical standards in terms of rationalisation of energy costs and to ensure state-of-the-art user friendliness. Some of the solutions were applied in this part of Europe for the first time.

Adaptation of the electric power block included:

- replacement of 10 kV plant in substation; introduction of automated switch of power supply in the 10 kV plant in substation,
- adaptation of billing metering on 10 kV in substation,
- replacement of power transformers,
- replacement of 0.4 kV busbar disposition,
- replacement of 0.4 kV plant in substation,
- adaptation of sub-distributor 0.4 kV,
- adaptation–revitalisation of spare 0.4 kV supply and introduction of switching state and measuring value monitoring.

The adaptation and revitalisation contributed to complete protection of an operator while manipulating with equipment, whether by special constructive solutions or suitable data access – via subsidiary Touch Screen Panel and monitoring centre responsible for presenting and archiving electrical values, turned-on state of switch-disconnectors and switches, load of cables, power factor and state of accordions, which is of greatest importance for maintenance or improvement of work conditions and security in an electric power block.

## *Gas Emission Control*

In order to preserve and protect environment in compliance with the adopted regulations, gas emission from the boiler room in the Institute for Manufacturing Banknotes and Coins was measured twice in 2011 and reports were made accordingly.

Due to the usage of crude oil fuel type NSG-S (with reduced content of sulphur) and regular maintenance of boilers, including the adjustment of combustion parameters on boiler burners, all the measuring results were within the prescribed limits.

## *New Wastewater Treatment Technology*

New technologies provide a modern and by all means advanced approach to the production of our products and accompanying tools, software management of the process, omission of manual work in some work phases, as well as reduction of the use of natural resources.

Positive effects are the following: saving of time and improvements in quality of work, omission or reduction of the

consumption of harmful chemicals and rationalization of the use of basic resources, such as fresh water and electrical energy:- In the course of 2011, obsolete technologies of wastewater treatment were replaced with the new ones, which are synchronized with international environmental protection standards.

A new technology (AQWASAVE II WSR 1000) has been introduced for the preparation of wiping solution (necessary for the process of intaglio), according to which 95% of solution is recycled and 5% is supplemented by fresh solution, not affecting the efficiency of wiping. Until now, entire solution was processed and discharged into sewage system, and currently only 5% is being processed. This contributed to reduced consumption of fresh water, energy and harmful chemicals.

Monitored parameters of chemical consumption in 2011, based on new technology, implied that the consumption of harmful chemicals is reduced by 82 to 92%, depending on a product. This is considered a significant financial and ecological saving.

A new, modern technology (SEPOTRATT 1000GSPC) was introduced for technological wastewater treatment. Apart from wastewater, it processes in the process of galvanization and production of printing plates for intaglio wastewater with organic content, originating from technological processes of offset and polymer plate production, which is an improvement comparing to the old technology.

Another new technology (EVA 150R) enables additional treatment of already processed wastewater, providing high level quality of effluent which is discharged into sewage system and meeting all the conditions prescribed by the Rulebook on technical and hygienic conditions for discharge into city's sewage system.

External control of wastewater quality is carried out by verified companies in accordance with the Law on wastewater and Rulebook on the way and minimal number of wastewater quality checks.

### Technological Waste Management

Under the Law on Waste Management and Rulebook on the conditions and ways of secondary raw material sorting, packaging and storing, numerous activities have been carried out in order to determine place of origin of technological waste and define characterization and categorization, monitoring of its amount at annual level and the way of its storage.

A part of technological waste (paper, cardboard, metal, glass, plastic) is placed as secondary raw material, while harmful waste is forwarded to companies in charge of waste management, followed by adequate remuneration in accordance with regulations.

A list of all harmful chemicals and gases has been made, with data on the level of harmfulness, possible influence on users and protection measures. They have also been securely stored, and their usage has been monitored regularly.

When it comes to the abovementioned activities and measures, cooperation has been developed with the Ministry of Agriculture, Forestry and Water Management, Ministry of Environment, Mining and Spatial Planning, Belgrade's City Administration – the Water Management Directorate and other organisations in the field of water and wastewater management.



### *Waste Sorting in Head and Branch Offices*

At the National Bank of Serbia head office, employees have sorted and collected paper, PET packaging and mixed waste in their premises since April 2008.

In 2001, employees in branch offices in Novi Sad, Kragujevac, Užice and Niš also started sorting waste. The total of 47,270 kilograms of paper and 4,250 kilograms of PET packaging has been collected since. The usage of paper in 2011 was reduced by 20.54% comparing to 2010. The total of 463 pieces of electronic equipment and 93 toner cartridges have been recycled.

Electrical energy in the National Bank of Serbia's buildings is consumed carefully: regular bulbs have been replaced with the energy saving ones. The building at the Slavija Square is considered a highly automated one. All the rooms have presence detectors, which are automatically activated, thus regulating temperature.

A system is being activated on its own around 6 a.m., heating up the area to 19° C. Upon the arrival of employees, the temperature is being risen to optimal 22° C. When somebody opens a window, heating or freezing system automatically ceases to work. Consumables, including toner cartridges, paper and PET packaging, are regularly recycled.

During the year, a message was introduced in each employee's e-mail below a signature – "Think, before you print" – suggesting that a paper should be considered a resource for everyday work. By using e-mail as a communication channel, we pointed to the importance of environmental protection. Such action contributed to savings of paper compared to 2010. Employees are enabled to

use a common printer or photocopier on each floor, which is networked to their computers.

In February, an installation "Eco Diamond" was presented in an exhibition area of the commercial building at Slavija Square. We tried via internal channels of communication to make our employees pay attention to the installation, whose topic was the usage of plastic bags as an ecological problem.

Finally, let us say that the National Bank of Serbia's Social Responsibility Report is to be printed on a certified paper that is produced in accordance with the principle of controlled forest growth.



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This is our Communication on Progress  
in implementing the principles of the  
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We welcome feedback on its contents.