



National Bank of Serbia

REPORT ON DINARISATION OF THE SERBIAN FINANCIAL SYSTEM

First Quarter 2025

June 2025

Introductory note

A more extensive use of the dinar in the Serbian financial system and better currency matching of income and expenses of the non-bank sector would improve the country's financial stability, lessen the risk of exchange rate volatility in the most vulnerable sectors of the economy, and further enhance the effectiveness of monetary policy. To support the process of dinarisation, in April 2012 the National Bank of Serbia (NBS) and the Government of the Republic of Serbia signed the Memorandum on the Strategy of Dinarisation of the Serbian Financial System. Bearing in mind that in the period after the conclusion of the Memorandum in 2012 macroeconomic stability had been ensured and financial stability strengthened further, in December 2018 the NBS and the Serbian Government signed the new Memorandum on the Strategy of Dinarisation, confirming their commitment to additionally support dinarisation and contribute to financial stability. In the new Memorandum on the Dinarisation Strategy these institutions reflected on the results of the measures and activities undertaken thus far and, based on them, defined additional measures and activities that will ensure further dinarisation and reduce FX risk in the system.

Pursuant to the Memorandum, the NBS and the Government have committed to monitoring and analysing the degree of dinarisation and to regularly informing the public about the measures and activities undertaken, as well as about the progress achieved in the process of dinarisation. For that purpose, the NBS prepares and publishes the quarterly Report on Dinarisation of the Serbian Financial System as one of its supporting communication tools. The Report provides information about developments in the dinar market and highlights measures and activities taken or planned by market players and regulatory authorities with a view to supporting the process of dinarisation. Making this information accessible to the public will help raise awareness of the need to hedge against the exchange rate risk, as well as understanding of the measures and activities to be taken by the NBS and the Government in order to further encourage the process of dinarisation of the Serbian financial system.

Reports on Dinarisation of the Serbian Financial System are available on the NBS website (www.nbs.rs).

Dinarisation strategy

The dinarisation strategy rests on three inter-connected pillars.

The first pillar is the most general, but also the most important one. It envisages monetary and fiscal policy measures to maintain macroeconomic stability and ensure conditions for sustainable economic growth.

The second pillar consists of measures to promote further development of the dinar securities market and introduce new dinar products in the domestic financial market.

The third pillar aims to promote hedging against the risks associated with exchange rate exposure in the non-bank sector and to discourage further build-up of those risks. The NBS will lead the efforts in this field, working together with the banking sector on introducing and developing FX risk hedging instruments.

ABBREVIATIONS

bn – billion
lhs – left-hand scale
mn – million
NPL – non-performing loan
pp – percentage point
q – quarter
rhs – right-hand scale
SDR – special drawing rights
y-o-y – year-on-year

Other generally accepted abbreviations are not cited.

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I. Overview

The dinarisation of total corporate and household receivables went up in Q1 2025, relative to the previous quarter, by 0.4 pp to 37.8% in terms of outstanding business, and by 5.6 pp to 48.7% in terms of new business. In y-o-y terms (relative to Q1 2024), these two indicators of dinarisation recorded an increase – by 2.6 pp and 5.6 pp, respectively.

Higher dinarisation of receivables was supported by further decline in interest rates on both household and corporate dinar loans. Also supportive of dinarisation were the **NBS's measures in the field of bank capital adequacy**, in place since early 2025, encouraging banks to approve more new dinar loans to non-financial and non-governmental sectors.¹

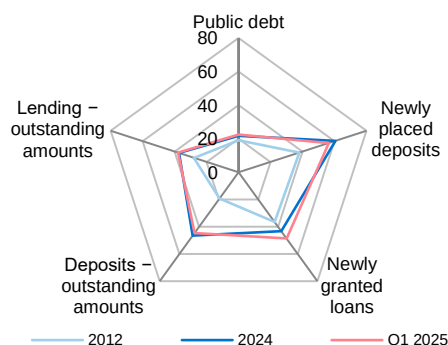
In terms of outstanding business, the share of dinar in total corporate and household deposits decreased (from the record-high 46.5% in the previous quarter to 44.7%). This share also decreased **in terms of new business**, by 2.2 pp to 56.5%. This decrease is associated with lower placing of dinar deposits typical for the start of the year, after the seasonally-driven increase in the inflow of deposits at the end of the previous year (payment of bonuses, “thirteenth salary” and other household earnings, as well as the increase in deposits resulting from higher government spending). In y-o-y terms, dinarisation of corporate and household deposits recorded a rise for outstanding business (by 1.3 pp) and a drop for new business (by 3.6 pp).

Despite lower interest rates on savings, dinar savings continued up, reaching record high levels (RSD 193.4 bn at end-Q1 2025). However, the growth was slower than in the previous period.

The degree of public debt dinarisation in Q1 2025 edged up by 0.7 pp, to 22.5% relative to Q4 2024. In addition to the increase in dinar borrowing arising from the sale of securities in the domestic market, this was also driven by the dollar's depreciation against the euro, which led to a reduction in the FX public debt expressed in dinars. Compared to Q1 of the previous year, this indicator upped by 0.1 pp.

As for FX hedging instruments, in Q1 2025, residents concluded forward FX purchases with banks worth EUR 60.2 mn (up by EUR 0.5 mn relative to Q4 2024) and forward FX sales worth EUR 18.9 mn – up by EUR 2.8 mn from Q4 2024.

Chart I.1 Dinarisation indicators*
(%)



*Apart from public debt, all categories include the household and corporate sector component. Within each category - the share of dinar component in total of the category.

Sources: NBS, Ministry of Finance.

¹ Decision on Capital Adequacy of Banks (RS Official Gazette, Nos 103/2016, 103/2018, 88/2019, 67/2020, 98/2020, 137/2020, 59/2021, 67/2022, 137/2022, 48/2023, 110/2023, 102/2024 and 41/2025).

II. Dinarisation of the Serbian financial system

1. Dinarisation of receivables

In Q1 2025, the degree of dinarisation of corporate and household receivables increased in terms of outstanding business for the sixth quarter in a row. In terms of new business, this indicator also increased, to the highest level on record in the past ten and a half years.

Interest rates on dinar and FX loans decreased for both corporates and households, under the impact of the monetary policy easing by the NBS and the ECB.

Corporate and household receivables

At end-Q1 2025, the share of dinar in total corporate and household receivables stood at 37.8%, up by 0.4 pp q-o-q. The rise is even more pronounced if observed in y-o-y terms (2.6 pp).

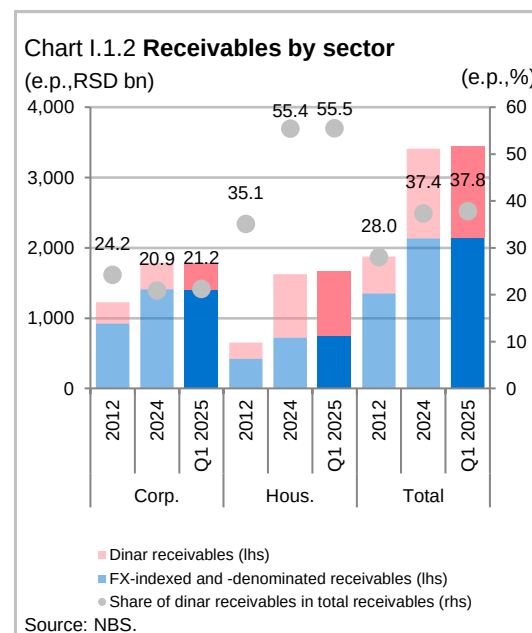
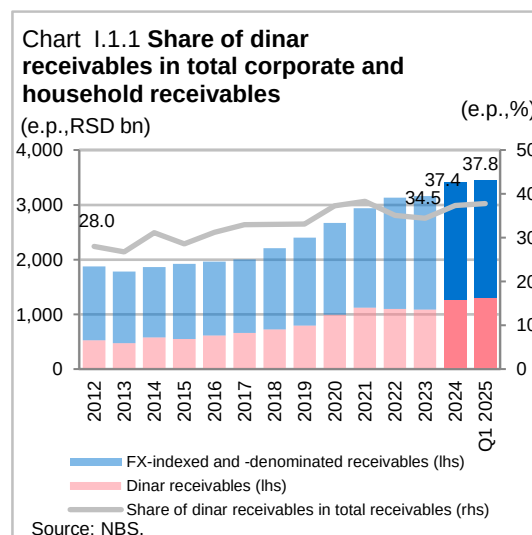
Excluding the exchange rate effect, the dinarisation of receivables at end-Q1 equalled 37.8%, which is an increase by 0.5 pp q-o-q and by 2.6 pp y-o-y.²

An increase in dinarisation was recorded both in the corporate and household sectors, driven by the rise in dinar receivables. FX household receivables also recorded growth, albeit to a lesser extent, while FX corporate receivables recorded a decline.

The dinarisation of corporate receivables edged up by 0.3 pp in Q1 2025 (3.4 pp y-o-y), reaching 21.2% at end-March. This indicator increased for the sixth quarter in a row. Higher dinarisation was supported by the decline in interest rates on dinar loans, reflecting the NBS's past monetary policy easing, as well as by measures obliging banks to reduce the capital amount when calculating capital adequacy if the share of new FX-indexed and FX loans approved to the non-financial and non-governmental sector³ after 1 July 2023, as well as debt securities in dinars with an FX clause or in foreign currency exceeds the specified threshold (71% in 2025, 64% in 2026, 57% in 2027, and 50% thereafter).⁴

The increase in dinarisation of corporate receivables in Q1 2025 resulted primarily from a decline in FX and FX-indexed receivables, while dinar receivables recorded moderate growth:

- **FX and FX-indexed corporate receivables** went down by RSD 12.9 bn. The decline is



² FX and FX-indexed receivables were adjusted according to the exchange rate as at 30 September 2024.

³ Non-financial and non-governmental sector include public non-financial sector, companies, entrepreneurs, foreign legal persons (except banks), private households with employed persons and registered agricultural producers, as well as other legal persons pursuant to the decision governing the collection, processing and submission of data on the balance and structure of accounts in the Chart of Accounts.

⁴ Decision on Capital Adequacy of Banks (RS Official Gazette, Nos 103/2016, 103/2018, 88/2019, 67/2020, 98/2020, 137/2020, 59/2021, 67/2022, 137/2022, 48/2023, 110/2023 and 41/2025).

associated with the repayment of long-term liquidity and working capital loans, previously approved mainly to small enterprises operating in the industry and trade sectors, with maturities ranging from one to five years. Other loan categories also decreased in the same period. The only exception were investment loans, whose growth was almost entirely driven by loans to micro enterprises with over-five years maturity.

- **Dinar corporate receivables were up mildly** (by RSD 4.0 bn). The strongest increase refers mainly to liquidity and working capital loans approved to large enterprises, and to a lesser extent, to small and medium enterprises in trade and energy sectors. On the other hand, corporate receivables in the transport sector recorded a more notable decline, which is partly associated with the repayment of dinar advances granted to the JP Pošta Srbije at end-2024 in a substantial amount to enable the payment of December 2024 pensions ahead of the New Year holidays.

The degree of dinarisation of household receivables edged up slightly in Q1 2025 – by 0.1 pp, staying at 55.5% throughout the quarter. In y-o-y terms, this increase was much more substantial (1.0 pp).

The slight increase in dinarisation of household receivables in Q1 resulted from the concurrent growth in both dinar and FX receivables amid a general decline in interest rates on dinar and FX-indexed loans, reflecting the NBS's and the ECB's past monetary policy easing. In addition to the decline in interest rates, the continuation of both dinar and FX lending was supported by the easing of banks' credit standards, wage and employment growth, as well as by the NBS's measures⁵, which, both prior to and following the entry into force of the new Law on the Protection of Financial Service Consumers⁶ in early March 2025, capped interest rates on housing, cash and consumer loans, as well as interest rates under credit card agreements and current account overdrafts.

In the currency structure of household receivables, Q1 recorded:

- **continued growth in dinar household receivables** (by RSD 24.7 bn) – the bulk of which (90%) relates to cash household loans, particularly in the segment of the longest maturities (over five years), while the stock of liquidity and working capital

Chart I.1.3 Share of dinar loans in new corporate and household loans
(RSD bn)

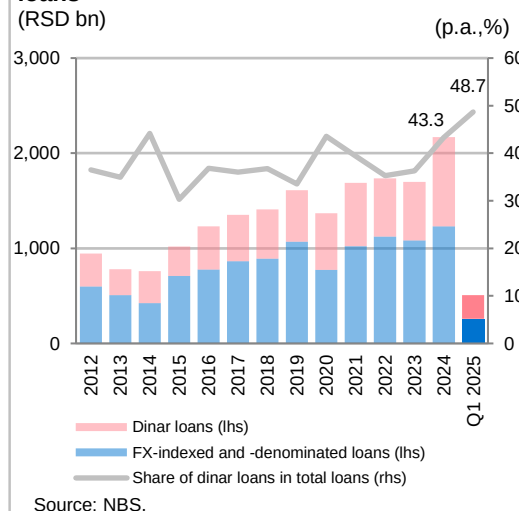
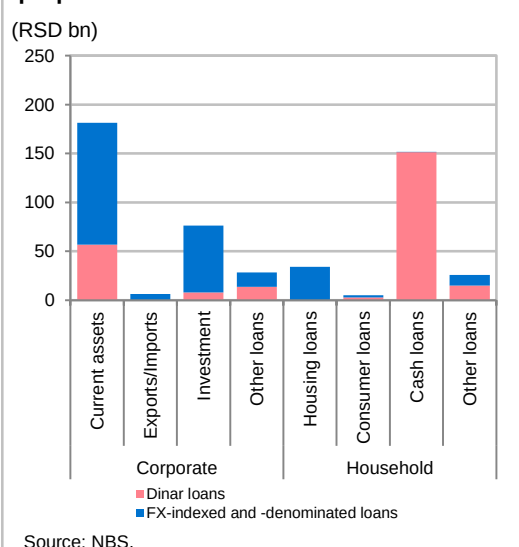


Chart I.1.4 New corporate and household loans in Q1 2025 - by purpose
(RSD bn)



⁵ Decision on Temporary Interest Rate Cap on Loan Agreements Concluded with Natural Person Consumers (RS Official Gazette, No 102/2024).

⁶ Law on the Protection of Financial Service Consumers (RS Official Gazette, No 19/2025).

loans approved to natural persons – entrepreneurs, as well as loans under transaction accounts recorded a much smaller increase;

- **a more moderate rise in FX and FX-indexed household receivables** (by RSD 18.0 bn) – as usual, the growth mainly (90%) stemmed from housing loans with maturities over five years, which have recorded continuous growth, month after month, since December 2023, in part owing to lower costs of borrowing.

New corporate and household loans

Indicators of dinarisation of new loans

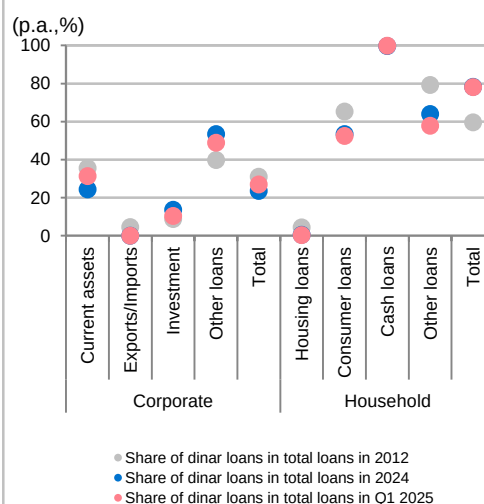
The degree of dinarisation of **total new corporate and household loans**⁷ in Q1 2025 rose considerably (by 5.6 pp) to 48.7%. This indicator is at its highest since Q3 2014 (the period when the Government implemented the programme for subsidising dinar corporate loans), i.e. this is its second highest level since data are available (Q4 2010). Relative to Q1 2024, this indicator edged up by 5.6 pp.

Sector-wise, the degree of dinarisation of new loans in Q1 increased in both the corporate and the household sector.

The dinarisation of new **corporate** loans increased by 2.1 pp (7.6 y-o-y) to a four-year high of 26.9%. This indicator rose in Q1 amid a notable decline in both dinar and FX lending, following their record high levels in the previous quarter:

- **New FX and FX-indexed corporate loans amounted to RSD 213.7 bn, down by over one third (34% or RSD 111.5 bn) compared to Q4 2024.** The decline was the most pronounced in investment loans, which, following the rise of 90% in Q4 2024, were almost halved in Q1 2025 (down by 48%, or RSD 64.2 bn), thus reaching a similar level as in Q3 2024 (RSD 68.5 bn). There was also a notable decline in liquidity and working capital loans (by RSD 45.9 bn, or 27%), which are characterised by a higher degree of dinarisation compared to other loan categories (31.4%).
- **Dinar corporate loans amounted to RSD 78.8 bn, down by 27% (or RSD 28.6 bn) from the quarter before.** The decline in dinar loans was more moderate compared to FX loans, and was recorded across all loan categories. The most pronounced decline was seen in new liquidity and working capital loans (by RSD 13.1 bn), which represent the dominant category of new

Chart I.1.5 Dinarisation of new corporate and household loans - by purpose



Source: NBS.

⁷ New loans (or deposits) include all new loan (deposit) agreements the terms of which were agreed for the first time during the reporting month, and all existing agreements for which new terms were renegotiated, with the active participation of the client.

dinar corporate loans (RSD 57.0 bn, or 72%). A marked decrease was also recorded for dinar investment loans (by RSD 9.9 bn), while other non-categorised loans decreased to a lesser extent (by RSD 5.7 bn).

The degree of dinarisation of new household loans upped by 1.6 pp to 78.1% (this indicator dipped by 1.8 pp y-o-y). In terms of the structure of new household loans in Q1:

- **Dinar loans decreased** by RSD 12.6 bn (around 7%) **following their record high level in Q4**. Cash loans recorded the sharpest fall (by RSD 6.7 bn), and remain the dominant category within dinar household loans (87%). These loans are typically approved in dinars (99.8%) with maturities longer than five years (77%). In addition to cash loans, all other categories of dinar household loans also contracted, albeit to a lesser extent.
- **New FX-indexed household loans recorded a sharp decline compared to dinar loans (by 15%, or RSD 8.4 bn)**. The decline almost fully referred to housing loans (by RSD 7.7 bn), which made up 69% of new FX-indexed household loans and are typically approved with an FX clause (99.7%).

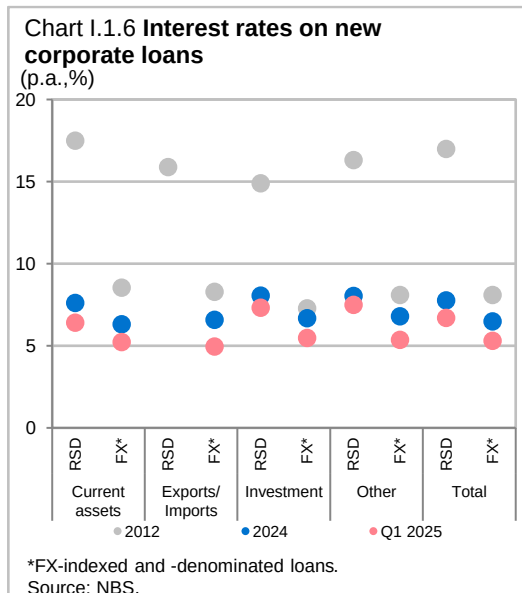
Interest rates on new loans

Under the impact of monetary policy easing by the NBS in 2024 and the ECB in 2024 and 2025, Q1 saw a further decline in interest rates on most corporate and household loans – in dinars and foreign currency.

In Q1, interest rates on dinar corporate and household loans on average declined by 0.3 pp, to 8.9%. In line with the continued monetary policy easing by the ECB in 2025, the decline in interest rates on FX and FX-indexed loans was somewhat more pronounced (by 0.6 pp), with interest rates lower at 5.3%. This trend resulted in an increase in the interest rate differential between dinar and FX loans in Q1 by 0.3 pp, to 3.6 pp.

Interest rates on corporate loans declined in Q1, both in dinars and in foreign currency:

- **Interest rates on new dinar corporate loans stood at 6.7% on average, down by 0.5 pp relative to Q4 2024**. A decrease was noted for working capital loans (by 0.9 pp, to 6.4%), and an increase for investment loans (by 0.3 pp, to 7.3%) and other non-categorised loans (by 0.1 pp, to 7.5%).

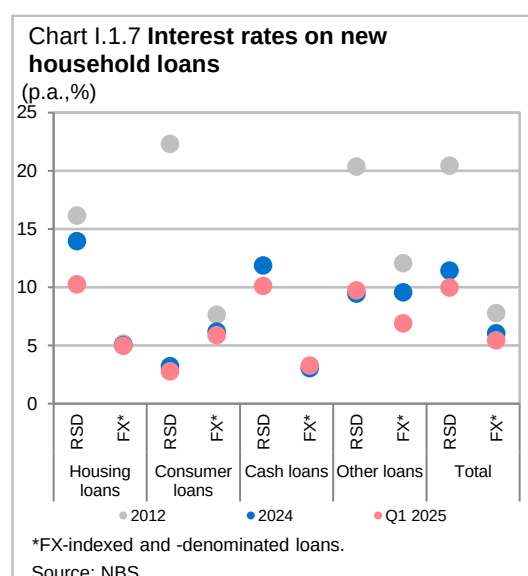


- **Interest rates on FX loans decreased slightly more than those on dinar loans, on average – by 0.6 pp, so that the weighted average interest rate measured 5.3%. The rate decrease was distributed across all loan categories –** most notably investment and other non-categorised loans (by 0.7 pp each, to 5.5% and 5.4%, respectively), import loans (by 0.6 pp, to 5.0%), and, to a lesser degree, working capital loans (by 0.5 pp, to 5.2%).

These trends resulted in a mild increase of the interest rate differential between dinar and FX corporate loans (by 0.1 pp to 1.4 pp), with the increase recorded in y-o-y terms as well (by 0.3 pp).

Interest rates on household loans, both dinar and FX, also dropped on average:

- **Interest rates on dinar household loans declined on average by 0.3 pp, to 10.0%.** The decline was recorded across all household loan categories, being the most marked in the (less common) category of dinar housing loans (by 0.7 pp, to 10.3%), followed by the dominant category of cash loans (by 0.6 pp, to 10.1%) and consumer loans (by 0.3 pp, to 2.8%). Interest rates rose only on other non-categorised loans (by 1.3 pp, to 9.7%);
- **Interest rates on FX household loans dropped to a somewhat greater extent (by 0.4 pp on average, to 5.4%).** In loan composition, interest rates declined on consumer loans and other non-categorised loans (by 0.2 pp and 2.2 pp, to 5.9% and 6.9%, respectively). Interest rates on the less common cash loans edged up (by 0.7 pp to 3.3%). Interest rates on housing loans trended below average and flatlined relative to the quarter before (5.0%), which is associated with the implementation of the Decision on Temporary Interest rate Cap on Loan Agreements Concluded with Natural Person Consumers.



2. Deposit dinarisation

The degree of dinarisation of corporate and household deposits, in terms of outstanding business, decreased in Q1 from the record high level (46.5%) in late 2024. It stood at 44.7% at end-March 2025. As for new deposits, this indicator also declined (by 2.2 pp, to 56.5%). These movements primarily reflected lower dinar deposits, which is typical at the start of the year, following seasonally higher deposits at end-2024.

In an environment of lower deposit interest rates, dinar savings slowed their growth, though still posting record high levels (RSD 193.4 bn). The decline in interest rates was somewhat more pronounced for dinar than for FX savings. Nevertheless, dinar savings are still more profitable than FX savings.

Corporate and household deposits

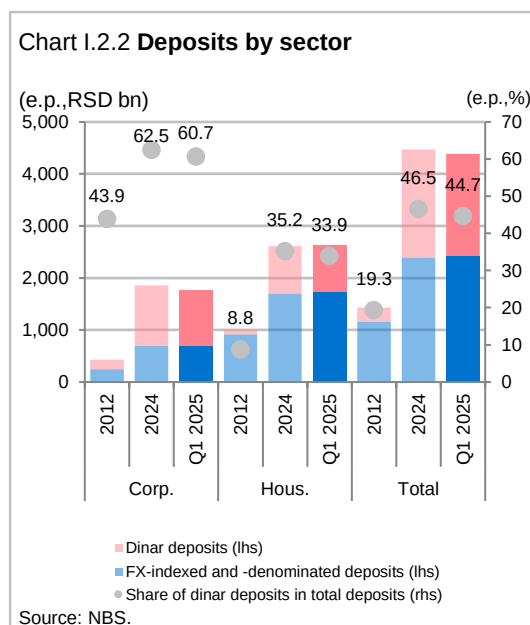
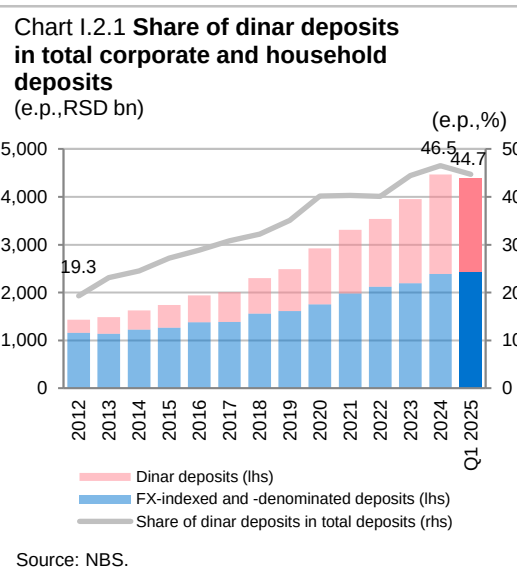
The share of dinar in total corporate and household deposits at end-Q1 2025 stood at 44.7% (44.8% excluding the exchange rate effect⁸). Compared to the previous quarter, this indicator dropped by 1.8 pp, while it increased by 1.3 pp y-o-y.

Lower deposit dinarisation in Q1 was recorded both in the corporate and household sectors, reflecting the decrease in dinar deposits of both sectors, following their record high quarterly growth in Q4 2024.⁹

The dinarisation of corporate deposits stood at 60.7% at end-Q1. This indicator fell by 1.8 pp from Q4 (0.6 pp y-o-y).

The decrease in this indicator in Q1 is a result of:

- a sharp fall in corporate dinar deposits (by RSD 88.8 bn), following a dynamic growth in the previous quarter affected by the seasonally typical higher government and household consumption. The decrease was particularly present in transaction deposits (by RSD 78.3 bn), and to a lesser degree, in savings term deposits. A reduction was recorded across companies operating in most sectors, and was more pronounced among companies in sectors that had recorded higher deposit growth in the previous quarter, such as trade, construction, and industry;
- FX corporate deposits recorded a much more moderate decrease (by RSD 3.6 bn, or EUR 40.2 mn). The fall in FX deposits was driven by lower deposits of companies operating in transport (which had recorded the highest growth in the previous quarter) and in trade, partially offset by higher



⁸ Calculated at the dinar exchange rate against the euro, US dollar, Swiss franc, pound sterling and the Japanese yen as at 30 September 2024, taking into account the currency structure of deposits.

⁹ Data are available as of July 2008.

deposits of companies operating in construction, real estate, and industry.

The dinarisation of household deposits decreased in Q1 to 33.9%, down from the record high 35.2% at end-Q4. In y-o-y terms, this indicator was higher (2.7 pp). **The decrease in this indicator in Q1 is a result of:**

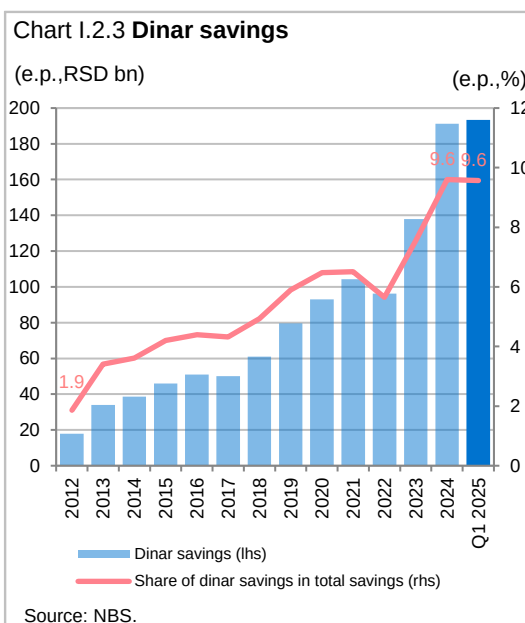
- **A fall in dinar household deposits (by RSD 32.5 bn), following the record high rise in the previous quarter,** typical at the end of the year (on account of payment of wages, bonuses and other earnings). The fall was even sharper in Q4, due to the increase in pensions which were paid to citizens' accounts earlier than usual (in the last days of December 2024, instead of early January 2025). **The decline in Q1 primarily refers to transaction deposits (by RSD 35.6 bn),** which was somewhat mitigated by a milder rise in savings and termed deposits of residents;
- **FX and FX-indexed household deposits continued up.**¹⁰ They grew by RSD 38.3 bn (i.e. EUR 302.4 mn) in Q1, thus reducing the dinarisation of deposits. In the composition of these deposits, up-to-one year deposits increased (by EUR 571.4 mn), while deposits with longer maturities decreased (by EUR 269.0 mn).

Dinar and FX savings

In Q1 2025, both dinar and FX household savings with banks continued to rise, reaching new record highs. The growth was more modest compared to the previous period, which was particularly pronounced in the case of dinar savings.

Dinar savings¹¹ rose in Q1 2025 by RSD 2.2 bn (1.2%), reaching a new record level of RSD 193.4 bn at end-March. This growth was significantly more moderate relative to Q4 – which is also typical for this period of the year, and was also more modest compared to the previous eight quarters, characterised by continuous and exceptionally dynamic growth in dinar savings.¹²

In the composition of dinar savings, in Q1, savings termed for up to six months increased, while savings with longer maturities declined. Demand savings recorded the most prominent growth (by RSD 4.2 bn), followed by those with three-to-six month maturity (by RSD 2.5 bn) and up-to-three month



¹⁰ Since Q2 2020.

¹¹ Dinar and FX savings include both residents' and non-residents' savings. Currency-indexed deposits are included in dinar savings.

¹² In the period from end-Q3 2022 until end-Q4 2024, dinar savings rose by RSD 103.0 bn (116.8%), with an average quarterly growth of RSD 11.4 bn (9.0%).

maturity (by RSD 1.0 bn). **Savings termed for over one year decreased (by RSD 4.7 bn)**, under the influence of the decline in savings termed for one to two years (by RSD 4.1 bn) and over two years. **A decline was also recorded in savings with six-to-twelve month maturity** (by RSD 0.7 bn), which still account for more than a half of total dinar savings (52.7%). **FX savings continued steadily up in Q1**. At end-Q1, FX savings stood at EUR 15,604.1 mn, up by EUR 213.6 mn (1.4%) q-o-q.

The growth in FX savings reflects an increase in savings deposits with maturities shorter than a year (by EUR 485.8 mn), with the highest increase recorded in demand savings (by EUR 244.9 mn), which account for nearly two-thirds of total FX savings. A substantial hike was seen also in savings with six-to-twelve month maturity (by EUR 183.8 mn), as well as those with three-to-six month maturity (by EUR 90.7 mn), while only savings with up-to-three month maturity declined (by EUR 33.6 mn). **FX savings with maturities over a year continued to decline** (by a total of EUR 272.1 mn), as did savings with maturities of one to two years and those with longer maturities.

Comparing the growth pace of dinar and FX savings, both categories increased at a similar rate (1.2% vs. 1.4%), so the share of dinar in total savings at end-Q1 stayed almost unchanged relative to the previous quarter, hovering around the record 9.6%.

New corporate and household deposits

Indicators of dinarisation of new deposits

The degree of dinarisation of **total new corporate and household** deposits in Q1 stood at 56.5%, down by 2.2 pp compared to the previous quarter.

Observed by sector, **dinarisation of new deposits decreased to a greater extent in the corporate sector and increased slightly in the household sector**, amid lower deposit terming across all deposit categories. This was particularly pronounced in dinar deposits, following record deposit inflows in the previous quarter.

The degree of dinarisation of new **corporate** deposits decreased in Q1 (by 4.1 pp, to 68.2%), owing to noticeably lower new dinar deposit levels (by 23.7%), following record high depositing in the previous quarter. The amount of new FX deposits in the same period edged down to a lesser extent (by 6.9%).

Dinarisation of new household deposits increased in Q1 (by 0.3 pp, to 25.9%), as a result of:

Chart I.2.4 Maturity structure of dinar savings (e.p.)

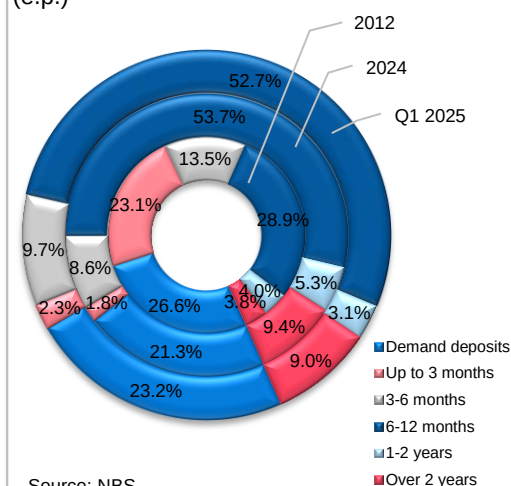


Chart I.2.5 Maturity structure of FX savings (e.p.)

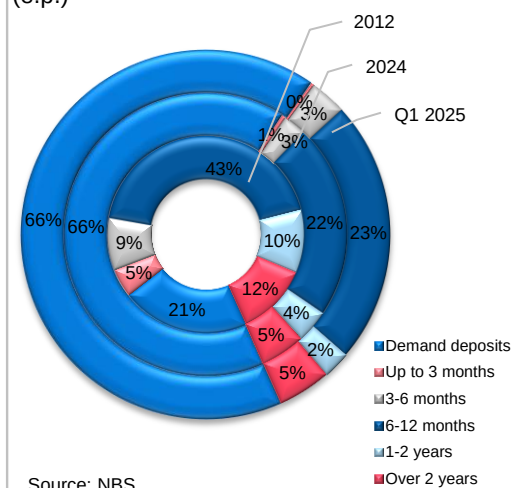
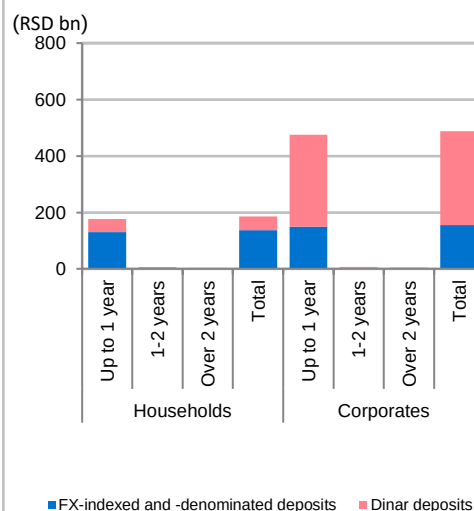


Chart I.2.6 New corporate and household deposits in Q1 2025 - by maturity



– **lower amount of new dinar household deposits (by 24.6%)**, after the record high depositing in the previous quarter;¹³

– **somewhat more pronounced decrease in new FX household deposits (by 25.5%)**, which is seasonally usual in Q1 – after stepped-up depositing in Q4 2024.

In y-o-y terms, the degree of dinarisation of new deposits in Q1 declined (by 3.6 pp), with households recording an increase (by 0.6 pp), and corporates – a decrease (by 5.4 pp).

Interest rates on new deposits

The weighted average interest rates on total time **corporate and household deposits in Q1 dropped** amid past monetary accommodation by the NBS and world leading central banks (primarily the ECB). The decline was recorded both in corporate and household deposits, in dinars and in foreign currency.

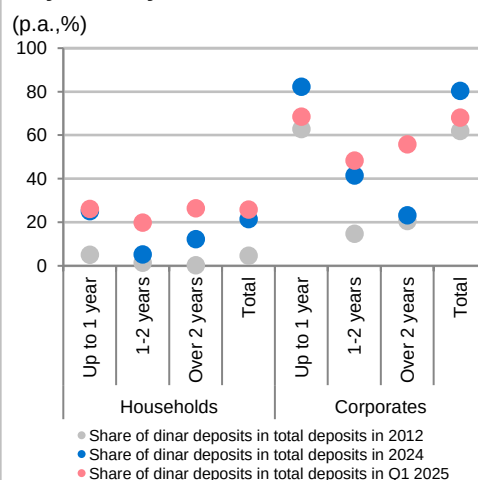
The decline in interest rates was on average slightly more pronounced in the **corporate** sector:

- **Interest rates on dinar corporate deposits decreased by 0.2 pp on average, to 4.1%**, driven by lower rates on deposits with up to one-year maturity (98% of new dinar deposits), which declined by 0.2 pp to 4.1%. Interest rates on dinar deposits with maturities of one to two years and deposits with longer maturities increased significantly (by 1.4 pp to 4.2% and by 1.0 pp to 2.4%, respectively).
- **The weighted average interest rate on corporate FX deposits also declined** (by 0.3 pp, to 2.3%). Interest rates on up to one-year deposits dropped by 0.3 pp, to 2.3% and on one to two years deposits by 0.8 pp, to 1.2%, while the weighted average interest rate on deposits with the maturity of over two years increased by 1.0 pp, to 1.2%.

Following an increase in the previous quarter, **interest rates on new household deposits decreased in Q1**. Interest rates on both dinar and FX deposits declined to a similar degree, thus the interest rates on dinar savings are still much more favourable:

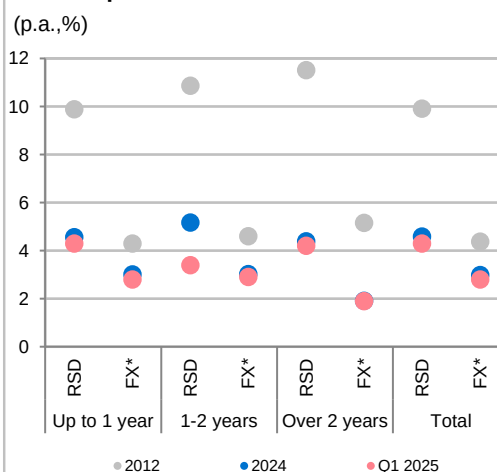
- **The average interest rate on new dinar deposits stood at 4.3%**, down by 0.3 pp relative to Q4 2024. In terms of deposit maturity, lower interest rates were recorded for deposits with the maturity of up to one year (by 0.3 pp, to 4.3%), which make up the bulk (95%) of new dinar household deposits.

Chart I.2.7 Dinarisation of new corporate and household deposits - by maturity



Source: NBS.

Chart I.2.8 Interest rates on new term deposits of households



*FX-indexed and -denominated deposits.

Source: NBS.

¹³ The data are available from Q4 2010.

Interest rates on deposits with the maturity of one to two years fell more sharply (by 1.7 pp, to 3.4%), while those on deposits with the maturity of over two years stayed unchanged (4.2%);

- **The average interest rate on FX household deposits declined by 0.2 pp, to 2.8%.** In the composition of deposit maturity, the decline (0.2 pp each) was recorded for deposits with the maturity of up to one year and one to two years (to 2.8% and 2.9%, respectively), while deposits with the maturity of over two years went up (by 0.2 pp, to 1.9%).

Dinar savings are more profitable

Owing to achieved and preserved macroeconomic and financial stability, household savings continued up in Q1 2025 as well. Both dinar and FX savings hit new record highs.

In Q1 2025, dinar savings rose by RSD 2.2 bn (1.2%), reaching RSD 193.4 bn at end-March.

Over the past 13 years, dinar savings increased more than nine times, while euro savings more than doubled – from EUR 7.7 bn to EUR 15.6 bn.

The results of the analysis show that for the past 13 years (from March 2012 until March 2025) it was more profitable to save in domestic currency, both for short- and long-term maturities. Dinar savings termed for a year (without the roll-over) turned out more profitable than euro savings in almost all observed annual subperiods (over 98%) (Chart I.2.9). Dinar savings termed for three months were more lucrative than in euros in almost 90% of the observed subperiods, and savings termed for two years – in all the observed subperiods. A person who deposited RSD 100,000 for one year, at the average interest rate of 4.66%, would receive in March 2025 over RSD 1,900 more than a depositor saving in euros the equivalent of RSD 100,000 in the same period, at the average interest rate of 3.24% (Table I.2.1).

Table I.2.1. Profitability of savings placed on deposit for a year

Type of savings	Date of deposit placement	Initial deposit	EURRSD exchange rate*	Interest rate (% p.a.)**	Maturity date	EURRSD exchange rate	Amount of deposit at the end of term	
							in RSD	in EUR***
Savings in RSD	Mar 2024	100,000	117.1912	4.66	Mar 2025	117.1713	104,660	893
Savings in EUR	Mar 2024	853	117.1912	3.24	Mar 2025	117.1713	102,737	877
Difference in favour of savings in RSD - deposit placed for a year							1,923	16
Difference in favour of savings in RSD - deposit placed for a 3M period							348	3
Difference in favour of savings in RSD - deposit placed for a 2Y period							4,877	42
Difference in favour of savings in RSD - deposit placed for a 13Y period, annual rollover							52,530	448

*monthly average exchange rate of the dinar against the euro.

**weighted average interest rate on RSD and EUR savings placed on deposit for a year - new business.

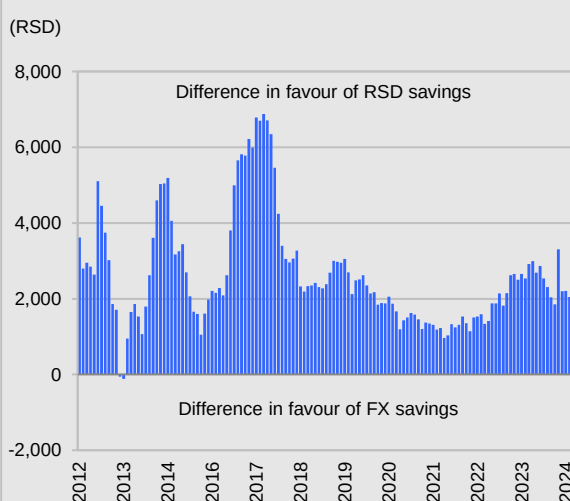
***for savings in euros, after tax on interest income.

A person who deposited RSD 100,000 for one year (in March 2012) and rolled it over in the period of 13 years would earn at the end of maturity (March 2025) close to RSD 52,500 (almost EUR 450) more than a depositor who saved in euros the equivalent of that amount over the same period.

Greater profitability of dinar savings resulted from higher interest rates on dinar compared to euro savings, more favourable tax treatment of interest income from dinar savings (not subject to tax) compared to euro savings, as well as the preserved macroeconomic and financial stability and achieved stability of the dinar exchange rate against the euro.

In line with the strategy of dinarisation of the financial system, the NBS promotes dinar savings, highlighting their higher profitability, and will continue to do so in the period ahead.

Chart I.2.9. Profitability of savings placed on deposit for a year



Note: The time axis refers to the date of placement of deposits.

Source: NBS.

3. Dinarisation of public debt

The degree of public debt dinarisation edged up by 0.7 pp in Q1 2025 to 22.5%. This was the result of an increase in the dinar component of public debt (by RSD 40.6 bn), on account of the sale of bonds in the domestic capital market, as well as a decrease in the FX component of public debt, calculated in dinars (by RSD 11.7 bn) – under the impact of a more pronounced weakening of the dollar in Q1.

Public debt and its composition

Public debt¹⁴ rose in Q1 – by RSD 28.9 bn to RSD 4,577.8 bn (44.3% of estimated GDP).¹⁵

The increase in public debt is primarily a consequence of the rise in its dinar component (by RSD 40.6 bn, to RSD 1,032.3 bn), based on the net sale of government securities in the domestic financial market, and to a lesser extent, the net disbursement of dinar loan tranches from domestic banks intended for financing infrastructure projects.

The FX component of public debt, expressed in most individual borrowing currencies, increased in Q1:

- Public debt in euros increased by EUR 106.1 mn, driven by net borrowing from foreign banks for the financing of road and utility infrastructure projects;
- Public debt in dollars increased by USD 27.2 mn, reflecting net borrowing from foreign development banks for the financing of road and railway infrastructure;
- Only debt in SDR decreased slightly (by SDR 3.7 mn) due to the repayment of a portion of debt to the IDA¹⁶.

However, expressed in dinar terms, the FX component of public debt decreased (by RSD 11.7 bn) **due to a more pronounced weakening of the dollar against the euro** (by around 4%) **and the dinar** (by 3.9%).

Under the impact of these movements, the share of the dinar component of public debt in total public debt edged up by 0.7 pp in Q1 (by 0.1 pp y-o-y), **measuring 22.5% at end-Q1**. In the composition of public debt, euro debt remains dominant (57.6%), with its share unchanged relative to the previous quarter, while the share of public debt in dollars decreased (by 0.6 pp to 13.3%), as did the share in SDR (by 0.2 pp to 6.2%).

Chart I.3.1 Share of dinar debt in total public debt

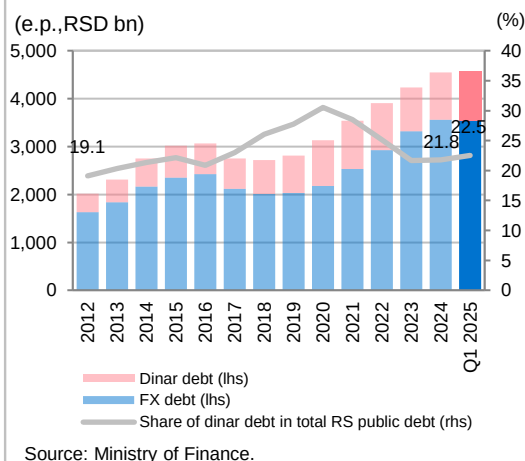
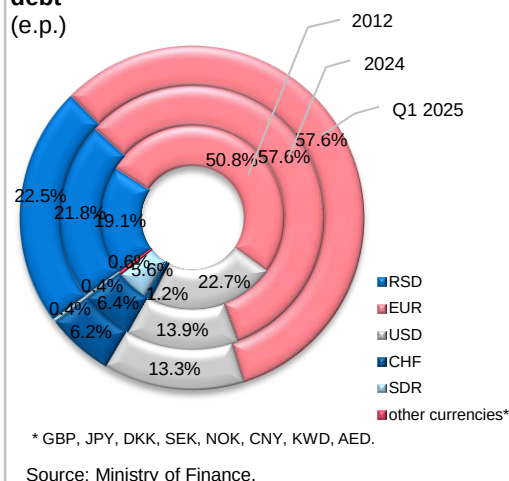


Chart I.3.2 Currency structure of RS public debt (e.p.)



¹⁴ Central government public debt.

¹⁵ Preliminary data of the Ministry of Finance – Public Debt Administration.

¹⁶ International Development Association.

Primary market of government securities

In the currency composition of the portfolio of government securities issued in the domestic financial market¹⁷, dinar securities continued to make up the dominant share (more than four-fifths of the portfolio or 81.9%). This share increased in Q1 (by 0.7 pp¹⁸) driven by:

- A notable increase in public debt based on government securities in dinars (by RSD 36.5 bn). Specifically, Q1 saw primary sale of new 10.5-year benchmark government securities, in the total amount of RSD 136.5 bn, and the maturing of 2-year government securities in the nominal amount of RSD 100.0 bn;
- The stock of public debt in respect of FX securities issued in the domestic market decreased slightly in this period (by EUR 12.1 mn). Observed by individual securities, public debt in Q1 increased in respect of euro bonds issued for the settlement of restitution claims, in the total amount of EUR 30.1 mn, mostly relating to 12-year securities. The same period also saw the maturing of euro securities with the initial maturities of two and five years (in the amounts of EUR 37.5 mn and EUR 4.6 mn, respectively), along with a smaller amount of 10-year savings bonds (around EUR 0.1 mn).

Secondary market of dinar government securities

Trading in the secondary market of dinar government securities amounted to RSD 94.1 bn in Q1, up by RSD 16.1 bn (21%) q-o-q.

New 10.5-year benchmark bonds issued in Q1 2025 accounted for nearly one third of secondary trading (31.0%, or RSD 29.1 bn). Trading in eight-year government securities maturing in 2031 was somewhat lower (RSD 28.7 bn, or 30.6%), with turnover decreasing relative to the previous quarter (by RSD 1.5 bn). Trading in bonds maturing in 2032 amounted to RSD 19.5 bn, significantly lower than in the previous quarter (by RSD 8.5 bn), but they still accounted for around one fifth of total secondary trading (20.7%). By contrast, 5.5-year bonds maturing in 2025, which were traded in the previous quarter in the amount of RSD 7.9 bn, were not traded in Q1.

Secondary trading in dinar government securities in the BSE was very modest in Q1, standing at RSD 1.6 bn, down by RSD 11.1 bn q-o-q or 1.7% of total trading in these securities. This share declined by 14.5 pp q-o-q.

Chart I.3.3 Maturity and currency structure of government securities issued in the domestic fin. market (end-quarter data)

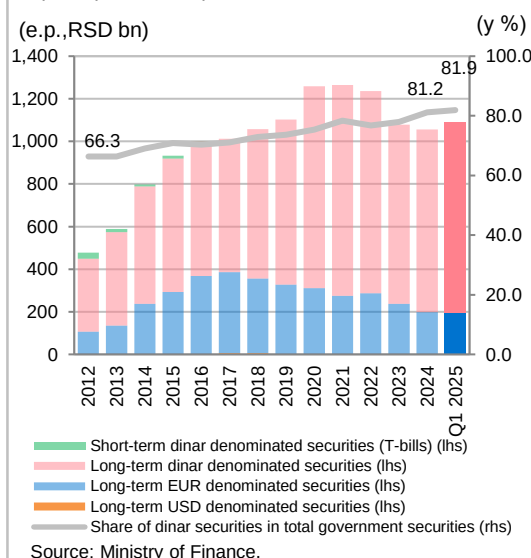


Chart I.3.4 Secondary trading in dinar government securities

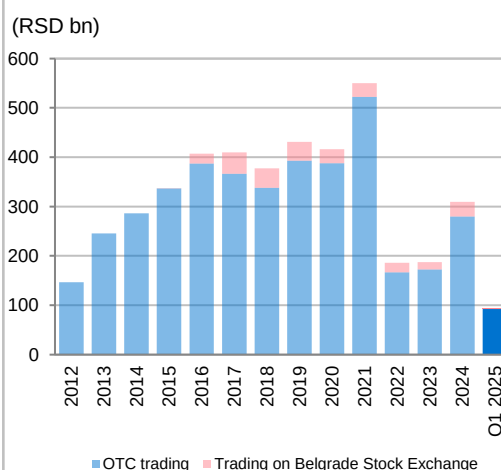
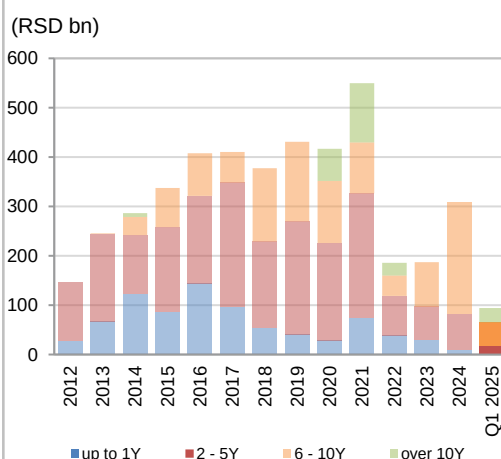


Chart I.3.5 Secondary trading in dinar government securities, by remaining maturity of securities



¹⁷ Including savings bonds and restitution bonds.

¹⁸ Y-o-y, this indicator rose by 3.3 pp.

III. FX hedging instruments

In Q1 2025, the NBS continued to conclude bilateral transactions of swap sale and purchase of foreign exchange (euros) with banks that proved to be an efficient tool for helping banks manage dinar and FX liquidity.

In Q1 2025, residents concluded forward FX purchases with banks worth EUR 60.2 mn, up by EUR 0.5 mn q-o-q, and forward FX sales worth EUR 18.9 mn, up by EUR 2.8 mn q-o-q.

1. NBS FX swap auctions

In Q1 2025, the NBS continued to conclude bilateral FX swap purchase/sale transactions with banks which proved to be an efficient tool for helping banks manage dinar and FX liquidity, considering the flexibility regarding the moment of conclusion of transactions and their maturity.

During Q1, the NBS swap bought and sold EUR 210 mn each, which is EUR 84 mn less q-o-q.

Table II.1.1. NBS swap transactions, quarterly data (EUR mln)

Period	Swap FX sale	Swap FX purchase
2012	171.0	188.0
2013	124.0	124.0
2014	180.0	180.0
2015	550.5	550.5
2016	440.0	440.0
2017	546.5	546.5
2018	324.0	324.0
2019	513.5	513.5
2020	800.5	956.0
2021	353.0	518.0
2022	680.6	993.6
2023	563.0	563.0
2024	1,257.0	1,257.0
2025	210.0	210.0
Q1	210.0	210.0

Note: Until the end of 2021, the data refer to swap auctions, and from the beginning of 2022 the data refer to swap auctions and bilateral swap transactions. From 2023, the data refer only to bilateral swap transactions.

Source: NBS.

Table II.1.2. NBS bilateral swap transactions in 2025, monthly data (EUR mln)

Month	Swap FX sale	Swap FX purchase
January	85.0	85.0
February	70.0	70.0
March	55.0	55.0
Q1 2025	210.0	210.0

Source: NBS.

2. FX hedging instruments

In Q1, the share of forward FX purchases in total FX purchases by residents from banks equalled 0.8% (0.8% in the quarter before) and was the highest in February – 1.5%. Nine domestic companies used the possibility of FX hedging by concluding this type of transactions with banks, totalling EUR 60.2 mn (EUR 59.7 mn in the quarter before). The weighted average maturity of forward FX purchases was 91 days, with the longest maturity of an individual forward FX transaction recorded in March – 141 days. The average value of forward FX purchase contracts of residents equalled EUR 0.8 mn.

Q1 saw forward FX sales by five residents in the total amount of EUR 18.9 mn (EUR 16.1 mn in the quarter before), and the weighted average maturity of transactions was 79 days. The longest maturity of individual forward transactions was recorded in March – 185 days. The average value of forward FX sale contracts of residents equalled EUR 0.7 mn.

In terms of the currency structure of forward FX purchases by residents from banks, the euro accounted for 92% and the US dollar for 8%.

As for the currency structure of forward FX sales by residents to banks, the euro accounted for 59% and the US dollar for 41%.

Table II.2.1. FX forward transactions between residents and banks, quarterly data

Period	Forward purchase by residents			Forward sale by residents		
	Amount in EUR mln	Weighted average maturity in days	% share in total purchase	Amount in EUR mln	Weighted average maturity in days	% share in total sale
2012	754.7	38	6.7	1.3	18	0.0
2013	533.8	24	5.0	1.4	39	0.0
2014	430.0	24	5.0	0.8	49	0.0
2015	531.0	16	4.8	1.5	77	0.0
2016	450.5	22	3.9	12.9	263	0.1
2017	388.8	37	3.0	17.1	349	0.2
2018	212.7	55	1.5	49.9	450	0.4
2019	108.9	72	0.7	63.4	349	0.4
2020	178.7	118	1.2	69.4	217	0.5
2021	146.8	116	0.8	40.6	246	0.2
2022	185.3	67	0.7	33.9	146	0.1
2023	285.7	51	1.2	42.2	98	0.2
2024	305.8	69	1.1	56.1	101	0.2
2025 Q1	60.2	91	0.8	18.9	79	0.3

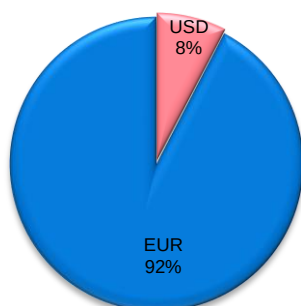
Source: NBS.

Table II.2.2. FX forward transactions between residents and banks in 2025, monthly data

Month	Forward purchase by residents			Forward sale by residents		
	Amount in EUR mln	Weighted average maturity in days	% share in total purchase	Amount in EUR mln	Weighted average maturity in days	% share in total sale
January	6.5	82	0.3	4.8	86	0.2
February	39.0	106	1.5	4.0	106	0.2
March	14.7	55	0.6	10.1	65	0.4
Total in Q1 2025	60.2	91	0.8	18.9	79	0.3

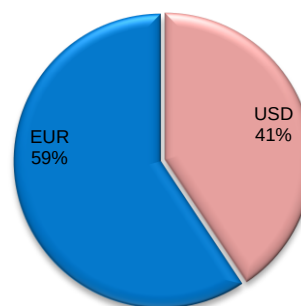
Source: NBS.

Chart II.2.1. Currency structure of FX forward purchase of residents from banks in Q1 2025



Source: NBS.

Chart II.2.2. Currency structure of FX forward sales of residents to banks in Q1 2025



Source: NBS.

Table A Indicators of dinarisation of receivables, loans and deposits
(%)

Period	Share of dinar in total receivables, outstanding amounts, e.p.			Share of dinar in total loans, new business, p.a.*			Share of dinar in total deposits, outstanding amounts, e.p.			Share of dinar in total deposits, new business, p.a.*		
	Corporates	Households	Total	Corporates	Households	Total	Corporates	Households	Total	Corporates	Households	Total
2008	33.8	22.2	29.2				50.3	12.5	27.6			
2009	26.2	22.1	24.7				52.5	10.9	25.6			
2010	32.2	27.6	30.5	41.8	51.1	43.5	45.0	8.5	19.8	51.4	2.7	25.0
2011	27.3	32.6	29.2	33.3	44.0	35.9	44.9	10.1	21.5	51.3	3.8	32.8
2012	24.2	35.1	28.0	31.0	59.6	36.5	43.9	8.8	19.3	62.0	4.6	38.1
2013	20.0	37.9	26.8	24.6	63.6	35.0	52.4	11.5	23.1	65.2	8.2	44.1
2014	25.0	41.0	31.2	33.2	71.7	44.2	53.6	12.3	24.5	67.6	12.3	46.5
2015	19.4	42.8	28.6	16.8	67.8	30.3	55.6	13.9	27.2	69.1	16.0	52.8
2016	19.4	47.0	31.2	21.5	74.1	36.8	54.0	15.8	28.8	69.3	20.1	56.6
2017	17.5	51.8	33.0	19.3	71.0	36.0	56.5	16.9	30.8	75.6	22.7	64.3
2018	15.4	53.6	33.0	18.3	73.1	36.8	53.1	19.2	32.2	81.1	20.3	66.7
2019	14.0	55.4	33.1	16.9	66.9	33.5	58.3	22.1	35.1	74.9	25.0	63.9
2020	21.0	55.9	37.3	31.5	69.8	43.6	61.3	26.8	40.1	81.3	26.6	70.1
2021	24.0	54.6	38.3	25.5	67.9	39.4	59.4	28.3	40.3	81.1	30.4	71.0
2022	19.4	53.1	35.1	20.3	68.2	35.3	58.3	27.6	40.1	80.3	21.4	68.6
2023	17.3	54.1	34.5	18.3	75.4	36.3	62.7	31.4	44.4	73.6	21.8	60.7
2024	20.9	55.4	37.4	23.6	78.2	43.3	62.5	35.2	46.5	72.4	25.7	60.7
Q1 2025	21.2	55.5	37.8	26.9	78.1	48.7	60.7	33.9	44.7	68.2	25.9	56.5

* Indicators are calculated based on data on the amount of new loans and deposits during the period.

For the year 2010, indicators relate to the period September-December.

Source: NBS.

Table B Currency structure of household savings and public debt

Period*	Household savings				Public debt (central government)			
	Dinar savings (RSD mn)	FX savings (EUR mn)	Total savings (RSD mn)	Share of dinar savings in total savings (%)	Public debt in RSD (RSD bn)	Public debt in foreign currency (RSD bn)	Total public debt (RSD bn)	Share of RSD public debt in total public debt (%)
2008	10,575.0	4,679.1	425,145.0	2.5	19.9	758.1	778.0	2.6
2009	12,400.0	5,904.5	578,577.0	2.1	120.6	823.8	944.4	12.8
2010	13,848.7	7,105.8	763,495.8	1.8	187.1	1,095.4	1,282.5	14.6
2011	19,664.1	7,611.2	816,110.9	2.4	248.9	1,298.6	1,547.5	16.1
2012	17,882.9	8,272.3	958,597.0	1.9	385.4	1,629.3	2,014.8	19.1
2013	34,015.4	8,418.5	999,125.2	3.4	469.1	1,840.0	2,309.0	20.3
2014	38,615.1	8,524.6	1,069,732.9	3.6	588.6	2,164.6	2,753.2	21.4
2015	45,968.2	8,628.6	1,095,435.6	4.2	668.9	2,349.7	3,018.6	22.2
2016	51,063.9	8,987.3	1,160,744.3	4.4	639.8	2,424.8	3,064.6	20.9
2017	50,152.0	9,373.2	1,160,614.5	4.3	632.5	2,117.2	2,749.7	23.0
2018	61,079.9	9,955.1	1,237,720.8	4.9	708.4	2,011.8	2,720.2	26.0
2019	79,573.6	10,804.3	1,350,075.9	5.9	781.3	2,034.4	2,815.6	27.7
2020	93,057.4	11,435.8	1,437,685.6	6.5	958.0	2,177.8	3,135.8	30.5
2021	104,184.7	12,736.2	1,601,732.8	6.5	1,010.2	2,533.1	3,543.2	28.5
2022	96,287.5	13,715.0	1,705,363.3	5.6	983.5	2,926.4	3,909.9	25.2
2023	137,899.3	14,416.1	1,827,087.5	7.5	917.8	3,318.3	4,236.1	21.7
2024	191,160.7	15,390.4	1,992,072.1	9.6	991.7	3,557.2	4,548.9	21.8
Q1 2025	193,398.8	15,604.1	2,022,362.8	9.6	1,032.3	3,545.5	4,577.8	22.5

* Indicators show data at end-period.

Sources: NBS, Ministry of Finance.

Table C Overview of measures and activities contributing to dinarisation increase (1/2)

Period of adoption of measure/implementation of activity	Description of measure/activity	Expected effects
June 2005	RR differentiation rate on dinar and FX sources of bank financing.	Stimulating banks to use dinar sources of financing more
May 2011	LTV limit for FX-indexed mortgage loans of 80%, with no such limit prescribed for dinar loans. In December 2017 this limit was loosened to 90% in cases when the loan is approved as a measure of government support to certain categories of natural persons, and in June Prescribed minimum mandatory downpayment/deposit for FX and FX-indexed loans to natural persons (except mortgage loans) of 30%.	Ensuring preferential treatment of dinar lending to households
Since May 2011	Limiting the ratio of net open FX position to capital at 20%, as of 2011 (increased from 10%, with a view to encouraging credit activity).	Ensuring preferential treatment of dinar lending to households
June 2011	First-degree liquid receivables include also 90% of fair value of dinar RS securities with minimum maturity of 3 months. This does not apply to FX securities.	Limiting the amount of FX and FX-indexed loans relative to FX sources of funding
December 2011	Prescribed requirement for banks to inform clients in writing, prior to signing an agreement, of the risks they assume if they opt for an FX-denominated or FX-indexed service. Also, the offered agreement must contain the information on the currency in which the service is Prescribed requirement for advertising of credit and deposit services and leasing operations: when the advertising message contains numerical data, the currency in which the service is denominated must be stated in a representative example.	Capital market development, incentivising banks to rely more on dinar sources of financing
	Prescribed requirement for banks and lessors to offer financial services in dinars, unless the consumer requires otherwise.	Promoting hedging against FX risk for financial service consumers
April 2012	The NBS and the Republic of Serbia Government signed the Memorandum on the Strategy of Dinarisation of the Serbian Financial System.	Defining objectives, measures and activities that the NBS and the Republic of Serbia will implement in order to strengthen confidence in the national currency and its use in the financial system
May 2012	Societe Generale Banka Srbija a.d. Beograd issued the first dinar bond in the domestic market, without a currency clause, with three year maturity.	Capital market development
September 2012	By the adoption of the Law Amending the Law on Personal Income Tax, the tax on interest on FX savings was increased from 10% to 15%.	Given that interest income on dinar savings is exempted from the personal income tax, this measure is an incentive to households to give preference to saving in domestic currency over FX saving
April 2013	The NBS included dinar securities without an FX-clause issued by IFOs with the top credit rating in the portfolio of securities used by the NBS in open market operations and on the list of eligible collateral in approval of NBS's daily liquidity facilities and short-term loans against the pledge of securities.	Capital market development, through incentive to banks to hold in their portfolios dinar securities issued by the IFOs for the purpose of loan financing
November 2013	The NBS adopted the Decision on Terms and Conditions of Performing Foreign Credit Transactions in Dinars, which provides for more favourable conditions under which international financial institutions and development banks or financial institutions founded by a foreign state (IFO) may approve dinar loans to domestic banks, legal persons and entrepreneurs, as well as conditions and manner in which domestic banks may approve dinar loans to non-residents.	Increasing credit activity of domestic banks in dinars
May 2014	The Republic of Serbia Government adopted the programme for subsidising dinar loans to corporates.	Increasing loan dinarisation - of a temporary nature
October 2014	A first-time issue of a 10-year dinar bond by the government.	Financial market development and building a yield curve for longer maturities – enabling banks to price long-term dinar loans
November 2015	Long-term government securities admitted to the prime listing of the Belgrade Stock Exchange.	Boosting liquidity and developing secondary market of government securities
January 2016	RR rate on the portion of FX base comprised of dinar liabilities indexed to an FX-clause was increased to 100% from 50% which had been applied since June 2012.	Disincentive for use of FX-indexed dinar deposits
February 2016	A first-time larger-size issue of benchmark dinar bond by the government, with a view to reopening the issue and selling the bond several times a year.	Boosting liquidity and developing secondary market of dinar government securities
October 2016	Domestic banks started to offer non-FX indexed housing loans in dinars, at relatively favourable terms (rates below 5%) and with a long repayment term (up to 30 years).	Rise in long-term household lending in dinars
December 2016	The domestic financial market saw the first issuance of a dinar bond by an international financial institution – EBRD. The nominal size of the issue was RSD 2.5 bn.	Financial market development

Table C Overview of measures and activities contributing to dinarisation increase (2/2)

Period of adoption of measure/implementation of activity	Description of measure/activity	Expected effects
June 2017	The first trading in EBRD-issued dinar bonds in the Belgrade Stock Exchange (in the amount of RSD 60 mn). A part of EBRD proceeds from the issue of dinar bonds in the domestic market was onlent to corporates through domestic banks. The loans were mainly used for financing of agriculture and refinancing. The NBS set the systemic risk buffer rate at 3% of total FX and FX-indexed receivables of a bank approved to corporates and households in the Republic of Serbia, for banks whose share of FX and FX-indexed in total corporate and household receivables exceeds 10%.	Secondary financial market development
		Increasing the dinarisation of corporate loans
		Limiting the risk of euroisation, one of the key structural non-cyclical systemic risks to the stability of the financial system of the Republic of Serbia.
December 2017	The Government issued a new type of bond in the domestic financial market – saving bond.	Development of the financial market by promoting alternative form of savings and facilitating access to the government securities market for the general public
Since April 2018 (the last change), as well as before	Differentiated RR remuneration rate: 1.25% on dinar RR, no remuneration on FX RR.	Stimulating banks to rely more on dinar sources of funding
June 2018	The Law on Financial Collateral was adopted.	Achievement and improvement of the legal certainty and efficiency relating to the performance of obligations in the financial market (regulating financial collateral arrangements as well as procedures for enforcement of the collateral), as preconditions for further development of the financial market.
December 2018	The NBS and the Republic of Serbia Government signed the new Memorandum on the Strategy of Dinarisation of the Serbian Financial System. Amendments to the Law on Public Debt introduced the institute of primary dealer and envisaged the possibility of using financial derivatives for the purposes of public debt management.	Reviewed the results of measures and activities taken so far and, starting from them, agreed on additional measures and activities aimed at further increase in dinarisation and curbing of the FX risk in the system
		Increasing liquidity and developing the domestic financial market.
December 2019	Amendments to the Decision on Capital Adequacy of Banks envisage lower capital requirements for banks to cover risks arising from dinar receivables to micro enterprises, small and medium-sized enterprises, entrepreneurs and farmers. Also, capital reduction is envisaged for banks whose share of new FX and FX-indexed loans approved to corporates, entrepreneurs and farmers for specific purposes has exceeded the defined level. Amendments to the Law on Public Debt enable foreign legal persons (e.g. Euroclear) to clear and settle transactions related to the purchase and sale of government securities in the domestic capital market.	Incentivising banks to increase dinar lending.
		Facilitating foreign investor access to the domestic market of government securities, increasing efficiency and broadening the financial investor base on that market.
February 2020	Amendments to the Law on the Capital Market harmonise the provisions of that Law with the Law on Public Debt, in terms of the possibility for foreign legal persons (e.g. Euroclear) to clear and settle transactions related to the purchase and sale of financial instruments in the domestic capital market. On 18 February 2020, Serbia issued its first 12Y government bond, at a coupon rate of 4.50%. Thus, the yield curve of longer maturities was extended, enabling banks to form the price of long-term dinar loans.	Facilitating foreign investor access to the domestic capital market, increasing efficiency of the domestic financial market and broadening the financial investor base.
		Development of the financial market.
May 2020	The NBS introduced bonds issued by the domestic companies with a certain credit rating (determined by the Business Registers Agency) in the portfolio of securities traded in the NBS open market, and in the list of acceptable collateral when approving NBS loans for daily liquidity and short-term loans based on the securities pledge.	Capital market development, through incentive to banks to hold in their portfolios dinar corporate bonds.
July 2020	Amendments to the decision on interest rates, which the NBS applies in its monetary policy conduct, envisage that banks which approve dinar loans to clients under the guarantee scheme at rates at least 50 bp lower than the maximum (one-month BELIBOR + 2.5 pp) are entitled to the remuneration rate for dinar reserve requirements from the NBS (which currently stands at 10 bp) increased by 50 bp, on the amount equal to the amount of those loans approved under more favourable terms, and which do not exceed the amount of calculated dinar reserve requirements.	Encouraging dinar lending.
June 2021	Dinar bonds of the Republic of Serbia are included in renowned indices of J.P. Morgan investment bank.	Boosting liquidity and development of the domestic capital market.
October 2021	Clearstream included Serbian capital market in its global network.	Direct settlement of securities issued in RSD is enabled for foreign investors, which should have a positive effect on the domestic capital market liquidity and development of this market in the coming period.

Methodological notes

- Dinarisation indicators, for each category, represent the share of dinar component in the total amount of that category.
- Receivables include dinar and FX loans (including FX-indexed ones), advances, securities, corporate shares and receivables from interest and fees. Dinar receivables are receivables extended in dinars without an FX-clause. An FX-clause is a currency clause as defined by the Law on Foreign Exchange Operations and any other clause stipulating hedge against the risk of dinar exchange rate volatility.
- The corporate sector (enterprises) comprises public enterprises and companies. Public enterprises are enterprises founded by the state, performing activities in the general (public) interest. Companies also include bank clients in the area of health and education not financed from the budget (private clinics, hospitals, schools and other institutions charging fees for their services based on production costs).
- The household sector comprises domestic natural persons, foreign natural persons – residents, private households with employed persons, registered farmers and entrepreneurs, and non-profit institutions serving households (NPISH).
- Receivables are expressed by the gross principle, i.e. not reduced by allowances for impairment. When excluding the exchange rate effects, the exchange rate of the dinar against the euro, the US dollar, Swiss franc, UK pound sterling and Japanese yen is taken into account.
- The new loans category does not include refinancing loans at interest rates significantly below the market rates, or revolving loans, current account overdrafts and credit card loans.
- The new deposits category includes term deposits and notice deposits while it does not include overnight deposits.
- Deposits include dinar and FX (including FX-indexed) deposits.
- Household savings include savings of residents and savings of non-residents.
- Public debt of the Republic of Serbia refers to the debt of the central level of government.
- Trading in the secondary market of dinar government securities is observed as at the date of settlement of the securities.

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