

Central Bank Independence in Serbia - Conduct in Practice

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1. A *de facto* problem

Serbia's central bank is independent on paper, and the European Commission treats it as broadly compliant. Some regulatory guarantees could be strengthened, but the problem with NBS independence does not lie there; it lies in implementation. Over the past decade and a half, National Bank policy has too often followed the government's lead – and on occasion likely served particular private interests – rather than checked them. The latter includes a likely breach of fundamental privacy protection ethics.

Monetary policy in the narrow sense is independent, anchored to Serbia's IMF programme. The difficulty lies in personal and institutional independence, in the conduct of the supervisory function, and in the pattern of policy over time. This carries structural costs. The tight monetary framework maintained while accommodating key populist fiscal policy priorities damages Serbia's competitiveness over the long term, and this damage can only be expected to worsen. Also, apparent breaches of privacy tenets undermine the trust that is essential for the adequate operation of a private market economy. Three threads run through the record: the Bank has repeatedly eased policy in step with the government's needs, often though not only around elections; it has directed that easing toward household and housing credit while leaving business and SME credit largely untouched; it has bolstered its power to conduct unaccountable surveillance over confidential individual data; and in supervision it has approved decisions difficult to reconcile with rigorous source-of-funds and fit-and-proper checks, on occasion to the apparent benefit of particular private interests.

2. Personal independence

The Governor came to the Bank from the leadership of the governing party in 2012 and, unlike her predecessors, has made no attempt in conduct or in word to hold it apart from the government; her tenure has been one of open coordination.

As is well-known, the current Governor, Jorgovanka Tabaković, came to the Bank in 2012 from the leadership of the governing Serbian Progressive Party — a member of its Presidency and Executive Board — after the newly elected majority changed the law to bring the Bank's leadership under its control and the sitting Governor, Dejan Šoškić, resigned over it¹. A party background need not by itself shape conduct in office. What has shaped this tenure is the Governor's choice not to establish the distance from the government that her predecessors maintained: before 2012 open disagreement between the Bank and the government was not unusual, but since then the relationship has been one of tight coordination².

Among her first steps in office was a sharp *de facto* centralisation of decision-making within the Bank. Staff turnover after her appointment was heavy, particularly among expert personnel.

The Bank's own language matches its conduct. The Governor describes monetary and fiscal outcomes as the coordinated policies of the Government and the National Bank, carried out under the President's

¹ Governor Jorgovanka Tabaković's biography, National Bank of Serbia, and *Otvoreni parlament* profile (member of the SNS Presidency and Executive Board; MP; elected Governor by the National Assembly, 6 August 2012). The law change: Law on Amendments to the Law on the NBS, Official Gazette RS 76/2012 (August 2012). [Governor Dejan Šoškić's resignation, 2 August 2012 \(Balkan Insight; Vreme\)](#).

² [On "full coordination with the Government and the Ministry of Finance," and the earlier norm of open NBS–government disagreement: Danas, 31 July 2024.](#)

vision³, and has presented particular NBS measures as taken on the President's initiative⁴. The President, in turn, speaks of the Bank in the register of instruction: in mid-2025 he stated that lending rates would have to come down⁵, and the Bank set about delivering them. In reporting and in public perception, the relationship is widely treated as one of settled coordination.

3. Functional independence

On monetary policy in the narrow sense the National Bank has acted competently: it runs an inflation-targeting regime anchored to Serbia's IMF programme, and its stance has been credited with returning inflation to target.

The European Commission records that monetary policy "remained relatively tight, which helped inflation return to the target band," and the IMF treats the framework as anchored to its programme⁶⁷. This is the one dimension of independence that largely holds. What follows concerns the others. However, even in the case of monetary policy we document accommodations to political interests of which the most egregious is the use of informal pressure on banks to reduce lending rates, while maintaining the reference rate unchanged. This is a notable example of the essentially parallel political management of the economy that we speak of in other documents.⁸

4. Institutional independence

Measured against the Fiscal Council, whose own independence is not in question, the National Bank has unduly accommodated the government's political interests, most visibly around Serbia's frequent elections.

Against this background of broadly appropriate monetary policy, we undertook a systematic reading of the NBS's policy and public-communication record from 2020, testing the view that the Governor's political ties limit the Bank's institutional independence. The Fiscal Council serves as the independent benchmark, and the comparison reveals a systematic discrepancy.

Across the electoral cycles of this period, and through the crisis-laden months since the student protests began in late 2024, the Fiscal Council cautioned against the government's populist policies while the Bank stayed silent or moved to accommodate. Against that pattern, we are aware of only one occasion on which the Governor publicly voiced disagreement with government policy: the 2020 privatisation of the country's largest state-owned bank, Komercijalna banka, which she opposed, favouring a continued state role⁹. The case rests on three strands: the accommodation of fiscal loosening around the electoral

³ [NBS statement marking 14 years of Governor Tabaković, 6 August 2026 — results described as “the coordinated policies of the Government and the National Bank of Serbia, with the clear vision and policies of the President of the Republic of Serbia” \(Danas; Tanjug; Beta; 021, 6 August 2026\); earlier instance, on the S&P investment-grade upgrade, “with the vision and wise policies and decisions of President Aleksandar Vučić” \(Danas, 5 October 2024\)](#)

⁴ [Governor on acting “on the initiative of the President”: Tanjug/NBS, August 2025.](#)

⁵ [President's statement that lending rates must come down: RTS/RTV, 24 August 2025.](#)

⁶ European Commission, Serbia 2025 Report, SWD (2025) 755 final, 4 November 2025 (Chapter 24, page 9);

⁷ IMF, Serbia – Article IV Consultation and Policy Coordination Instrument review, 30 June 2025

⁸ CEVES 2025, Flagship Report – <http://serbia2EU.rs>

⁹ [Komercijalna banka privatisation, 2020: the state's ~83.23% stake sold to NLB for ≈ €387 million \(“Komercijalna banka prodana za 387 miliona evra,” N1, 26 February 2020\). Governor Tabaković publicly opposed the sale, favouring continued state ownership, while the IMF \(assessing privatisation a key element of](#)

calendar; a policy mix that distributed credit space unevenly between households and SMEs; and the Bank's use of its own balance sheet to support named state enterprises.

4.1 Accommodation over the electoral cycle

In each recent electoral episode the government loosened fiscal policy, the Fiscal Council cautioned on the record, and the National Bank either stayed silent on the demand and inflation implications or moved to facilitate.

- Around the June 2020 election, the government paid a universal €100 to every adult – a measure the Fiscal Council called its biggest and most irreversible error¹⁰. As all other central banks during COVID, the NBS eased as well, but without questioning the demand or inflation implications of a completely non-selective, electorally timed handout.
- Ahead of the December 2023 snap election, a September supplementary budget added roughly €205 million for pensioners, farmers and the young, which the Council called economically questionable and socially unjustified¹¹; in the same month the NBS capped mortgage rates by decree¹², voicing no reservation about the fiscal package.
- Through 2024–2026, a one-percent-down-payment youth housing scheme, enabled by the NBS's own regulation (the framework for the scheme was adopted in December 2024¹³, and finally launched in March 2025¹⁴), arrived as the government faced its sharpest political pressure in a decade – the pressure being put by youth, while renewed rate caps (from 4.48%–4.54% in 2024 to roughly 4.9%–5.1% from January 2025¹⁵) extended the household relief. On the August 2026 rebalance the divergence became explicit: the Fiscal Council warned the added stimulus may intensify inflationary pressures with growth near potential, while the NBS repeated that wage-driven demand would generate no major inflationary pressures¹⁶.

[financial-sector reform\) and the Fiscal Council supported it \(RTV, “Slovenačka NLB banka kupuje Komercijalnu banku.” 2020: Danas, 19 February 2020\).](#)

¹⁰ Fiscal Council of the Republic of Serbia, statement on the universal €100 payment (“biggest and most irreversible error”), ОЦЕНА ПРЕДЛОГА РЕБАЛАНСА БУЏЕТА ЗА 2020. И ПРЕПОРУКЕ ЗА ФИСКАЛНУ ПОЛИТИКУ У 2021. ГОДИНИ, page 4, 2020.

¹¹ Fiscal Council on the September 2023 supplementary budget (“economically questionable and socially unjustified”): Fiscal Council opinion, page 3, 2023 (fiskalnisaвет.rs — ОЦЕНА ПРЕДЛОГА РЕБАЛАНСА БУЏЕТА РЕПУБЛИКЕ ЗА 2023. ГОДИНУ).

¹² NBS Executive Board, temporary cap on housing-loan rates, September 2023 (press release id=19203).

¹³ [Usvojeni propisi iz nadležnosti Narodne banke Srbije kojima će se omogućiti sprovođenje državnog programa stambenih kredita za mlade, nbs.rs, 23 December 2024](#)

¹⁴ [Narodna banka Srbije usvojila još jedan podzakonski akt radi realizacije državnog programa podrške mladima u kupovini prvog stana, nbs.rs, 14 March 2025](#)

¹⁵ https://www.nbs.rs/sr_RS/scripts/pretraga/index.html?q=sbms17

¹⁶ Fiscal Council on the August 2026 budget rebalance (“may intensify inflationary pressures”; growth near potential), ОЦЕНА ПРЕДЛОГА РЕБАЛАНСА БУЏЕТА РЕПУБЛИКЕ СРБИЈЕ ЗА 2026. ГОДИНУ, page 3, 2026: Fiscal Council assessment, August 2026 (bif.rs; Danas; Forbes Srbija). NBS “no major inflationary pressures”: NBS Inflation Reports, November 2025 (page 5), February 2026 (page 11) and May 2026 (page 4) (nbs.rs).

4.2 The direction of credit: households against business

Even while it held the policy rate restrictive for disinflation, the Bank reached repeatedly for measures – rate caps, a near-zero-down youth mortgage framework, and direct pressure on banks – that eased and, in the case of housing, actively encouraged household borrowing.

With the overall stance held tight, the space given to households was paid for by leaving business credit commensurately tighter. And because Serbian regulation permits direct borrowing abroad, large firms – foreign-owned ones in particular – draw on foreign credit, so the brunt of the tightening falls on SMEs.

The NBS capped housing-loan rates by decree in September 2023, weeks before a widely anticipated snap election, and renewed the caps in December 2024, during the student protests, while also capping rates on cash and consumer loans¹⁷. It built the regulatory framework for the youth housing scheme, allowing first-home buyers aged 20–35 to borrow with a one-percent down payment¹⁸. In August 2025 it pressed banks to cut household lending rates further¹⁹ for household with earnings up to a cap. Average lending rates declined immediately in the period following the NBS order, by respectively 0,06 p.p. and 0,04 p.p. for households v. Businesses. Subsequently, they continued to decline for HH, but increased for business, to a cumulative decline/increase of 0,84 p.p. and 0,13 p.p. respectively by July 2026. Over the same period, banks tightened standards on long-term corporate loans.

Household credit is politically rewarding, but it pushes up prices and, with them, the real exchange rate, while the tighter stance toward SMEs chokes off the supply response that might have dampened the price increase. The cost is to Serbia's long-term competitiveness. Steering credit toward housing and consumption — nontradable, import-heavy uses — starves the tradable firms that build productivity and exports.. Because misallocated capital lowers potential growth, the cost compounds over time.

The housing case for the subsidy is weak. Serbia does not face a physical shortage of dwellings: roughly seventy five percent of apartment purchases are made in cash, so the market is driven by cash buyers rather than rationed credit, and prices in Belgrade and Novi Sad have climbed steeply in recent years, with new-build prices in Belgrade rising about almost six percent in 2024²⁰. Subsidised, near-fully-leveraged demand pushed into such a market lifts prices further and rewards sellers and developers, while the young buyer takes on maximal leverage at the top of the cycle. If any credit relief were warranted in a tight-money setting, the productive case was SME investment; at the least the easing should not have run in one direction only. That the scheme is framed as structural housing policy rather than demand management relocates the objection but does not answer it.

¹⁷ NBS Executive Board: housing-loan rate cap, September 2023 (id=19203); consumer and mortgage rate caps, 20 December 2024 (id=20257, id=20259).

¹⁸ NBS Annual Financial Stability Report 2024 (youth housing-loan framework; loan-to-value $\approx$ 99%).

¹⁹ https://nbs.rs/sr/scripts/showcontent/index.html?id=20812&utm_source

²⁰ [Serbia's 2022 Census recorded 3,613,352 dwellings against 2,589,344 households \(Statistical Office of the Republic of Serbia, 2022 Census\)](#); apartment-price and cash-share data: Republic Geodetic Authority (RGZ) Apartment Price Index and market reporting, ПГЗ ИНДЕКС ЦЕНА СТАНОВА, page 2, 7, March 2025 .

4.3 The Bank's purchase of Telekom's corporate bonds: fiscal and political implications

In 2020 the National Bank used its own balance sheet to take on the credit exposure of majority state-owned enterprises the executive had publicly named, through an eligibility rule it had adopted shortly before — placing the central bank close to a quasi-fiscal financing role. It served to refinance Telekom's debts, incurred earlier in the acquisition of dominance of the pay-TV market

In September 2020 the NBS purchased, for the first time, the corporate bonds of a single issuer²¹ — Telekom Srbija, an enterprise in majority state ownership. The purchase followed an Executive Board decision of 18 May 2020²² that had made qualifying corporate bonds eligible for the NBS's monetary operations, extending to privately placed corporate paper an instrument previously reserved for government securities. On 25 September 2020 Telekom Srbija placed a five-year, dinar-denominated issue of RSD 23.5 billion (about €200 million) with a small group of domestic banks in a closed placement, and the NBS repurchased a substantial part of that issue from those banks the same day. The NBS did not contest the news except its size characterising it as closer to one-third than one-half²³. The episode bears on institutional conduct less for its scale than for the boundary it crosses between monetary and fiscal action. The instrument had been announced by the executive some months earlier as a means of strengthening “the pillars of the economy”, with state-owned enterprises named among the intended beneficiaries²⁴. Telekom was not an isolated case: by April 2021 the NBS had acquired RSD 27.5 billion of the RSD 50.3 billion in corporate bonds issued by five domestic firms, including the defense conglomerate Jugoimport-SDPR²⁵. Absorbing the credit exposure of majority state-owned strategic enterprises, through an eligibility rule adopted shortly after those enterprises were publicly identified, is difficult to reconcile with the separation of monetary and fiscal roles on which institutional independence rests.

²¹ [First NBS purchase of a single company's bonds \(Telekom Srbija\): Danas, 30 September 2020](#), NBS, 25 September 2020.

Monetarna i finansijska stabilnost stvorile uslove za uspešnu emisiju korporativnih obveznica (nbs.rs, id [15934](#)), 25 September 2020

²³ Telekom Srbija RSD 23.5 billion five-year issue and NBS repurchase, 25 September 2020; NBS press response, 30 September 2020 ([“closer to a third than a half”](#)): RTS, [30 September 2020](#).

²⁴ Executive framing of corporate bonds as support for “the pillars of the economy,” with state-owned enterprises among the beneficiaries: NBS, 18 April 2021.

²⁵ By April 2021 the NBS had acquired RSD 27.5 billion of RSD 50.3 billion in corporate bonds issued by five domestic firms, including Jugoimport-SDPR: NBS, 18 April 2021.

5. Supervisory independence

Supervisory independence is affirmed in law and by the EU; the question is its exercise. The state owns banks the NBS supervises, and in two cases the Bank's approvals are hard to reconcile with rigorous prudential and source-of-funds checks.

The NBS licenses and supervises banks, is the designated resolution authority, and supervises anti-money-laundering compliance, with the supervisory function legally required to be organisationally separated to prevent conflict of interest²⁶. That formal independence is not in dispute. The Serbian state owns two of the banks the NBS supervises — Banka Poštanska štedionica, wholly state-owned and systemic, and Srpska banka, majority state-owned²⁷. State ownership of banks is common and is not, by itself, a finding; what matters is whether the supervisor polices such banks at arm's length. A third dimension of the same function — the Bank's power to inspect the data of any bank's clients — raises a separate concern: whether that power has been turned against government critics rather than reserved for prudential and AML purposes. Three cases test this.

Banka Poštanska štedionica, the postal bank through which state pensions are paid by default, has become the government's largest single creditor. In roughly a year to late 2025 it lent the state and state enterprises on the order over €1 billion — for the National Stadium, Srbijagas and other projects²⁸ — with repayments largely deferred to 2027 and beyond, and it was the first bank to carry the subsidised youth housing scheme. A wholly state-owned bank concentrating sovereign exposure on this scale, under the same NBS that supervises it, is the owner-and-supervisor conflict made concrete.

JUBMES banka tests source-of-funds and fit-and-proper oversight. JUBMES — founded in 1979 as Yugoslavia's export-credit bank and still partly state-owned four decades on — passed between 2019 and 2023 into the sole ownership of a currency-exchange operator who had registered his exchange business as a company only in 2014, with founding capital of 1,000 dinars; in May 2019 the Government sold him its 28.52% stake for about €5 million, and by December he chaired the board. The bank was renamed Alta in 2020, delisted in 2023, and by 2024 held over €1 billion in assets; in 2025 the owner recapitalised it by some €66 million and it acquired a bank in North Macedonia, having become a recurring state counterparty for electricity-bill and administrative-fee collection²⁹. In 2024 the European Central Bank suspended the owner's voting rights in an attempt to build a qualifying holding in Austria's Addiko Bank, citing the (lack of) transparency of the origin of the capital and an unnotified acquisition of control³⁰. Each step at home required an affirmative NBS decision — licensing, fit-and-proper and source-of-funds vetting, approval of the ownership change, and AML supervision. That a company grown from a 1,000-dinar exchange bureau could reach this position with each domestic step approved, while the only supervisor to pause was foreign, is difficult to reconcile with those checks functioning as intended.

²⁶ Law on the National Bank of Serbia, consolidated text (functions including AML supervision; Executive Board; organisational separation of the supervisory function).

²⁷ [State ownership of Banka Poštanska štedionica \(wholly state-owned\) and Srpska banka \(majority state-owned\): Nova.rs, ; company profiles.](#)

²⁸ [Banka Poštanska štedionica as the state's largest creditor \(National Stadium, Srbijagas and other loans; repayments largely deferred to 2027 and beyond\): Radar, 2025.](#)

²⁹ [JUBMES → Alta banka: "Ko je Davor Macura," Radar, July 2025; "U Alta banku uneto čak 66 miliona evra prošle godine," Nova ekonomija / N1, 5 May 2026.](#)

³⁰ [ECB suspension of Alta Pay's voting rights in the Addiko Bank qualifying-holding bid \(transparency of the origin of the capital; unnotified acquisition of control\): Nova ekonomija, August 2024.](#)

5.1 Use of bank-control powers against civil society organisations

Under a 2015 Decision, confirmed by 2023 amendments³¹, the NBS granted itself unrestricted access to the account data and transactions of all bank clients; data that could only have come through that access, or through a closely analogous channel evidenced in a 2020 episode, has twice surfaced in government-aligned media as the basis for smear campaigns against outspoken and independent minded civil society organisations.

In July 2020, in the so-called “List” affair, the Anti-Money Laundering Unit asked every commercial bank in Serbia for detailed account and transaction data on 57 civil society organisations³², media and individuals whose principal common feature was a critical stance toward the government. Responding to an UN Special Rapporteurs inquiry at the time, FATF found the probe had no legitimate money-laundering or terrorism-financing basis³³. The FATF's own subsequent “unintended consequences” review reinforced Recommendation 8's requirement for genuine civil society consultation³⁴. Such follow-up consultation was not held. One years later, a pro-government tabloid Informer TV published confidential financial data on 39 CSOs and 11 donors³⁵ — including detailed bank transactions — mixing old “List”-era data with new 2024 information. The scope and detail (spanning multiple banks) point to the NBS as the source, especially since the NBS Governor appeared on the same show the day before, referencing an ongoing “investigation” into CSOs.

Whichever channel supplied either leak, the Decision is the instrument that makes cross-bank access of this kind possible, and its retention — despite the FATF’s 2020 finding and despite the FATF’s 2023 best-practices paper on Recommendation 8 reaffirming the need for meaningful civil-society engagement — places this episode inside the same pattern of accommodation to executive political interest, and extends it from fiscal and credit policy into the treatment of the Bank’s own critics.

³¹ NBS Decision on detailed conditions and manner of performing bank control and special audit of banks, 2015, confirmed by 2023 amendments (*Sl. glasnik RS*“, br. 30/2015).

³² [The July 2020 “List” affair: the Administration for the Prevention of Money Laundering requested account and transaction data on 57 CSOs, media and individuals \(Balkan Insight, 28 July 2020\).](#)

³³ FATF response to the UN Special Rapporteurs’ communication on Serbia’s AML/CFT measures against CSOs, 2020 (OHCHR press release, 6 November 2020).

³⁴ FATF review of the unintended consequences of AML/CFT standards, and 2023 best-practices paper on Recommendation 8 (Need for meaningful civil-society consultation).

³⁵ Informer TV broadcast publishing confidential financial data on 39 CSOs and 11 donors (mixing “List”-era and 2024 data), August 2024.

6. Strong aspects in NBS policy conduct

Notwithstanding a marked backsliding in the NBS's independence — and in its professional, autonomous analytical capability — the strong aspects of its operation deserve acknowledgement.

Monetary policy is IMF-anchored and, in the narrow functional sense, independently conducted. The 2022 resolution of Sberbank Srbija was executed swiftly and at no cost to the budget³⁶. MONEYVAL credits the NBS with an advanced understanding of banking-sector money-laundering risk³⁷. The banking system is sound, with capital adequacy around 21% and non-performing loans at record lows³⁸. And the NBS took some precautionary steps, including a first countercyclical-buffer increase toward 0.5%³⁹ around end-2025 – modest, and late, against regional peers already at 1%. They do not, however, overturn a pattern, sustained across more than a decade, in which the Bank's discretion moved with the government's interest and not against it.

In fact, if left to operate by its own long-held institutional instinct, the NBS is overly conservative and rigid in its supervisory work.

7. Conclusion

On the electoral timing of its accommodating measures, the direction of the credit it chose to expand, the quasi-fiscal use of its balance sheet, and a supervisory record hard to reconcile with rigorous checks – set against a Fiscal Council that cautioned in every cycle – the indication that the National Bank of Serbia conducts politically aligned policy, following rather than checking the government, is strong. Moreover, while the 2015/23 Decision might have shielded it from illegality, there are strong indications of breach of fundamental trust and confidentiality practices.

The formal framework is broadly sound, and where it is not, alignment is a matter the Commission already tracks. This note weighs the conduct rather than the statute, and the conduct indicates consistently a substantial and material backsliding in de facto independence.

³⁶ Resolution of Sberbank Srbija (sale to AIK Banka): NBS, 28 February 2022.

³⁷ MONEYVAL (Council of Europe), Mutual Evaluation of Serbia, following the May 2025 on-site visit.

³⁸ NBS: Kreditni rejting Srbije po S&P – na investicionom nivou sa stabilnim izgledima, Danas, 16 March 2026

³⁹ NBS, Decision on the Countercyclical Capital Buffer Rate for the Republic of Serbia, December 2025 (first increase, toward 0.5%).