

# **CORPORATE GOVERNANCE IMPACT ON THE SOLVENCY OF KOSOVO BANKING SYSTEM**

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## **Abstract**

The economy of a country is determined in most cases by banking stability. Banks often govern with greed for profits, which makes them volatile or dangerous to society. Therefore, familiarity with the ways and directions of bank governance is one of the main issues in banking stability, which particularly affects the development and investments in a country. Therefore, the tendency of this paper work is to perform multidimensional analysis of factors affecting along the roads and pathways of bank governance of banks operating in Kosovo. This paper aims to develop the governance of the central bank and commercial banks operating in Kosovo, particularly their financial and operation solvency, without neglecting the impact that they have on their stability in particular and the impact on the welfare of society as whole. The purpose of this paper work is to analyze financial and operation solvency towards the roots and directions of bank governance in Kosovo and providing recommendations for its improvement. To complete this article there are set clear objectives that justify and support the goal of this topic. There were analyzed and discussed different approaches to the various theorists in the field of financial and operation solvency and banking governance in general. To complete this dissertation it was conducted a secondary research in the field of financial institutions. The research was done during September 2012-June 2014 for the period 2008 up to 2012 for the financial and operation solvency of Kosovo Banking System. Results gathered from the research were analyzed from the corporate finance perspective. Results from the study show that financial and operation solvency and banking governance has yet further issues for improvement.

**Keywords:** Solvency, financial and operation, corporate finance, corporate governance, banks.

**JEL classification codes:** F34, G21, G32, G34.

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