

GREETING SPEECH

*Fatos Nano**

It is a privilege for me to address my speech to such an important audience on the sustainability of growth, structural reforms, and the pace of the integration of Albania in the global markets and economy. I have watched you from a distance. The banks need to keep a distance from the government, the banks, especially the central ones, need to educate from a distance all entrepreneurial actors, either institutional entrepreneurs or market ones.

I am coming back from another integration environment, the North Atlantic Council, the alliance with which we are getting closer towards integration, which is a signal that all of us may work in a safer environment, not only regional, not only global, but transadriatic as well, by exploiting this favorable position that God gave us in the central or eastern area of the globe, at the crossroad which is being structured for increased movement of merchandise, capital, and entrepreneurial and financial initiatives between Western Europe and Central Asia. Allow me to extend the gratitude of the government even to the foreign partners here present for the contributions they are giving towards the growth and consolidation of this partnership between the independent financial institutions of Albania with the modern world where we are integrating. These meetings are important because they are becoming part of our work agendas in this region of global markets. I am glad that such meetings are specializing because

they are ever more professional. This is a test and a challenge of the evaluation, measurement, and consolidation of our capabilities for competition, partnership, for larger initiatives than the borders of the national market.

I believe that the difference is great even in these reconstructed premises, where not so many years ago, of course under an unreconstructed setting, pyramid calculations were made, which caused to our economy and society a real economic shock. I estimate this as a scientific environment as well, where the academic world, that of financial institutions and the banking business, discuss ideas. The government is ready and interested to collaborate with them, to better harmonize economic policies in favor of the deepening of structural reforms, better functioning of the markets, stronger financial stability, and improving our abilities and actions towards better competition of our national financial system against the global one in this process of integration. Our development has become sustainable, dynamic and tries to reach the pace and the sectors of the contemporary market. Our goal is to be competitive in this partnership. We have projected an ambitious future for our economy. These ambitions may be realized only in a broader space which unites us with the countries of the region not only from the geographical position but also from the viewpoint of objectives and reforms towards European or Euro Atlantic integration and as a result for national and business interests. We are joining the region and you in medium-term and long-term objectives, which are global and sectoral objectives.

I am here to share with you the priorities of the structural reform agenda, which synthesize the governing program. All these require courageous decision-making and structured entrepreneurship. We want that our sustained development not only cure the poverty and integrate the communities and resources in the national market, but also to become competitive, specialized and together with the instruments, policies, and bank interests to give us the possibility to build the Albania's profile and portfolio in the regional and global division of globalizing markets. Bank of Albania, in a position of leadership of the banking system in the country, is as well involved in these national challenges towards a sustainable development,

towards competitiveness, which accompanies the pace of integration. It looks like we have complementary and coherent evaluations with each other on the fact that the strengthening of the governing capacities, public administration, rule of law or that of the agencies which ensure the law enforcement, be accompanied by a logical and better oriented pace in structural, market, and financial reforms, in the relations of the banks with the other part of the market and economy. We want this to help make the relations of the Albanian government with international financial institutions, IMF and the World Bank, provide better efficiency, coherence, towards a better future.

Albania has matured enough because of its cooperation with these leaders of the world financial markets and therefore we need the support and collaboration of the central bank of Albania and the banking community so that we may start a new phase towards a new agreement which would provide more space and flexibility to the sustained development of the country.

The next agreement with the IMF is based on this clear progress, which is becoming stable. This progress has been achieved because of the successful structural and institutional reforms, is underpinned by the stability of macro-fiscal indicators, by the strengthening of managerial capacities not only in the public administration in general but of the fiscal one in particular, by the strengthening of transparency and the accountability of decision-making in all levels because of the observance of the agreements we have with international financial institutions or national ones.

This observance is given to all actors involved in this process, because the discipline of modern financial markets is becoming a parameter for public administration. We see this as one of the fundamental instruments and components of our approximation to the European Union. We may not neglect our cooperation with the banks and the international financial institutions, because of weakened capacities, or the need to strengthen the proactive actions with the agencies or institutions of the European Union. These are two complementary processes, which will naturally substitute or complement each other towards the consolidation of growth and our profile within the global integration.

We continue to review the legal and sublegal framework, especially on the basis of creating the environment, the conditions, and the instruments which help and enable the membership of the banking and financial system as well in the European community. We see this as prerogative and imperative for the central bank as well. So, you are welcome, you and all the partners of the banking system in Albania which is 98% private, to join us in initiatives which gather us to continue improving the legal framework to make financial and banking portfolios more competitive and contemporary, to open up the way for a more effective supervision of these systems, to promote the strengthening of the institutional cooperation between the banking and financial systems so that we may meet the standards even in these sensitive fields.

It is worth noting that Bank of Albania has played and no doubt should continue to play the primary role in shaping and consolidating the banking system in the country, as well as in assisting the government in the design and implementation of the reforms, which affect the financial and banking market. The government has considered and will continue to consider Bank of Albania as a powerful partner in the counseling area and I use this opportunity to thank this institution which, even when it renews, it consolidates the experience and expresses clearer ambitions to continue this encouraging cooperation with the government and its specialized institutions.

Bank of Albania has now the experience and the necessary capacities to enhance the role and its influence in the economic development of the country, as a legal partner of the government, as a very important and independent institution of the country. Your role fully complies with our initiatives in important priorities such as combating against the use of cash in the economy, against fiscal evasion, and particularly in a coherent program, which gathers us in curing and inhibiting the fragmentation of public and private capitals in the market. All these priorities would not be achieved without a direct involvement and closer cooperation between the government and Bank of Albania. By saying this, we do not request Bank of Albania to renounce its integrity and independence prerogatives, but I invite you to perfect the mechanisms of consultancy, assistance, and cooperation which would lead us more quickly to the formalization of the national

market overall and to transparency for all private domestic and foreign actors, capable to value our assets and capacities towards sustained growth and entrepreneurial partnership.

We have to jointly program the development of a structured and formal market economy, with a banking and financial system which never stops creating incentives to channel funds and financial transactions to the banks that orient dormant savings and capitals to programmed development priorities being stable and coherent with our European and global market objectives.

We will continue to honor as holy the institutional independence of Bank of Albania, but we believe that the further strengthening of this independence means increasing shared responsibilities with all other actors in the government because only by strengthening the authority that comes from the responsibility of the market may the institutional independence of the bank increase.

To us in the government it is very important to work together with you to create the best climate for entrepreneurship, for the private banking system, to absorb funds and orient them towards multiplication of values by employing coherent programs under business packages and not with aimless events or propaganda slogans. We prompt and request you to work together with us to create stable entrepreneurship structures for the businesses, more stable payment structures, and competitive and contemporary banking and financial services. Of course, this has very much to do with the direct relationships between banks and businesses. These relationships are developing and creating another cooperation climate, bringing the banking system and its services to the attention and the needs of all entrepreneurs and customers. Thus, the banking system is becoming more useful not only for the government but also for the traditionalists of the cash economy.

The banks are increasing their presence all over the country and I am glad that none of the protagonists of the private banking system does feel worried about competition risks, which are increasing and consolidating. The banks are ensuring a sounder entrepreneurship, which induces us to be more attentive to economic and financial

policies. The banks are re-investing their capital in new technologies and are creating a large payment network. The modernization of payment system is giving and will give even more real contributions in the future towards decreasing the use of cash in the economy and diminishing the informal economy. So, the interest to create a contemporary payment infrastructure brings us together. We realize with great pleasure that our endeavors in the banking system are resulting in a tangible and accessible progress. Our banks are becoming part of the great international card networks and the Albanian citizens are getting used to them. We will as well promote the process of creating a national card where I believe every bank will have its share.

I feel stimulated by the growth pace of lending by private banks to the economy. Of course, I am very attentive towards improving the crediting or loaning relationships between the government and the central bank. I believe that both communities, the banks and the entrepreneurs, need Bank of Albania to play a more efficient and active role not only for a safe macroeconomic environment, but also to further promote and orient in a more coherent way the lending activities and businesses towards safer projects and investments that are in line with the negotiations or agreements promoted and implemented by the government with international financial institutions or global companies which make use of all the marketplace. That is why they work even with the government to ensure a more sustained growth and competitive profile for Albania in the regional economy and beyond.

I am here to further push the banking system to get closer to the population and entrepreneurs with concrete products and fast and efficient services. I promote and support the vocation of the Governor and Bank of Albania to further increase and enhance market analysis, capacities, economic and financial stability indicators, and a more sustained economic growth.

As a Prime Minister, allow me honorable bankers, to ask for more contributions, for a more active and qualitative role in market performance. I share with you the certainty that the progress of the Albanian banking system may not only be evaluated by the decrease

of loan default, but by the loan portfolio this system injects in the national economy and entrepreneurship. I advocate that the role of the banks is becoming ever more vital to the national economic growth and to the competition abilities of our entrepreneurship with regard to the dynamic regional and world economy.

Albania is becoming less eligible to receive soft loans or grants from international financial organizations and development banks because of the dynamics of growth and the increase of instruments in the global and domestic market. This is a moment of proactive reflection which gathers us to evaluate the progress of reforms so far achieved as well as the new responsibilities before us, especially for the government and Bank of Albania, to rationalize loan contracts or debt limits so that we may further decrease the internal and external debt. In this way, we may afford more easily the stabilization and association costs by relying on a more effective partnership with the banking and financial system, in order to fully mobilize internal capitals by orienting them towards development investment programs and by creating a more attractive climate for absorbing foreign direct investments in the country.

For this reason we are encouraging specialized companies and I will not depart from facing the challenge of presenting together with them the portfolios and the potential we offer to the most representative companies from the global economy, which are knocking at the now opening Albanian markets.

As a Prime Minister, I invite Bank of Albania as a legal partner, to work at a high pace and with more jointly programmed concepts to create all the instruments and institutions that will better orient domestic funds and capitals towards the most productive and competitive sectors of the Albanian economy, which is naturally becoming more vulnerable in the process of opening to the regional and global integration.

Allow me to conclude by thanking the Governor of Bank of Albania for having organized this important event and to ensure all of you on behalf of the government that our maximum attention, commitment, and partnership will always be given to you to further

improve together the national economy reforms and to bring even to the financial and banking market the required standards of integration in the European Union.

Thank you.

* Fatos Nano: Prime Minister of the Republic of Albania.