

SAVINGS BANK PRIVATIZATION

Edvin Libohova
General Director, Savings Bank

Honorable friends,

Ladies and Gentlemen,

In the reformation of the country's financial and banking system, the privatization of the Savings Bank undoubtedly constitutes the most important and difficult process.

As we all know, this process has begun years ago, when the privatization of state-run banks was defined as a key action in the strategy of the banking system reformation.

Last year we saw the conclusion of the National Commercial Bank privatization, a process which lasted for 3 years.

The Savings Bank, before the beginning of the privatization process, in the years 1998-1999 underwent a structuring process assisted by experts of the Bank of Ireland.

After this structuring, in December 1999, the Albanian Parliament passed the law about the form and formula of the privatization of the Savings Bank, which constitutes the foundation law for this privatization.

According to this law, the privatization of the bank will occur after the 100% share sale, thanks to the combination of the strategic investor (not less than 35% of the shares), the international financial institutions (not more than 49% of the shares), and the domestic private businesses (up to 24% of the shares).

The international privatization tender procedures have begun last year, and since the beginning of the current year, thanks to the financing of the World Bank this process is assisted by the counseling company Maxwell Stamp, London.

In Late June 2001 the Ministry of Finance initiated the international tender for the privatization of the bank, where the preliminary phase (the defining of the draw list) should have been finalized by September 2001.

The disadvantageous situation of the European finance market (merging, overtaking, bank privatization and joining, as well as the intensive arrangements for the introduction of the Euro), the inclusion of many eminent Western banks in the privatization of Eastern Europe banks, the destabilized situation in the region (Macedonia and Kosova), the long parliamentary elections and finally the shocking events of September 11 in the United States of America, all these had their impact in the inadequate level of the interest shown by the strategic investors about the Savings Bank privatization.

Under these circumstances, the Ministry of Finance and Privatization Committee thought it would be better the process be postponed, defining as a new preliminary phase the end of March 2002 and as the end of May 2002 the time acquired for the tender development.

In accordance with the International Financial Institutions, it is already made known that for this process are interested EBRD-London, IFC-Washington and DEG-Koln.

As I previously introduced, I tried to give a short presentation of the historic and chronological course of the process, as being important information for this audience.

But what does the Savings Bank represent today, the biggest bank in Albania, in the banking and financial market of the country?

Some of the main indices are:

- Territorial expansion with over 100 branches and agencies.
- About 65 % of the citizens deposits
- About 75 % of the Thesaurus bill market
- Over 70 % of the retiree payment
- Over 90 % of the payment volume for State Budget account.

The total of the assets is about 170-milliard lek.

Regarding the bank largeness and the difficulties that it represents to be managed and then privatized as such, its restructure process has been incessant, regarding aspects such as:

- Increasing efficiency of the branches and the agencies
- Decreasing employee number
- Dilatation of the computerized system
- Transference of a part of the retiree payment to Albapost
- Transference of the bad credits to ATK
- Estate registration
- Revaluation of the immobile activities, etc.

The bank activity is subject to the audition made by the KPMG for a period up to June 30, 2001.

Regardless to the transitory phase of the privatization, managing staff of the bank has tried to preserve and to improve clientage service, its faith that it had and has in the bank, investing in the personnel, in the bank infrastructure, etc.

This is shown in the increasing of the deposits (regardless to the fact that our interest is the lowest in the market) as follows:

Citizens' deposits in lek	31.12.00	30.09.01	31.10.01
In milliard lek	122,2	129,3	131,1
Citizens' deposits in foreign currency			
Converted in milliard lek	18,2	19,5	19,8

Actually, we are working intensively to recon with the afflux that the EURO will bring about, a process being associated with the further increasing of the volume of the citizens' deposits.

During the 2002, till the privatization, the bank will continue the process of the structural reforms, increasing the branch efficiency, decreasing the number of the employee, transferring other offices of the retiree payment to Albapost, dilatation of the computerized system, etc.

On the other hand, the Ministry of Finance is preparing the tender on the transference of the budget service in 5 big cities from the Saving Bank to private banks (this process has begun in August of this year through a pilot project in Elbasan).

Honorable colleagues,

The challenge we have ahead is difficult and should be faced in tranquility, professionalism, and needs the consecration of all, because only in this way we could realize a successful privatization, which further would give its absolute impacts in the economic and financial development of the country.

Thank you !