

# CENTRAL BANKING

**BANK OF ALBANIA  
HIGHLIGHTS**  
January-June 2017



## NEWS AND EVENTS

No. 01





*Gent Sejko, Governor of the Bank of Albania*



## EDITORIAL

Dear reader,

I have the pleasure to present you "Central Banking: News and events in six months", the newest publication of the Bank of Albania.

Conceived in the form of a chronological narration, this publication summarizes the relevant activities of the Bank of Albania over the past six-month period. We believe this publication will simply refresh the memory on what the Bank of Albania has accomplished during this period. This is a new multidimensional tool offered to help the public understand better the key moments in the activity of the Bank of Albania regarding decision making on economic and financial policies. In addition, it shows the supervision activity, the operational activity, the educational role, the social and cultural contribution of the Bank of Albania, as well as our dedication to promoting national values.

Stylized for the general public both in print and electronically, this publication will be an additional source of information that will contribute to greater transparency regarding our daily activity.

The new publication, amongst other things, coincides with the 25th anniversary of the activity of the Bank of Albania, when it started its activity following a modern model of central banking. The approval of the Law "On the Bank of Albania" in the spring of 1992 paved the way to the creation of the two-tier banking system, thus ending the old mono-bank communist-era period, where the central banking and commercial functions were intertwined in a single institution called the State Bank of Albania.

Over these years, we have managed to chisel a simple and functional profile, which represents us with dignity at both the national and the international level.

The Bank of Albania has made slow but prudent and solid steps forward. In these 25 years, our compass has been continuously pointing towards the best, the most advanced and safest model. Therefore, today we can proudly say that the Bank of Albania mirrors excellently, both in form and content, of the European System of Central Banks. However, our journey has not always been an easy one. In our long walk, we have encountered many unknowns, yet we have seen remarkable achievements. Along the way, we have run into difficult moments, which we succeeded in overcoming thanks to the professional work and dedication of people working at the Bank. Still, this is the beginning of the journey of a modern central bank.

We are bound by numerous developments, both at home and abroad, to be more vigilant and mindful every day. The global crisis and its effects have made our daily job both challenging and rewarding. Our arsenal of policies and interventions has been enriched by the most diverse lessons, unknown before. Our ability to timely predict and prevent undesired occurrences has grown significantly. It is reflected in many decisions and actions undertaken by the Bank of Albania in the recent months and years. You will be able to learn about them in this issue, as well as in those that will follow.

I invite you to read and enjoy this new publication of the Bank of Albania.



## GOVERNOR SEJKO ATTENDS THE SEMINAR ORGANISED BY OESTERREICHISCHE NATIONALBANK AND THE WORLD BANK

16 January 2017, Vienna, Austria

On 16 January 2017, the Governor of the Bank of Albania, Mr. Gent Sejko, attended the seminar organised by the Oesterreichische Nationalbank (National Bank of Austria) and the World Bank (WB) on the World Bank Report entitled: "Risks and Returns: Managing Financial Trade-Offs for Inclusive Growth in Europe and Central Asia". Distinguished economists and central bank governors from Southeastern European countries attended this seminar.



Upon the invitation of the organisers, Mr. Gent Sejko, the Governor of the Bank of Albania, in the panel organised at the end of the seminar, presented an overview of the latest financial developments in Albania and the most important challenges to the Albanian financial system, highlighting the crucial role of banking system in the economic development of a country.

Governor Sejko pointed out the key measures undertaken by the Bank of Albania and its

role in guaranteeing and maintaining the financial stability in Albania. In addition, he stated that some of the banks that conduct their activity in Albania have foreign capital, and the financial developments in other European countries are consequently reflected in our banking system. The Governor emphasized that, currently, similarly to the region, credit growth is the main challenge to the monetary policy and our economy.

## SINGAPORE-ALBANIA TRADE & INVESTMENT FORUM 2017

18 January 2017, Singapore

On 18 January 2017 Governor Gent Sejko attended "Singapore-Albania Trade & Investment Forum 2017", which was aimed at instigating potential investors' interest in Albania. Albania was represented by a high-level delegation led by Prime Minister Rama. In his address to the Forum, Governor Sejko presented the foreign investors with an overview of

the macroeconomic situation in Albania. He highlighted that, despite the recent challenging situation in our key trading partners, Albania has shown clear signs of improvement. Also, the general economic environment provides opportunities for the increase in productivity of foreign investments in Albania. The Governor pointed out that the combination of the accommodative monetary policy with the fiscal policy consolidation has contributed to the sustainability of the country's macroeconomic balances.

In conclusion, Governor Sejko highlighted once again the advantages of the financial sector in Albania, such as the low costs of financing owing to a stable financial environment, the ample liquidity of the banking sector, capable of satisfying the financial needs for investments, as well as the real potential for new players in the market. These characteristics render Albania a destination with competitive advantages in the region and provide excellent opportunities for the investors, as well as for economic collaboration between the two countries in the future.





## ALBANIA COMPLETES THE ARRANGEMENT WITH THE INTERNATIONAL MONETARY FUND

24 January 2017, Tirana, Albania

On 24 January 2017, Governor Sejko participated in the joint press conference with the IMF Mission and the Minister of Finance. This time, the

conference coincided with the conclusion of Albania's arrangement with the IMF.

In this conference, Governor Sejko pointed out that the arrangement with the IMF has guided our development policies over the past three years, and has been a roadmap for our structural reforms agenda. In Bank of Albania's assessment, the Arrangement has achieved its major objectives: correcting structural imbalances and setting the country on a steadier path to long-term development.



## PRESENTATION OF THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT TRANSITION REPORT 2016-2017

27 January 2017, Bank of Albania, Tirana, Albania

On 27 January 2017, the Transition Report 2016-2017 of the European Bank for Reconstruction and

Development (EBRD) was presented at the premises of the Bank of Albania. In his opening remarks, Governor Sejko underlined the importance of the findings of this report, which evaluates positively the reforms and the economic policies undertaken in Albania. The Governor noted that conclusions of the report on economic developments and monetary and financial situation are similar to the analyses and conclusions of the Bank of Albania at the end of 2016.

Also, the Governor highlighted the topics addressed in the Report and the findings presented related to non-performing loans. "The Report points to the important fact that the banking system is liquid, well capitalised and capable to withstand shocks that may come from the external sector. It identifies non-performing loans as the main risk not only to the system's soundness but also to the monetary policy pass-through in credit growth for the private sector. The report assesses positively the coordinated plan of actions by the Bank of Albania in cooperation with the Government of Albania and international institutions, to address comprehensively and definitively the issues of non-performing loans.", he remarked.



## WORKSHOP: "THE FINANCIAL SYSTEM IN ALBANIA – FROM 2025 SCENARIOS TO ACTION TODAY"

**2 February 2017, Bank of Albania, Tirana, Albania**

On 2 February 2017, the Bank of Albania, in cooperation with the World Bank, organised the workshop

on "The financial system in Albania – From 2025 scenarios to action today", under the auspices of the Second Deputy Governor of the Bank of Albania, Ms Natasha Ahmetaj. The purpose of this forum was to discuss various scenarios regarding the future of the Albanian economy with representatives from the World Bank, Albanian ministries and financial institutions, academia and Bank of Albania staff members.

In her address, Deputy Governor Ahmetaj underlined that the Albanian banking system is well capitalised, liquid and financially sound. Yet, the actual soundness should continue to instigate interest to discover new future opportunities, in order to be prepared to attain the best from them. This implies that relevant institutions should commit adequate time to analyse various future scenarios and take into account these analyses in decision making.





# INTERNATIONAL MONETARY FUND AND WORLD BANK GROUP CONSTITUENCY MEETING

8 February 2017, Rome, Italy

On 8 February 2017, our constituency in the International Monetary Fund (IMF) and World Bank (WB) met in Rome and hosted by the Italian Minister of Economy and Finance, Mr Pier Carlo Padoan.

The delegation of the Bank of Albania consisted of the Governor Sejko, at the same time serving as the Governor of the Republic of Albania in the IMF, First Deputy Governor, Ms Elisabeta Gjoni, at the same time serving as the Alternate Governor of the Republic of Albania in WB Group, the Chief of Cabinet Mr Donald Duraj and the Head

of the Monetary Policy Department, Mr Erald Themeli.

Governor Sejko presented an overview of Albania's economic developments and highlighted that economic growth is set on a positive development trajectory, supported by the combination of monetary stimulus with fiscal consolidation. He added that economic growth is expected to continue to be steady and main macroeconomic balances will strengthen in the future.

Regarding the outlook, the Governor emphasised that the Bank of Albania expects economic activity to improve over the medium term, which will enable the return of the economy to equilibrium, further improvement of labour market indicators and the return of inflation to target. Structural reforms and the improved business climate will contribute to the stable economic growth.







## BANK OF ALBANIA THE ALBANIAN BANKING ASSOCIATION MEET TO DISCUSS ON INTENSIFYING DIALOGUE AND COLLABORATION

**27 February 2017, Bank of Albania, Tirana, Albania**

Furthermore, Governor Sejko stated that addressing non-performing loans has been one of the main commitments of the Bank of Albania, accompanied by an action plan on their reduction, which includes a set of legal, fiscal and regulatory improvements.

On 15 February 2017, the Bank of Albania (BoA) and the Executive Committee of the Albanian Association of Banks (AAB) had a meeting at the premises of the Bank of Albania. The meeting was organised upon the initiative and was chaired by the Governor of the Bank of Albania, Mr Gent Sejko. The Second Deputy Governor, Mrs Natasha Ahmetaj, other senior officials from the Bank of Albania, the Chairman of AAB's Executive Committee and CEO of Alpha Bank Albania, Mr Periklis



Drougkas, other members of this Committee, and Mr Spiro Brumbulli, Secretary General of AAB participated in this meeting.

The purpose of the meeting was to intensify the dialogue and collaboration between BoA, AAB and commercial banks that conduct their activity in Albania on issues related in particular to the security of conducting the banking activity, during the transportation of monetary values, as well as to discuss on the financial, crediting and operational activity of the banking system in Albania.

---

## **GOVERNOR SEJKO:**

### **INTERVIEW WITH MONITOR**

**13 March 2017, Bank of Albania,  
Tirana, Albania**

In an interview with the economic magazine "Monitor", the Governor of the Bank of Albania, Gent Sejko made an overview of the country's economic developments during 2016, pointing out that the data and analyses show that the Bank of Albania has achieved its institutional goals for 2016. Focusing on the performance of inflation, Governor Sejko emphasized that the Bank of Albania forecasts show that the sustainable return of inflation to its target will occur in 2018. The current monetary policy stance is appropriate and the outlook for the financial markets remains unchanged. The effects of monetary policy are also evident in lending, where a reduction in the interest rate of lek credit is present.

During the interview, the Governor discussed about the euroization phenomenon and its effects in the economy also about the measures that the Bank of Albania will take to reduce it.





## LAUNCHING CEREMONY OF THE GLOBAL MONEY WEEK

During the week of 27 March and 2 April 2017, the Bank of Albania, in cooperation with several other institutions, organized the Global Money Week, a worldwide celebration aiming to raise awareness of the young Albanians to be responsible and financially capable citizens.

At the opening of this week, Governor Sejko emphasized the serious commitment of the Bank of Albania regarding financial education through the implementation of educational programs and textbooks dedicated to primary and secondary education. He also stressed the motto "Learn, Save, Earn", which is dedicated to raising awareness of young

Albanians on the importance of money and their involvement in the economic and financial system in Albania and, why not, in the region and the world.

It was the fourth time that the Bank of Albania participated in this event, where in cooperation with the Albanian Association of Banks, with the support of the Ministry of Education and Sports, the Deposit Insurance Agency, the Junior Achievement and the National Youth Service organized educational and awareness activities, including directly around 2200 children and young Albanians. This year's activities included lectures, school and television competitions, visits to the Museum of the Bank of Albania and to commercial banks, open classes, theatre shows and exhibitions with children's paintings.





## GOVERNOR SEJKO: LECTURE ON “THE ROLE OF THE BANK OF ALBANIA IN THE ECONOMY, AND INTERACTION OF THE INCENTIVE AND REGULATOR”

**30 March 2017, UET, Tirana,  
Albania**

On 30 March 2017, Gent Sejko, Governor of the Bank of Albania, invited by the European University of Tirana, held an open lecture, on: “The role of the Bank of Albania in the economy, the interaction of the incentive and regulator”. This lecture was held in the framework of the Global Money Week and financial education.

During this lecture, Governor Sejko focused on the important role of the Bank of Albania in maintaining price stability and ensuring financial stability, as well as on the measures taken by the Bank of Albania to achieve this objective. Concluding, the lecture was accompanied by a question-answer session between students and the Governor.

## REPRESENTATIVES OF THE BOARD OF DIRECTORS OF THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT VISIT ALBANIA

**31 March 2017, Bank of Albania,  
Tirana, Albania**

In the framework of their visit, on 31 March 2017, representatives of the Board of Directors of the European Bank for



Reconstruction and Development (EBRD), held a meeting with the Governor Sejko at the premises of the Bank of Albania. The meeting was also attended by the First Deputy Governor of the Bank of Albania, Ms Elisabeta Gjoni, Second Deputy Governor, Ms Natasha Ahmetaj, General Director of the Deposit Insurance Agency, Mr Genci Mamani and other representatives of the Bank of Albania.



Governor Sejko informed the representatives of the EBRD Board of Directors on the latest economic and financial developments in Albania. Regarding the banking system, Governor Sejko pointed out that the system has very good financial indicators. Some of the most important issues discussed were the promotion of lending, the reduction of non-performing loans and the latest initiative for the de-euroisation of the economy. Governor Sejko underlined that addressing these issues has been one of the main commitments of the Bank of Albania, which has continuously taken measures, including several legal and

regulatory improvements. These measures have given their gradual and lasting effects, which are expected to continue in the near future.

The representatives of the EBRD Board of Directors commended the Bank of Albania for its policies and its role, which contributed to the preservation of macroeconomic stability and stimulated the country's economic growth. They further said that the EBRD will continue to give its contribution in Albania with regard to projects of particular importance in areas such as financial stability, agribusiness, and energy.



## **GOVERNOR SEJKO ATTENDS THE 37TH GOVERNORS' CLUB OF THE CENTRAL ASIA, BLACK SEA REGION AND BALKAN COUNTRIES**

**2-4 April 2017, Antalya, Turkey**

On 2-4 April 2017, Governor Sejko attended the 37th Meeting of the central bank Governors' Club of the Central Asia, Black Sea Region and Balkan Countries. The Club discussed various challenges faced by central banks today as they endeavour to fulfil their objective for maintaining price and financial stability, as well to identify the mechanisms of macroeconomic and



financial policies and suitable economic structures to increase resilience against various shocks.

Governor Sejko delivered a presentation on "The Optimal Policy Mix in the Current Environment: Lessons from the policy response to the crisis". He brought to the attention of the participants the fact that, despite being on the periphery of the global crisis, the Western Balkan countries felt its effects in forms such as economic activity slowdown, often accompanied by a series of structural issues. Governor Sejko added that while there were discussions about the adequacy and effectiveness of central bank instruments for coping with the crisis, these instruments were able to avoid the further consequences and

gradually create conditions for the return of the growth trend.

---

## **GOVERNOR SEJKO: INTERVIEW WITH ALBANIAN DAILY NEWS**

**18 April 2017, Tirana, Albania**

In an interview with the daily newspaper "Albania Daily News", the Governor of the Bank of Albania, Mr Gent Sejko pointed out that the available economic and financial indicators show economic recovery continues. Focusing on the performance of the banking sector, Governor Sejko said that thanks to the accommodative monetary



policy, financing costs are at their lowest historical levels, while lending conditions stabilized.

Regarding the banking sector's exposure to risks, Governor Sejko pointed out that the indicators do not show any risks to financial stability. He also mentioned one of the biggest challenges of the Bank of Albania, that is, the reduction of non-performing loans. Listing the main issues that the Bank of Albania is focused on working, he said that one them is the introduction of regulatory provisions for granting new loans only on the basis of official or audited statements, within the first quarter of 2018. Also, the Bank of Albania is committed to improve the information in the Credit Registry.

---

## MEETING OF THE FINANCIAL STABILITY ADVISORY GROUP

**18 April 2017, Tirana, Albania**

On 18 April 2017, the Financial Stability Advisory Group (FSAG) had its regular meeting, attended by the Minister of Finance, the Governor of the Bank of Albania, the Chairman of the Board of the Financial Supervisory Authority, the Executive Director of the Authority Financial Supervision, General Director of the Deposit Insurance Agency and other representatives of these institutions.

Representatives of the Bank of Albania, at the beginning of the meeting, presented an assessment of financial performance and risks for the banking sector activity based on the more complete data of 2016 Q4. Following the discussions initiated at the previous two meetings on the need to strengthen the use of domestic currency in the Albanian economy and

in the financial system, the participants reiterated the importance of this process for improving the effectiveness of monetary policy and reducing the risks of financial stability and fiscal policy. In order to confirm the institutional engagement in this process by area of action, in this meeting, the senior executives of the Ministry of Finance, the Bank of Albania and the Financial Supervisory Authority signed a Memorandum of Understanding. In addition, this document sets out the general directions of action and minimum indicators to be regularly monitored by each institution to assess the progress of the process.

---

## SPRING MEETINGS OF THE INTERNATIONAL MONETARY FUND AND WORLD BANK GROUP

**21-23 April 2017, Washington, USA**

During 21-23 April 2017 Spring Meetings of the International Monetary Fund (IMF) and the World Bank Group (WBG) took place in Washington and were attended by central bank governors and finance ministers from member states, as well as senior executives of international financial institutions.



Albania was represented in the Spring Meetings 2017 by a joint delegation of the Bank of Albania: Governor Sejko, the First Deputy Governor, Ms Elisabeta Gjoni, Chief of Cabinet, Mr. Donald Duraj, Director of Coordination, Mr Gramoz Kolasi, the Director of the Monetary Policy Department, Mr Erald Themeli; and the Ministry of Finance: represented by the Deputy Minister of Finance, Erjon Luçi and other MoF officials.

Governor Sejko informed the attendees on the latest developments in the Albanian economy, focusing on the outlook of economic growth, as well as on banking sector developments in Albania. In relation to the latest developments on consumer prices, Mr Sejko stressed that the inflation performance at actual values is returning gradually to target. Regarding the situation of the banking system in Albania, Governor Sejko underlined that addressing the issue of non-performing loans has been one of the commitments of the Bank of Albania, accompanied with a carefully prepared action plan for their reduction. The implementation of this plan has helped reduce the level of non-performing loans down to around 18%. Another important issue was the commitment of the Bank of Albania to cooperate with other institutions in Albania so as to increase the use of the domestic currency in the Albanian economy.

During these meetings, the international interlocutors commended the work of the Bank of Albania on safeguarding the country's macroeconomic and financial stability. They find in the Bank of Albania a serious and professional partner in fulfilling its tasks. They expressed the readiness to further continue the collaboration and the technical assistance for our institution.

Another activity was "The Postcard Series" presentations by IMF member countries, where the First Deputy Governor of the Bank





of Albania, Ms Elisabeta Gjoni, delivered a presentation on "Strengthening central bank operations".

## **GOVERNOR SEJKO PRESENTS THE ANNUAL REPORT OF THE BANK OF ALBANIA 2016 TO THE PARLIAMENTARY COMMITTEE ON ECONOMY AND FINANCE**

**2 May 2017, Tirana, Albania**

On 2 May 2017, the Governor of the Bank of Albania, Gent Sejko presented the Annual Report of the Bank of Albania 2016 to the Parliamentary Committee on Economy and Finance. Reporting to the Parliament of Albania is the legal obligation by which the Bank of Albania's accountability process for its activity is complied.

During his speech Governor Sejko introduced the (i) activity of the Supervisory Council and strengthening corporate governance; (ii) monetary policy decisions, achieved results and future challenges; (iii) measures taken to enhance financial stability and promote lending; (iv) steps taken to foster internal control and monitoring systems and procedures; and, (v) work carried out to

strengthen independence, accountability and transparency in 2016. Our initiated policies, measures and legal and regulatory amendments have provided a substantial contribution to addressing macroeconomic imbalances, bolstering economic activity, enhancing financial stability, and promoting Albania's European integration process.

The report presents the main objectives for the short and medium term activities of the Bank of Albania, in 2017 and beyond. Price stability, banking system soundness, recovery of loans, market liquidity supply, promoting the use of the national currency, reducing non-performing loans, implementation of best practices of supervision, strengthening governance, increasing transparency and communication with Parliament, state institutions and strategic partners of the Bank, will be the main activities for the upcoming periods.

The Parliamentary Committee on Economy and Finance, praised the activity of the Bank of Albania, for safeguarding the macroeconomic and financial stability in Albania as well as improving the internal governance and the fulfilling of the institutional objectives in accordance to the last year resolution of the Parliament. Concluding, the commission underlined the challenges faced by the Bank of Albania, noting its recommendations for the improvement of the Bank of Albania activity and increase of its further contribution in support of the Albania economy.





## **ADOPTION OF AMENDMENTS TO THE REGULATION “ON TRANSPARENCY OF BANKING AND FINANCIAL PRODUCTS AND SERVICES”**

**3 May 2017, Bank of Albania, Tirana, Albania**

This regulation sets out the legal obligations for transparency of banks and non-bank financial institutions towards their clients, while providing different banking and financial products. Also, the amendments of the Regulation were driven mainly from the problems faced by the banking system related to transparency and aim to increase the requirements of the supervision authority toward banks for consumer protection. These amendments also consider the requirements of the European Directives on consumer protection, as users of products and services offered by banks and non-bank financial institutions.

---

## **CONFERENCE ON “NEGATIVE EURO AREA INTEREST RATES AND SPILLOVERS ON THE WESTERN BALKAN CENTRAL BANKS’ POLICIES AND INSTRUMENTS”**

**4-5 May 2017, Hotel Tirana International, Tirana, Albania**

On 4-5 May 2017, the Bank of Albania co-hosted with the International Monetary Fund and financial support from the Swiss Government through the State Secretariat for Economic

Affairs a conference on: “Negative Euro Area Interest Rates and Spillovers on Western Balkan Central Banks’ Policies and Instruments”



In his welcome address, Governor Sejko said that our financial systems have been affected by the presence of euro area bank subsidiaries, which were exposed to the tightening by the regulatory framework in the European banking sector. This tightening was a result of the weaknesses in the system arising from the financial crisis. He added that in the long term, we will all benefit from a stronger, better capitalised and stable European banking sector system. However, in the short term, the adaptation to this new regulatory environment is a challenge to the countries of the region.

---

## **NATIONAL PAYMENT SYSTEM COMMITTEE HOLDS THE THIRD MEETING**

**9 May 2017, Hotel Tirana International, Tirana, Albania**

On 9 May 2017, the National Payment Systems Committee (NPSC) held its third meeting, chaired by

Ms Elisabeta Gjoni, First Deputy Governor of the Bank of Albania. In addition to the members of the NPSC, representatives of the banking system, ministries and other line institutions, the World Bank, as well as of non-bank financial institutions, national operators of card payment schemes and utility companies attended the meeting.



In her opening address, Ms Gjoni emphasised that the strategy approved by the NPSC in the first meeting helped create a roadmap for its work. She added that the Bank of Albania is working in cooperation with the World Bank on drafting a strategy with concrete steps for reforming and developing the payment system market. Ms Gjoni presented three key objectives about future projects of the NPSC, among them, the importance of creating the necessary facilities and legal or regulatory space to promote the use of innovative and safe payment instruments.

Concluding, she said that enhancing further the security of internet payments in line with the best European Union practices remains a particularly important priority.

## GOVERNOR SEJKO AT THE ANNUAL MEETING OF THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

9-11 May 2017, Nicosia, Cyprus

On 9 - 11 May 2017, the Governor of the Bank of Albania, Mr Gent Sejko, attended the EBRD 2017 Annual Meeting in Cyprus. The meeting's topics focused on "Targeting Green and Inclusive Growth" and "Meeting Regional and global challenges".



In the framework of participating in this meeting, Governor Sejko held several important meetings with renowned personalities of international finance.



Governor Sejko informed the interlocutors on the latest developments in the Albanian economy, focusing on the outlook of economic growth, as well as on developments of the banking sector in Albania. Regarding the banking system, Governor Sejko pointed out that it shows very good financial indicators. Some of the most pressing issues they discussed focused on boosting lending and reducing non-performing loans. The Governor underlined that addressing non-performing loans has been one of the commitments of the Bank of Albania, accompanied with a carefully prepared action plan for their reduction. He added that the implementation of this plan has helped reduce the level of non-performing loans down to around 17.4%.

## CELEBRATION OF THE INTERNATIONAL MUSEUM DAY

**18 May 2017, Museum of the Bank of Albania, Tirana, Albania**

On 18 May 2017, the Museum of the Bank of Albania organized an activity to present: "Interesting facts from the Treasury: Art in Albanian Banknotes".

Every year, on and around this date, museums across the world celebrate a specific theme with the common goal of promoting the national history and culture. In 2017, the theme chosen from all the museums was: "Museums and contested histories: Saying the unspeakable in museums." The discussion on the unspeakable of the Albanian banknotes was part of this event.



On this day, similar to thousands museums all over the world, the Museum of the Bank of Albania was open to all its interested visitors, concluding this celebration with activities organized especially in view of the chosen theme. Ms. Natasha Ahmetaj, the Second Deputy Governor of the Bank of Albania, welcomed the participants in her opening address, and stressed that banknotes depict a country's national identity. "... It is exactly to change the poor transmission of the message conveyed by banknotes and to educate the public



through works of art which testify to part of our national identity, that museums, and such activities, serve to reinforce national consciousness through the art of the Albanian banknote. For this particular reason, numismatists take delight in the subtleties of colours and images of the banknotes. In the apparently just pieces of paper, they are able to distinguish and recognise different ages, and the degree of social freedom." - she concluded.

Part of this event were also two presentation:

- presentation by the special guest, Mr Mark Bundy, banknote Technical Assurance Manager at De La Rue, the company that has realised the drawings for most of the Albanian banknotes.
- presentation by Ms Shpresa Lubonja, Head of the Museum Unit on "Commemorative Coins: A way to Promote Historical and National Values", telling the history, interesting facts and untold stories hidden in these valuable banknotes and coins.



A temporary exhibition displayed sketches, drawings and auxiliary materials used for the design of Albanian banknotes.

## ANNUAL MEETING OF THE EUROPEAN FUND FOR SOUTHEAST EUROPE

17-18 May 2017, Split, Croatia

On 17-18 May 2017, the European Fund for Southeast Europe (EFSE) held the Annual Meeting in Split, Croatia, which this year coincided with the 10th anniversary of its founding. On this occasion, a conference was organised on "Enabling financial inclusion, start-ups and entrepreneurship".

The goal of EFSE is to strengthen the economic development and prosperity in Southeast Europe and in the European Eastern Neighbourhood Region, by providing long-term financing, mainly to small and medium-sized enterprises (SMEs) and households to improve housing conditions, through partner domestic lending institutions. This Fund, since 2007, has contributed in Albania to the further development of the lending activity of commercial banks in support of micro and small enterprises (MSEs), and more specifically, for the first time, to help promoting energy efficiency.

Apart from the Annual Meetings, EFSE also held its Advisory Group Meeting, which is an annual event for EFSE managers, central bank governors and other representatives of related





institutions, to discuss the future activity of the Fund.

The Bank of Albania was represented in these meetings by the Governor of the Bank of Albania, Mr Gent Sejko, the Chief of Cabinet, Mr Donald Duraj, and the Director of Coordination, Mr Gramoz Kolasi, who are also members of the Advisory Group of this Fund.

During the Advisory Group Meeting, Governor Sejko discussed the role of the Bank of Albania in the field of education and promotion of financial literacy, highlighting that the institution led by him has been very active in the development of educational activities and distribution of teaching materials for different age groups. Also, the Governor assessed that the promotion and coordination of activities between the various stakeholders involved in financial education in Albania will foster mutual cooperation

in the organisation of financial education initiatives, which remains a priority for the Bank of Albania.

---

## **GOVERNOR SEJKO: INTERVIEW WITH REUTERS**

**2 June 2017, Tirana, Albania**

In an interview with Reuters, the Governor of the Bank of Albania, Mr Gent Sejko, highlighted the importance of reducing the use of euro in the Albanian economy, so that the monetary policy pursued by the Bank of Albania is transmitted more efficiently in the economy. He added that this is not a question of removing completely the euro from the Albanian economy, but the plan was to gradually boost the amount of lek in finance and the economy. During the

interview, Mr Sejko also noted that the plan to reduce the amount of non-performing loans had managed to bring them down from 23.5% of total lending in 2013 to 16.6% in April 2017.



At the end of the interview, the Governor declared that the Bank of Albania would maintain its accommodative monetary policy until the end of 2017. "... the continuation of this trend will depend on the macroeconomic indicators in the future," Sejko said, pointing to signals of a pickup of growth in the euro area, which influence the Albanian economy through trade and investment.

---

## GOVERNOR SEJKO: LECTURE AT THE SOUTH EAST EUROPEAN STUDIES CENTRE AT OXFORD

**12 June 2017, London, United Kingdom**

Invited by the Oxford University, the Governor of the Bank of Albania, Mr Gent Sejko, delivered a lecture for a broad audience on "The Role of Central Bank as Guardian of Price and Financial Stability". This lecture was organised in the framework of the long standing cooperation between the Bank of Albania and the South East European Studies Centre of this University.



At the beginning of his lecture, Governor Sejko presented an overview of macroeconomic developments in Albania, focusing on most recent developments in the euro area and the region as well as an analysis of the subsequent impact on the Albanian economy. In this regard, the Governor made a summary of the challenges facing the two main central bank policies: the monetary and the macroprudential policies. He continued by emphasising that regardless of these developments, the Bank of Albania has been ready to provide all the necessary contribution to support sustainable economic growth. The Governor stressed that policies pursued by the central banks require maximum internal and external coordination to achieve optimal effects.



At the end of the lecture, Governor Sejko answered the questions of the audience about economic and financial developments





in Albania and the region. During his visit, Governor Sejko met also with Albanian students and professors at the Oxford University.

## FIRST CONFERENCE OF THE MUSEUM OF THE BANK OF ALBANIA

**14-15 June 2017, Bank of Albania, Tirana, Albania**

On 14-15 June 2017, the First Conference of the Museum of the Bank of Albania on "Money and Banking in Albania, from Antiquity to Modern Times" was organized at the premises of the Bank of Albania. Conceived as a two-day event, this conference brought together historians, academics, numismatists, archaeologists and scholars of the monetary and economic history, who presented the

findings of their studies in the field of monetary production and calculation, economic history and the development of banking in Albania, from antiquity to modern times, as well as the important role that museums of central banks have in the financial education of the public.



The Conference was opened by the Governor of the Bank of Albania, Mr Gent Sejko, who in his speech, highlighted that the Museum of the Bank of Albania, in addition to coinage exhibits, has financial education as an essential objective. "... The public needs to be informed in order to be able to undertake wise and sound financial decisions that contribute as well to the financial stability of a country..." he said.



The First Conference of the Museum of the Bank of Albania coincided with the 25th anniversary of the creation of the modern central bank of the Republic of Albania,

as well as with the creation of the two-tier banking system. By highlighting the importance of the work done by the Bank of Albania in these 25 years in developing an efficient and stable financial system, Governor Sejko stressed that in the future the Bank of Albania will continue to be an institution with ambitious goals towards European integration and harmonization with the European Central Bank. Mr Sejko emphasized the newest challenge for this institution is openness to the public, not only to clarify its primary objectives, but also to contribute in the knowledge of the history of money, the art and the tradition it represents.



Prof Olivier Picard, former Director of the French Archaeological School in Athens, Professor at the Sorbonne University, Member of the "Académie des Inscriptions et Belles - Lettres" (Institute of France), was a special guest in this Conference and held a lecture on "The beginnings of coinage in Illyria and the trading exchanges between Illyrians and Greeks".

---

## **GOVERNOR SEJKO AT THE SUMMIT OF SEE COUNTRIES** 16 June 2017, Becici, Montenegro

On 16 June 2017, the Governor of the Bank of Albania, Mr Gent Sejko, attended the annual regional summit on "Regional financial stability in a new global environment". The summit was held in Becici, Montenegro, with the participation of the governors of the central banks of Montenegro, Macedonia, Bosnia Herzegovina, Croatia and the deputy governors of the central banks of Kosovo and Slovenia as well as the ministers of finance and tax director from the countries of the region, who discussed the latest developments in the economies of the region as well as the steps required to guarantee a sustainable economic growth.



At the invitation of the organizers, Governor Sejko gave a speech, discussing the monetary policies pursued by the European Central Bank (ECB) and the Federal Reserve (Fed), as well as their impact on the economies of the region. Focusing on the impacts in Albania, Governor Sejko said that the ECB's monetary policy stance influences the monetary conditions and the financial system, keeping in mind Albania's exposure in dollar and euro. As for the Fed's policy impact in Albania, Governor Sejko described it as indirect and added that the Fed's monetary tightening would not



directly affect Albania, apart from the usual negative impacts on fuel and raw materials prices.



During his speech, Governor Sejko acquainted the participants with the plan drawn up by the Bank of Albania together with other authorities in the country, to reduce the use of the euro in order to strengthen the use of domestic currency in the Albanian economy and in the financial system, as well as the importance of this process for improving the effectiveness of monetary policy, and reducing the risks to financial stability and fiscal policy.

---

## ALBANIA TO IMPLEMENT THE IMF'S ENHANCED GENERAL DATA DISSEMINATION SYSTEM

Starting from 20 June 2017, Albania will implement the IMF's Enhanced General Data Dissemination System. This means that the publication of basic macroeconomic data through the new version of the NSDP page will provide national policymakers and domestic or international interest groups, including investors and rating agencies, an easy access to information that the Executive

Board of the IMF considers important so as to monitor economic conditions and policies.

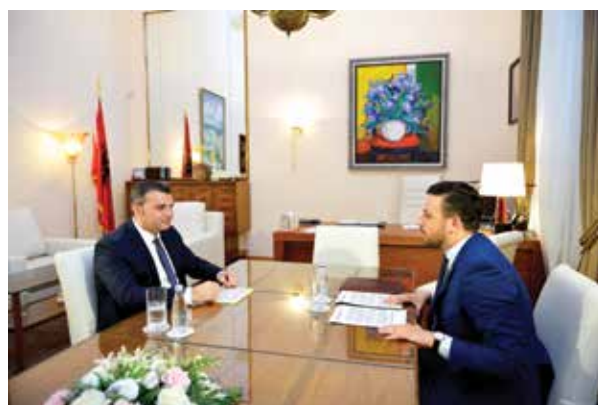
By making this information available in easily accessible forms for users and computers and in accordance with the Preliminary Publications Calendar, all users will have simultaneous access to up-to-date data, which will bring greater transparency in relation to them.

---

## GOVERNOR SEJKO: INTERVIEW WITH SCAN TV 28 June 2017, Tirana, Albania

In an interview with "Argument", a programme of Scan TV, the Governor of the Bank of Albania evaluated the reforms undertaken in the last 4 years to boost the economy and welfare, as well as expressed the readiness of the Bank of Albania to carry out with determination the objectives of financial stability and support of the development of Albania.

Furthermore, the Governor stresses the importance of continuing the structural reforms in Albania. "... These reforms must continue. Often the Bank of Albania, the Supervisory Council of the Bank of Albania and I on behalf of the Supervisory Council have called for the continuation of the structural reforms. This call, in fact, has been made by many central banks around the world and the



region, and the Bank of Albania has called for the continuation of structural reforms by all stakeholders. Structural reforms are from a wide range of stakeholders, the government has a key role, but all the other factors and the legal system, the financial system and the government and parliament; they all have a role in the performance of structural reforms and we as Bank of Albania have called for the harmonization of the efforts of all stakeholders.", said the Governor.

---

## **BANK OF ALBANIA COMMUNICATES ITS MONETARY POLICY DECISION TO THE PUBLIC**

After each meeting of the Supervisory Council, the Governor of the Bank of Albania communicates the decision of the Bank of Albania to the public in a press conference. In accordance with the calendar published at the beginning of the year, in the first half of 2017 were held three press conferences of the Governor on this decision-making, respectively on: 1 February 2017, 29 March 2017 and 3 May 2017.

During these conferences, Governor Sejko communicated to the general public the decision of the Supervisory Council of the Bank of Albania regarding the unchanged key interest rate at 1.25% as well as the overnight

deposit interest rate at 0.25% and overnight lending interest rate at 2.25%.

In his statements, the Governor has also communicated the forthcoming monetary policy stance, by stating that "... the Supervisory Council deems that the monetary policy will remain accommodative during the medium-term period and that the intensity of the monetary stimulus will not decrease ahead of the first quarter of 2018. This policy provides the necessary stimulus to encourage the economic activity and return the inflation to target. Also, the Supervisory Council reiterates the need to continue the structural reforms towards the improvement of the business environment, increasing efficiency and expanding the potential output of Albania".

---

## **FRIDAY SEMINARS**

The Bank of Albania organizes regularly the research activity "Friday Seminar". This initiative invites the employees of the Bank of Albania, researchers from the academic field and other financial institutions to present and discuss their theoretical and empirical research papers. During the seminars organized in the first half of the year were presented five papers: one by an employee of the Bank of Albania and four by representatives of the Bank of Italy.

For 2017, the "Friday Seminar" opened with a paper by Mr Andrea Neri from the Bank of Italy on: "The marginal propensity to consume out of a tax rebate: the case of Italy". The next presentation was on: "A statistical evaluation of GAP model's forecasting performance", a paper by the employees of the Bank of Albania, Ms Meri Papavangjeli and Mr Arlind Rama from the Research Department. The next presentation was from Ms Margherita





## PRESENTATIONS OF PERIODICAL REPORTS OF THE BANK OF ALBANIA FOR THE MEDIA

As part of its communication strategy with the public, the Bank of Albania organizes the presentation of its periodical reports for the media before their publication. Based on the periodical reports publication calendar published on the website of the bank of Albania in the beginning of



Bottero, Advisor at the Economics and Statistics Department, Bank of Italy, on: "Sovereign debt exposure and the bank lending channel: impact on credit supply and the real economy. Margherita Bottero, Simone Lenzu and Filippo Mezzanotti", followed by the presentation by Ms Wanda Cornacchia, Advisor at the Bank of Italy for Financial Stability, on: "Assessing financial stability risks arising from the real estate market in Italy". The last presentation was by Ms Daniela Marconi, Advisor, Emerging Economies and World Trade Division, Bank of Italy, on: "Assessing potential growth in emerging countries after the global financial crisis".





2017, during the first half year of this year were held 4 presentations “off the records” for the media:



- The presentation of the Quarterly Monetary Policy Report 2017/I, on 10 February 2017, at the Bank of Albania.
- The presentation of the Financial Stability Report 2016 H2, on 20 April 2017, at the Bank of Albania.
- The presentation of the Quarterly Monetary Policy Report 2017/II, on 11 May 2017, at the Bank of Albania.
- The presentation of the Annual Supervision Report 2016, on 23 June 2017, at the Bank of Albania.

These meetings are organized on the day of publication of relevant reports on the website. They aim at the orientation of the media in the correct reading of Bank of Albania’s decision-making and are assessed as a highly effective means of communication.

## SOCIAL ACTIVITIES OF THE BANK OF ALBANIA

On 2 April 2017, the Bank of Albania’s central building was illuminated in blue to mark the World Autism Day as part of a common national initiative to raise awareness for it.

The Bank of Albania, within the framework of social responsibility, undertakes continuously various humanitarian initiatives. During this period, on occasion of the “War against Thalassemia World Day”, 8 May 2017, the Bank of Albania joined the voluntary blood donation initiative, where 31 of its employees donated blood voluntarily.



On the occasion of “International Children’s Day”, 1 June 2017, the employees of the Bank of Albania came to the aid of children with disabilities of the Institute of Blind Students “Ramazan Kabashi” in Tirana. The employees of the Bank of Albania provided their voluntary contribution by donating various articles, children’s books and monetary contributions to equip this institute with the necessary logistics for the education of these children.











