

FOREWORD BY THE GOVERNOR

Dear reader,

In compliance with our legal obligations for transparency and accountability, the Annual Report presents the highlights in the activity of the Bank of Albania during the previous year.

As the monetary authority and the institution responsible for regulating and supervising the banking activity in Albania, the Bank of Albania is responsible for maintaining price stability, supporting financial stability, issuing and circulating the Albanian currency, promoting lending and the development of payments systems, as well as other duties that contribute to the sustainable and long-term development of Albania.

Our work during 2017 materialised in tangible results, across all the aspects of our activity.

In the economic aspect, our accommodative monetary policy boosted aggregate demand and economic growth, contributed to the growth of employment and the improvement of financial balances of the economic agents, and created the premises for the return of inflation to target over the medium-term.

In the financial aspect, the prudential supervision and pro-active approach to banking regulation contributed to the overall improvement of the soundness parameters of the banking sector and increased its ability for financial intermediation. In particular, the action plan to reduce non-performing loans continued to produce results, almost halving this indicator over three years.

To improve the security of the financial system and in the framework of public interest, the Bank of Albania drafted new regulations, with well-defined procedures to be ready to intervene and restructure banks that may face solvency issues. Also, in view of supporting financial stability, we continued to cooperate with all our domestic and foreign partners to exchange information and enhance the coordination and efficiency of our measures.

To support the economic and financial development of Albania, we continued working for the most efficient operation of the payments systems. This year, efforts were made to improve the regulatory framework of payments services, which increase transparency for the provided services and strengthen the legal basis on consumer protection. The improvement of these aspects helps in expanding the financial inclusion of the population, taking into account that Albania has a low ranking in this aspect.

In addition, the Bank of Albania continued to be an active contributor to fulfilling Albania's EU integration criteria, the standardization and unification of statistics compiled in accordance with international standards, as well as financial education of the public at an early age. The series of "Museum Nights", where academics from different fields deliver lectures related to numismatic and collection issues was a welcomed innovation during this year.



In its communication philosophy, the Bank of Albania aims to be open and promote cooperation, exchange of opinions and supply information. This year registered a number of activities involving both the professionals and the general public. Also, important memorandums of cooperation were signed, among others, with the authorities of Albania to increase the use of the domestic currency in the financial system and in the economy.

At the end of 2017, the Supervisory Council of the Bank of Albania approved the Medium-term Development Strategy of the Bank for the next three years. This strategy sets out our ambitions to develop and prepare in accordance with the best international standards. The document is a concrete expression of our pro-active philosophy towards the challenges of the environment in which the Bank of Albania operates.

Finally, as it has become a tradition, I would like to draw attention and thank the employees and the management of the Bank of Albania; their dedication and professionalism has been and will continue to be the real guarantor of the success of our work.



Geni SEJKO
Governor

