The Medium-term Strategy of the National Payment Systems Committee (NPSC) 2015-2020
In accordance with the functions of the NPSC, as set out in article 5, paragraph 1 of the Regulation “On the organization and functioning of the National Committee of Payment Systems” approved by the Supervisory Council of the Bank of Albania, Decision No 37, dated 25.06.2014, and in view of the priorities of the participating institutions concerning payment instruments and systems, the vision, the mission and the role of Committee are as follows:

**VISION**

Support the modernization, improvement and development of payment systems and instruments in order to increase their security and efficiency in light of reducing the use of cash in the economy and integration into the Single Euro Payments Area (SEPA).

**MISSION**

Providing for efficient and safe payment systems, in line with best international standards. Promoting the use and acceptance of payment instruments, in order to reduce the use of cash in the economy and safeguard the stability of the financial markets and the economy.

**Principles of the NPSC functioning**

The five principles guiding the work of the Committee to reach the operating objectives are: Broad Participation, Transparency, Responsibility, Efficiency and Consistency of the Activities.

Broad Participation: The Committee allows broad participation of all stakeholders (both users and providers of services), directly or indirectly connected with payment services. Therefore, any group of stakeholders in the payment services market showing a legitimate interest may participate in the Committee. Broad participation in the Committee facilitates an understanding of common issues and the ability to deal with issues which cannot be resolved by a single entity or group of stakeholders.

Transparency: Any stakeholder in the payment services market should operate openly and transparently and actively communicate their activities. The stakeholders should join forces for the purpose of cooperation and advancement rather than merely protect the interests of the sector they represent. Full transparency in strategic planning and decision-making must be provided in order to allow the stakeholders to express their positions.

Responsibility: The participants in the Committee have clearly-defined responsibilities, including the proposals of the representatives for the membership of the stakeholders in the Committee.

Efficiency: The activities must be carried out in a timely manner so as to ensure the fulfilment of clearly-set objectives. The organization of work in (any) working body of the Committee must be efficient with clearly-allocated duties.

Consistency: The activities must be consistent with each other, the objectives of the policies of public authorities, and the interests of the general public.

**Role of the NPSC in fulfilling the mission and vision**

The Committee serves as a forum, to facilitate discussions about the issues of payment systems and instruments, aiming to draft the necessary recommendations, which will support the decision-making process of the
participating institutions. Beyond the advisory role, the Committee will aim to facilitate the process of implementation of the measures taken by the relevant authorities by way of promoting cooperation.

Objectives

1. Legal Framework- improvement of the Albanian legal framework and harmonization with the EU legislation.
2. Statistics – further improvements of statistics on the payment systems and instruments, depending on the developments of markets, as well as alignment with the reporting standards of the European Central Bank
3. Payment clearing and settlement systems – assessment of needs for the integration of practices and processes with the best international and EU standards.
4. Studying opportunities for setting up payment systems in state authorities and other institutions and their interaction with clearing and settlement systems.
5. Analyzing opportunities for promoting initiatives for the use of payment instruments for the expenses and income of these institutions, in the e-government platform.
6. Overseeing the payment and settlement systems, further harmonization with the methodologies and international standards on the oversight of payment and securities settlement systems.
7. Promoting the use of payment instruments and systems, and expanding financial inclusion.
8. Promoting financial education about payment systems and services to support the expansion of financial inclusion.
9. Enhancing institutional capacities.

Measures taken for achieving the objectives

1. Legal and regulatory framework
   - Permanently monitoring regulatory measures undertaken in the Eurosystem, drafting recommendations for their implementation, and analyzing their impact on the Albanian market. Priorities:
     a. The Directive (EU) “On payment services in the internal market”
     b. Analyzing the priorities and market opportunities for drafting the regulatory framework pursuant to the law “On payment systems”
     c. Analyzing the opportunities to implement the recommendations of the European Central Bank for mobile and internet payments.
     d. Regulation (EU) 260/2012 establishing technical and business requirements for credit transfers and direct debits in euro. This practice could serve as a guideline for drafting regulations on interbank direct debiting in the internal market.
   - Promoting inter-institutional inter-operability for their implementation in the internal legal framework.
   - Analyzing the existing legal and regulatory framework, in order to improve and approximate them with the European practices.
2. Statistics
   • Identification of opportunities to improve the statistical data, based on market needs, guided by the ECB practices.
   • Enrichment of the existing statistical data set in relation to the payment services.

3. Payment, clearing and settlement systems
   • Analyzing, from the technical and business viewpoint, the systems and infrastructure necessary to be set up in the Albanian payments market.
   • Studying the needs for intervention in the framework of payment systems and instruments in order to approximate the standards and procedures with those of the European Union.
   • Drafting recommendations within the standardization of payment orders, to create preconditions for the automation of the payment process.
   • Studying the generation of an invoice/unique electronic order that will support payments through the use of Information Technology.

4. Studying opportunities for setting up payment systems in state institutions and their interaction with clearing and settlement systems.
   • Analyzing existing practices and concerning issues that they may generate.
   • Recommendations for improving the safety and efficiency, based on best international practices.

5. Analyzing the opportunities for promoting initiatives for the use of payment instruments for expenses and income of these institutions, in the e-government platform.
   • Study on creating a centralized infrastructure which will allow the electronic payment for obligations of state institutions.
   • Studying the potentiality of the use of prepaid cards by state institutions for different payments to citizens, for example unemployment benefits or any other types of social assistance.
   • Studying opportunities for reducing costs of the payment instruments, carried by stakeholders.

6. Overseeing the payment and settlement systems
   • Support the implementation of the Bank for International Settlement (BIS) principles on financial market infrastructure in the Albanian payment systems.
   • Consolidation of the interoperability between the Bank of Albania and the Financial Supervisory Authority in supervising the clearing and securities settlement systems.

7. Promoting the use of payment instruments and systems
   • Implementation of the Directive (EU) “On payment services in the internal market”.
   • Creation of a strategy for reducing costs of payment instruments based on the project of the Bank of Albania in collaboration with the World Bank “On measurements of costs of payment instruments”.
• Study of needs and opportunities for:
  a. Installing POS terminals in central and local state institutions
  b. Providing for payments to state and public services through means of telecommunications
  c. Expanding the ATM and POS networks
  d. Increasing the financial services access points
  e. Developing e-commerce.

8. Promoting financial education about payment systems and service through:
   • Promoting research through quantitative and qualitative methods of research.
   • Undertaking joint awareness-raising campaigns.
   • Promoting collaboration with internationally experienced stakeholders/market players regarding financial education.

9. Enhancing institutional capacity
   • Coordination of activities to benefit from the available technical assistance (for example IPA, TAIEX etc) in order to fulfil the Committee objectives.