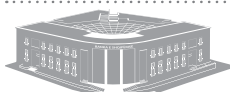
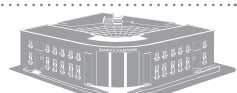


2022 YEAR IN BRIEF

- Following a fast rebound in 2021, the economic and financial activity in Albania was affected by the military aggression of Russia in Ukraine which started in February 2022. This shock drove an increase in food, commodity and energy prices, heightened uncertainties among economic agents, and tightened financial conditions. Inflation picked up considerably due to this gamut of factors, while economic growth showed signs of deceleration globally.
- Against these developments, the Albanian economy displayed a solid performance over 2022. Economic growth was at 4.2% in the first three quarters of the year, while improving trends in labour markets were reflected in an increase in employment and wages and a decrease in the unemployment rate to its historical minimum.
- The inflation rate averaged 6.7% in 2022, from 2.0% in the previous year. Soaring inflation mostly reflected external supply-side shocks. Nevertheless, a stable demand for goods and services, reduced spare capacities in the labour market and increased expectations for inflation backed transmission of these shocks in the Albanian economy.
- The elevated inflationary pressures dictated the initiation of a normalisation process in the monetary policy stance. In 2022, the Bank of Albania increased the key interest rate to 2.75% from 0.50%. This normalisation is indispensable for the return of inflation to the target. In turn, it contributes to safeguarding the economic and financial equilibriums as well as the welfare of Albania. Fiscal policy has maintained a course of consolidation.
- The banking system structure has changed: the number of banks shrank to 11 and the share of banks with Albanian capital increased. The banking system is resilient to shocks and has contained risks. It closed the year 2022 with positive financial results, a fit level of activity capitalisation, and with improvement in the indicators of credit quality. The non-performing loans ratio fell to a new minimum of 5%, from 5.7% in the previous year.
- The Bank of Albania has taken decisions to complete the banking regulatory and supervisory framework aiming at alignment with the Basel committee principles and the EU ACQUIS; the regulatory framework for the implementation of the Law "On Payment Services"; and the framework for the compilation of financial statistics. In addition, new methodologies and guidelines have been approved for strengthening banking resolution and completing the macro-prudential policy framework.
- On January 2022, the AIPS Euro started to operate, enabling Albanian citizens to conduct euro-dominated payments within Albania with lower costs and shorter time. Regulatory and infrastructural improvements of payments have led to an increase in the use of electronic payment instruments.
- In January, the last two banknotes in the new series, the denominations of 500 Lekë and 2000 Lekë, were put in circulation, marking the successful finalisation of one of the Bank of Albania's most important projects - the designing, printing and issue for circulation of the new series of banknotes.



- *The Bank of Albania has intensified institutional engagements within the framework of the opening of membership negotiations with the EU, through representations in bilateral meetings with the EC. The Bank of Albania chairs the work for the alignment with EU Acquis for Chapters 4 and 17, and provides contribution to other chapters as well.*
- *In collaboration with the World Bank (WB), Albanian authorities and market actors, the "National Strategy of Financial Education and Inclusion" has been drafted. This strategy aims at improving financial literacy and inclusion of the public at large. Also, work has started for drafting the strategy on green finances, pursuant to best international practices.*
- *The Bank of Albania has organised national and international activities, with the purpose of sharing opinions and experiences on the expectations of central banks' policies. In addition, educational activities dedicated to the public at large have taken place, including events related to the Museum of the Bank of Albania.*
- *In February, the Assembly of the Republic of Albania voted and re-elected Mr Gent Sejko as the Governor and Chair of the Supervisory Council of the Bank of Albania. In April, the Council was completed with 9 members, following the appointment of two members: Ms Natasha Ahmetaj and Mr Anastas Angjeli. The Supervisory Council re-elected Ms Natasha Ahmetaj as Second Deputy Governor of the Bank of Albania.*



SUPERVISORY COUNCIL OF THE BANK OF ALBANIA



(left to right)

*Mr. Artan Hoxha, Member
Ms. Suela Popa, Member
Mr. Anastas Angjeli, Member
Ms. Natasha Ahmetaj, Member
Mr. Gent Sejko, Chair
Ms. Luljeta Minxhozi, Deputy Chair
Mr. Ridvan Bode, Member
Ms. Edlira Luçi, Member
Ms. Violeta Staka, Member*