

The Bali Fintech Agenda

And what it could mean for Albania

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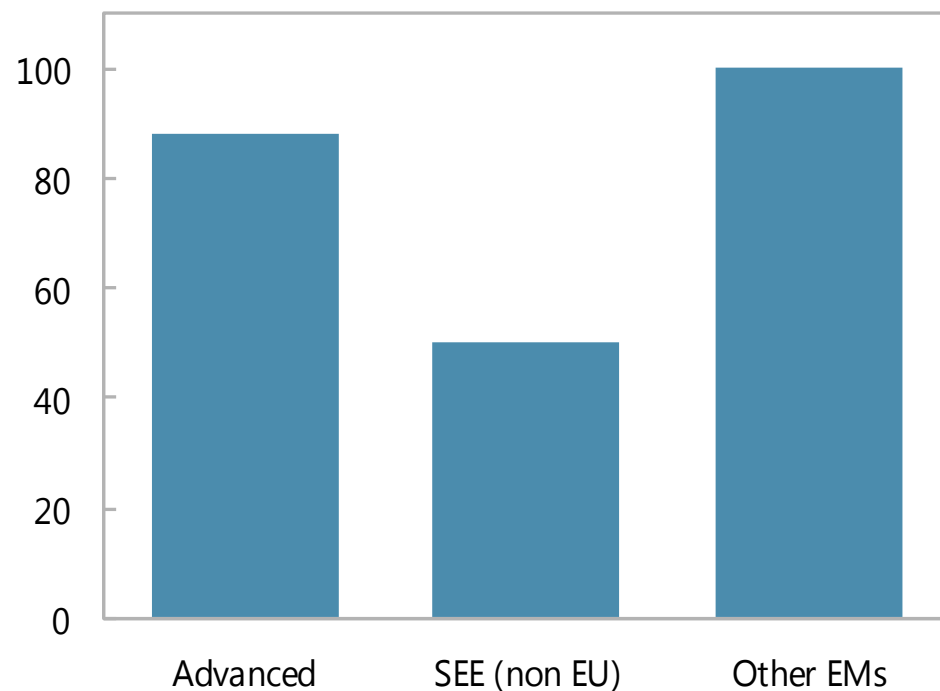


Fintech Activity in Europe

Recent internal survey of IMF country teams in Europe:
fintech emerging slowly in South East Europe

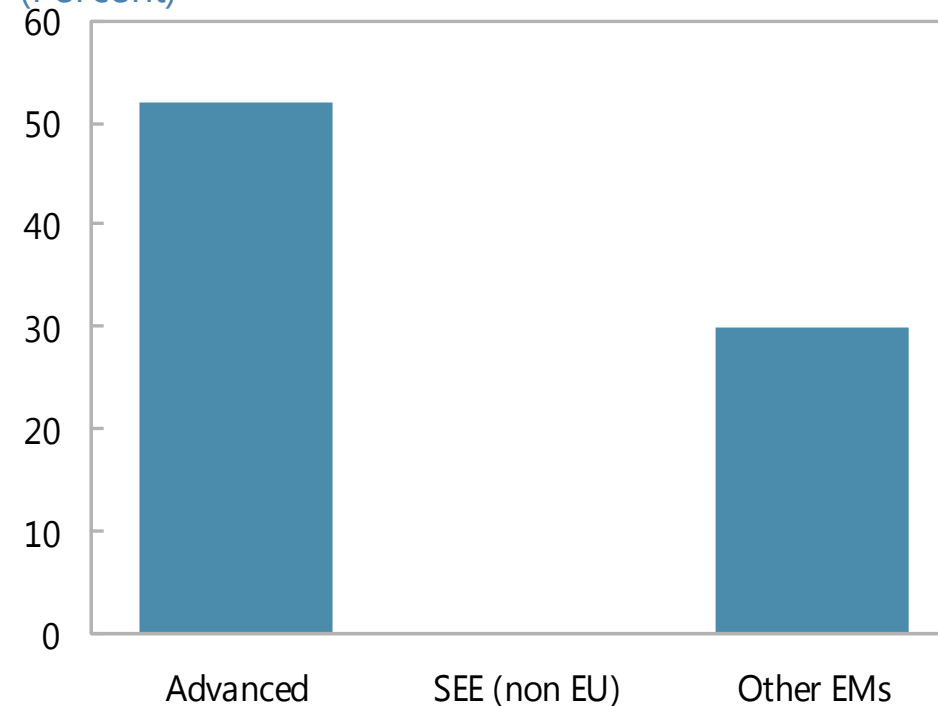
Mobile Money Services Available?

(Percent)



Fintech Lending Platforms for MSMEs Available?

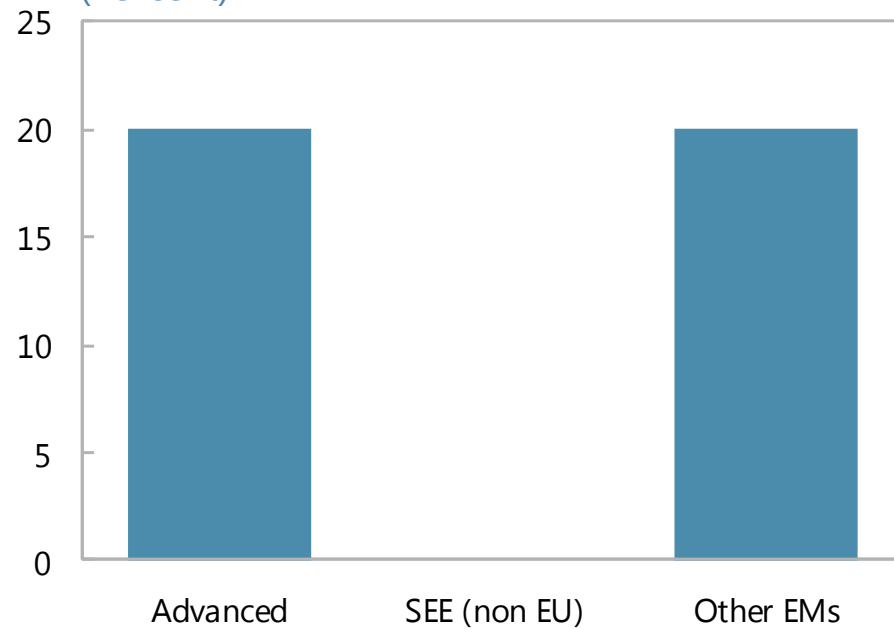
(Percent)



Fintech Activity in Europe

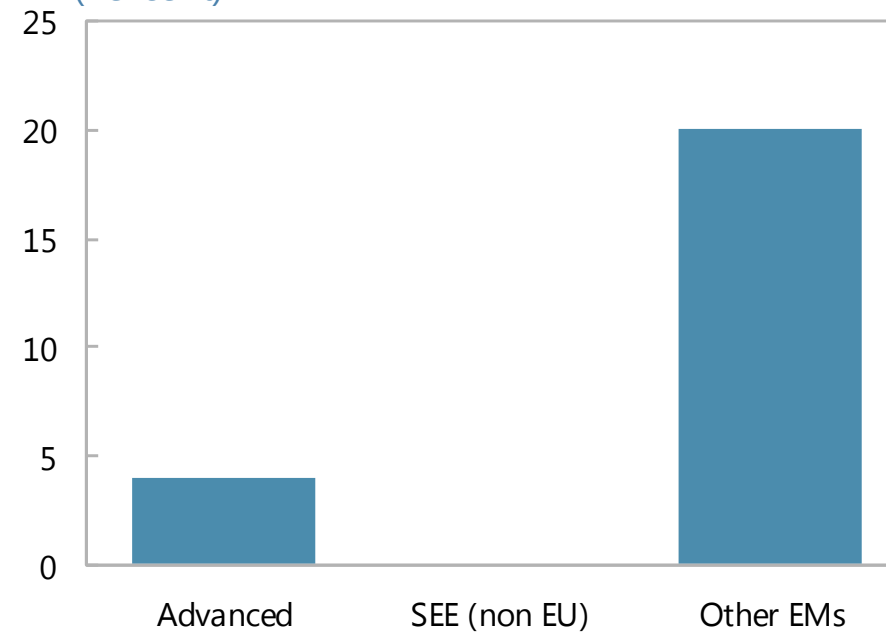
Use of Blockchain Applications?

(Percent)



Plan for Central Bank Digital Currency?

(Percent)

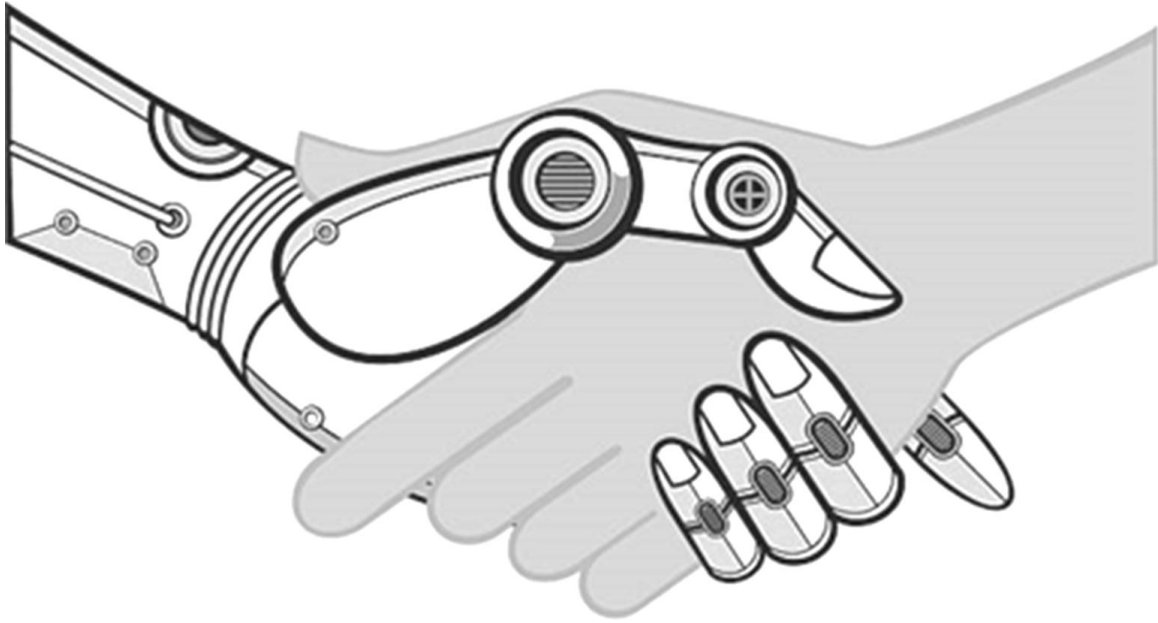


The Bali Fintech Agenda



And some considerations related to Albania

(I) Embrace and...



Wide-ranging social and economic benefits

(II) ...Enable Fintech



Albania: Basic infrastructure exists

- mobile phone subscriptions 112%
 - internet access 66%
 - but limited broadband
- And challenge to fintech supply from brain drain

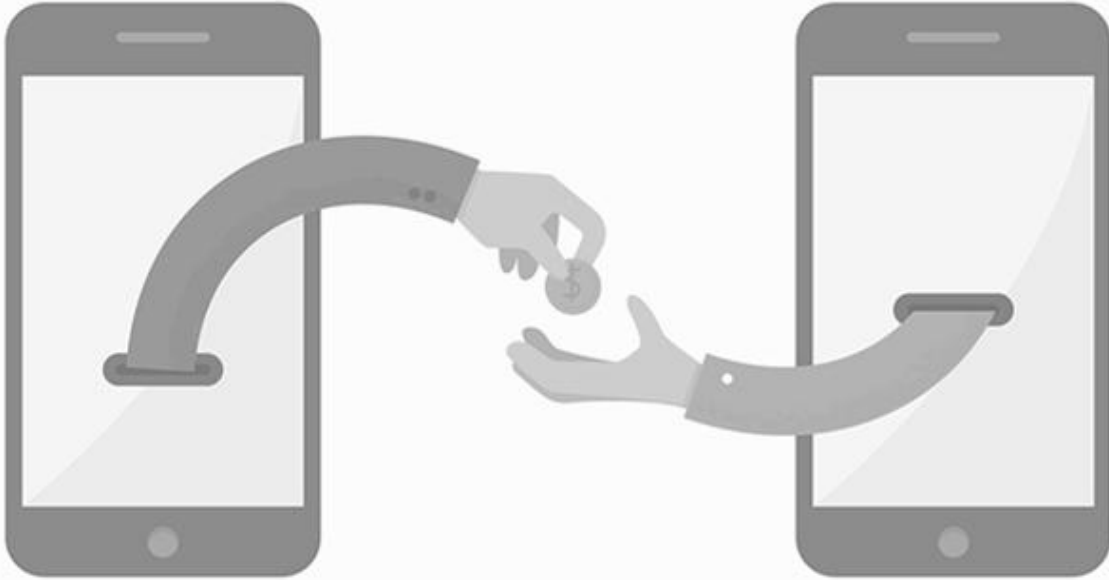
(III) Reinforce Open Competition



Albania: Large potential for new services

- limited savings, insurance and pension instruments;
- limited access in rural areas;
- underdeveloped nonbank financial sector
- High costs of sending remittances

(IV) Promote Fintech for Financial Inclusion and Development

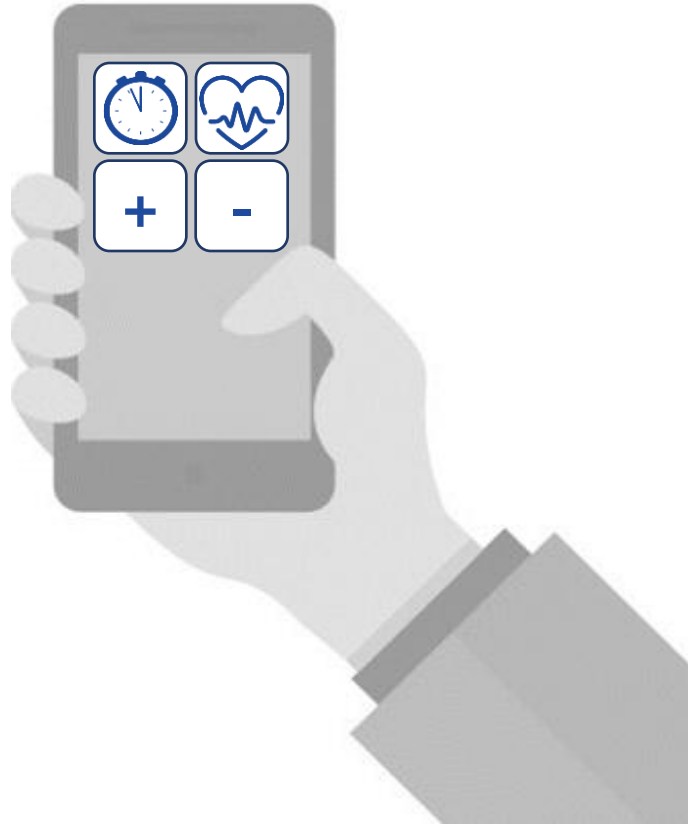


Albania: Fintech could make real contribution

- 60% pop. nonbanked
- cash is dominant
- large informal sector
- only 27% of SMEs use credit.

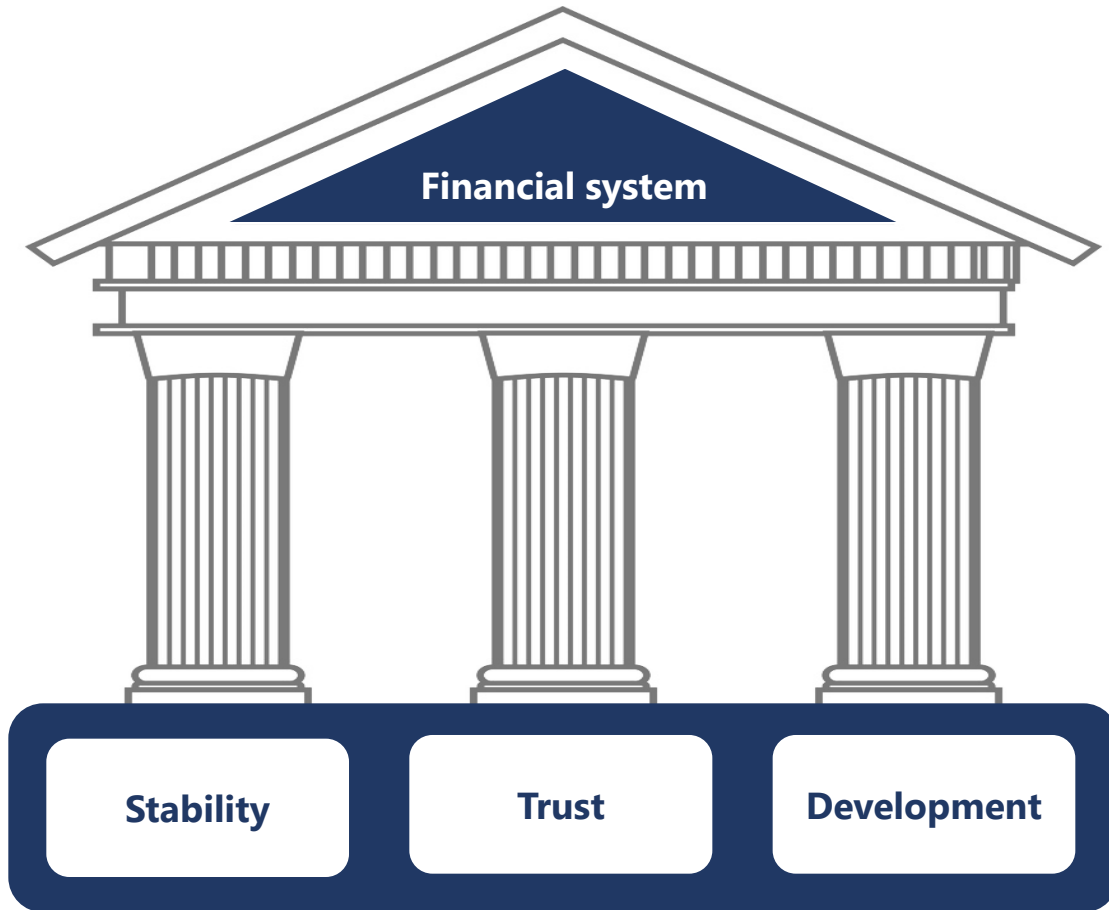
Fintech (digital wallets) is emerging slowly

(V) Monitor Developments Closely



- Support policy development
- Harness opportunities; mitigate risks

(VI) Adapt Regulatory Frameworks and Supervisory Practices



Albania: Regulation must strike a balance

- customers may have few bank-based alternatives
- financial literacy is low
- new products may be flawed.

Regulators should be vigilant with maybe a sandbox approach for startups

(VII) Safeguard Financial Integrity



Albania: fintech can offer channels for illicit payments
But also help detect money laundering and reduce use of cash

(VIII) Modernize Legal Frameworks



**Data
Privacy**

Insolvency

**Data
Security**

Resolution

Smart Contracts

Payments

**Albania: fintech is new
territory
Calling for new expertise**

(IX) Ensure Stability of Monetary and Financial Systems



Albania: monetary transmission to evolve with fintech

- Transmission currently limited by high euroization and impaired credit channel
- Changes hard to predict

(X) Develop Robust Financial and Data Infrastructure



Business
continuity

Operational risk
management

Privacy

Cyber security

Data ownership

Consumer
protection

Data security and
integrity

Concentration
risk management

Other Bali Elements

XI. Encourage International Cooperation and Information-Sharing

XII. Enhance Collective Surveillance of the International Monetary and Financial System

For Further information, see

<https://www.imf.org/en/Publications/Policy-Papers/Issues/2018/10/11/pp101118-bali-fintech-agenda>