

**BANK OF ALBANIA**

# **ECONOMIC BULLETIN**

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## THE SPEECH HELD BY THE GOVERNOR OF THE BANK OF ALBANIA, MR. SHKËLQIM CANI, IN THE JOINT PRESS CONFERENCE WITH THE IMF MISSION AND THE MINISTER OF FINANCE. TIRANA, 29<sup>TH</sup> OCTOBER 2003

During the two-week intensive discussions between expert's from the Bank of Albania and from the EU1 Mission of the International Monetary Fund, it was concluded that the Albanian economy **is making progress in respect of the economic growth in general and macroeconomic developments in particular.**

Being the Governor of the Bank of Albania, I shared the same opinion with the Head of the Mission, Mr. Sammiei, that according to the anticipations, the Albanian economic growth by the end of the year is expected to be 6 percent and the inflation rate within the targeted level of 2-4 percent.

I would gladly note that the Mission gave a significant support to the reform in the Albanian financial sector and the further consolidation of the banking system, upon which the public confidence has greatly increased thanks to an accurate, successful and transparent monetary policy pursued by the Bank of Albania.

On the other side, I am pleased to note that the Bank of Albania has fulfilled all her commitments under the Technical Memorandum of Understanding between the Albanian Authorities and the Fund, those referring to the monetary aggregates as well as the development and the consolidation of the banking system.

The Bank of Albania backs up the efforts of the Ministry of Finance for the privatisation of the Savings Bank, to give thus a further impetus to the banking sector development in Albania.

Regarding the 2004 budget as well as the planned structural reforms, the Bank of Albania regards them as reasonable, realist, and simultaneously it expresses the Government's will to commit itself seriously in implementing them.

Trying to take advantage of this opportunity, please allow me to dwell a bit more on an issue regarding the monetary policy of the Bank of Albania. The Supervising Council of the Bank of Albania just decided, in the meeting held today, to reduce by 0.5 percentage point the Repo's interest rate, bringing it from 7.5 percent to 7 percent. As it may be evident to you, this is about the core interest rate in economy, which represents also the main policy lever of the Bank of Albania. Here, I'd like to stress that with this reduction, de facto, the Repo's percentage comes to the same level as the pre-crisis 2002 one, a time when the Bank of Albania was constrained to take up sequential increases of the core interest rate.

The Bank of Albania believes that proceeding in this way it will further reduce the cost of banks in general and the price of the money in economy, encouraging thus more the business crediting at a lower cost.

The Bank of Albania, analysing thus this action, relied on several factors whose performance gave us the assurance on a further relaxation of the monetary policy. Obviously, I shall not forget to mention that during our decision-taking process we have been consulting domestic factors as well as our international consultants.

The overall macroeconomic framework of the country, with all of its aspects being analysed, constitutes an essential argument in backing up this decision. More specifically, developments such as the positive performance of the monetary indicators, positive expectancies on them related to the year-end of 2003, keeping under control the budget deficit, the pressure exercised by the interest rates in Lek on the exchange rate, etc., intertwined with the optimistic expectations on inflation by the year-end of 2003 (developments noticed in the prices of agricultural productions for the first 3 weeks of October raise the optimism), represent significant arguments in substantiating this action.

# “REPLACING CASH WITH ALTERNATIVE PAYMENT INSTRUMENTS: ADVANTAGES AND PROBLEMS”. TIRANA, ON NOVEMBER 10, 2003

*Honored ladies and gentleman,*

Thanking you for your participation, allow me to declare the discussions of this round table open on the reduction of transactions in cash, otherwise called reduction of cash in economy.

Now that there have passed almost 13 years since the transition started, the Albanian banking system has marked important positive developments concerning the main parameters, such as: the considerably increased number of banks and their branches, the increase of the banking services in number and quality, the provision of possibilities to use on line payment instruments, the reduction of banking transaction costs, etc., thus offering real possibilities in easing transactions in cash.

Albanian economy continues to suffer the problem of circulating money in cash or outside the banks, which is at a considerable size and percentage in comparison to the advanced economies and to those of the region.

The actors that are present in this round table, the institutions and the public authorities, the business community and the banking system, I believe, all share the same concern on cash size in economy, and what is more important, we share the willingness and commitment to increase the circulation of money through the banking system.

The first steps are already made and the Bank of Albania considers as successful the fact that at least we are all aware of the necessity to reduce cash. The media and the public seem to be our partners in this process, which increases our confidence in the development of a payment system close to international and European standards, where we want to integrate. It is very important the fact that this meeting has gathered together all the “producers”, that is the authorities such as the

Bank of Albania, Ministry of Finance, Ministry of Economy, and all “actors” such as commercial banks, business representatives, fiscal entities, to crystallize a joint plan of coordinated measures for cash reduction in economy.

I am convinced that, with the exception of law-breakers, we will all benefit from addressing ourselves to banks’ windows.

- The **Bank of Albania** is interested in posting money through the banking channels, so that its policies, especially the monetary policy, are more efficient.
- **The commercial banks** would take advantage of more customers and transactions, meaning more earnings and realized gains.
- **The private business** would benefit from financial support, by means of banks’ lending and consultation. To this end, banks are expected to reduce the costs and increase the provision of various financial transactions;
- **The fiscal, taxation and customs bodies** would naturally raise the performance of income and services to business, if the taxpayers addressed themselves to banks, reducing in this way the possibilities for corruption.
- **The government** would also be more efficient in comprehending the mid-term budgetary policies for the country’s economic growth and development.
- **The public** would benefit from more qualified services while effecting payments to public entities, such as Albanian Telecommunication Company, Albanian Power Corporation, Water Supply. The pensions’ pays

would be effected in a more civilized and upgraded way, without needing to stay in long queues, without loosing time at the windows.

- What is more important, the **customers** would earn income on bank interests and would benefit from the eased credit procedures in the process of banks'

decision-making.

So, let us put forward in this round table, our arguments, remarks and concrete proposals for solving this problem. Simultaneously, let us be **transparent, responsible, active** and **practical** in sorting out the legal, administrative and logistics obstacles for posting money through the banking channels.

## **THE SPEECH HELD BY THE GOVERNOR OF THE BANK OF ALBANIA, MR. SHKËLQIM CANI, ON LAUNCHING THE CAMPAIGN AGAINST THE SPECULATIVE RISE OF PRICES ON THE EVE OF YEAR-END HOLIDAYS. NOVEMBER 20, 2003**

On the eve of year-end holidays, all of us are witness of price rises, which comes due to the increase of the general demand. Someone could think that this is how the market economy works. It is the right of everyone to make profits, which on the other side, is associated with the right of everyone not to be a "victim" due to the position of the man in "need". How should we figure this out? Not buying at all? Not buying all we want to? Not buying at some dealers or at some providers of particular services? These could be momentary solutions, for once or to one single person. What we are gathered to discuss here about is a solution serving the general situation, all of us. Solutions of the kind are offered by institutions, but they should be back up by the public. To be backed up they should be understood, and as everything to be understood, our argument, too should first be the object of one or more talks.

It would be really nonsense that dealers, producers, businessmen, those offering various services would not think of making more and more fortune. It would be really nonsense, too that a particular group of people would think that it is just the state and the society, which should provide solutions to their economic problems.

I think it is right to aim at a sound economic-logic-based profit, which as any other logic is sophisticated and has been through many experiences of other countries. Whatever is happening nowadays in our country is not absolutely an unprecedented phenomenon. The extent of damages it incurs and the traces it leaves in the economy of each country and in that of the country in general, is entirely Albanian.

### **THE ALBANIAN WAY OF CELEBRATING**

First, it has to do with our previous celebrating tradition. With a very few exceptions in this

room, all of us remember what happened to us and to our parents on the eve of New Year's seasonal holidays. Endless queues to get at least the seasonal fruits, queues to get the scarce variety of drinks, queues also at the baker's or at the rare facilities provided (pastries made to order at the sole confectionery in Tirana). And at the end of this huge struggle, all the houses, more or less the same, had the same reserves of the same products for several days in their houses. The market was generally left with the seasonal vegetables being the only products not rationed. Coming from such an experience, justified, all of us initially had a great desire of over consumption. It was this, which led to the on-going abundant shopping on holidays' eve, to the on going shopping at one time and to the on going shopping of everyone at one time.

So all of us forgot that in a market economy, about which all of us speak so much, every single action has its own consequences, which in our case is translated to: higher demand means higher prices. Thus, each of us could buy what he needs for holidays, as he will certainly find all he needs tomorrow or the day after tomorrow, and all the other days. On the other side, there is no point in buying everything at the last minute. Why not buying in advance drinks, for instance, and other products, which could very well be stored at home as in shops. If only one brings to mind the traffic jam throughout the streets of the city, streets taking us to the wholesale places or other places trading foodstuff, and this only is enough to make you forget of holiday shopping. This is what each of us can do to help oneself and the others, in such a case.

### **THE POSSIBILITY TO CELEBRATE**

The second concerns the possibility to celebrate. According to a recent survey carried out by the Bank of Albania, it resulted that the

highest price rise is noticed on the food products and outdoors eating. Hence, it is not noticed the same price rise on valuable articles, cosmetics, perfumes, travel tickets, sports, cinemas, theatres, concerts, etc. Most of these businesses are as private and interested in making profits as the dealers of foodstuff, restaurants, hotels, bars, etc. Similarly the prices of books, albums, which in the nowadays-civilized world are used as Christmas or New Year presents, do not rise.

## **BUSINESS BEHAVIOUR**

Another conclusion resulting from the questionnaire with Tirana citizens is that there are the wholesale dealers who make the speculation of prices. However, for the moment I would like to stop at another point concerning the way in which business itself reflects upon this issue. Turning back to the early arguments of our discussion, I would like to underline that even without deliberate price rises on holidays eve, there are still good chances to make profits. I believe that no one here thinks that managers of other businesses, who do not put up prices of the above-mentioned articles, make no profits during this “golden” season for the others.

So, you see that there are chances to earn without “speculating”, that is to say with the demand increase of certain products. And they earn by relying on a definite economic belief; working not only for the moment but for the future as well; working not only for material

profits, but also for a good reputation; investing thus on the future of the business or commerce.

## **WHAT ROLE DOES THE STATE PLAY?**

As a last issue I thought to dwell on the role of the state and perhaps on some issues concerning our education. All of us were used to the state checking the overall arrangement of the market as to its abilities. To what extent this arrangement suited to our demand and whether it fulfilled it or not, this is now an exhausted argument, useless spending minutes from this meeting. As we are speaking now, the state has certain obligations, which to be honest, it is not that it has always fulfilled maximally. This has come due to many reasons that are neither the objective of this meeting.

Despite what mentioned so far, in order that the state play its classical role in a market economy, among other things, it needs at a considerable extent our cooperation. In order that this cooperation to work at each of the links – dealer-business-producer-consumer-it should be clear to everyone that living in a community has its own unwritten obligations, which, at a certain extent, can't be imposed by any government. Since all of us agreed to live under a market economy and establish a society of a developed economy, it is necessary that altogether accept our part of the “fault” in the difficulties we have put one another in, and respect the rules of a fair play.x

## **THE SPEECH OF THE GOVERNOR OF THE BANK OF ALBANIA, MR. SHKËLQIM CANI, HELD IN THE MEETING OF THE INTERMINISTERIAL COMMITTEE OF THE NATIONAL SECURITY POLICIES. NOVEMBER 24, 2003**

The Albanian economy during 2003 seems to have regained its potential growing rates, after the slowdown noticed in 2002. Various indicators generally bring to light that the economic growth forecast for 2003, nearly 6 percent, remains still a realist possibility. Developments such as: stability in the agricultural production, the optimistic performance in branches of services, industry and transport, the increase of the trade transaction volume verified in the first half of the year, the higher number of tourists, the stabilised and favourable energetic situation, the stability in remittances as well as other factors, are arguments in supporting the reach of the economic growth objective in our country.

The year 2003 is assessed as recording another year of stability in consumption prices. As during the 3 - 4 previous years, the Bank of Albania expectations speak about an annual inflation rate target of 2 – 4 percent. According to the latest data, at the end of October 2003, the annual spread of the consumption prices marked the figure of 2.9 percent, while the annual inflation calculated as the average of the twelve last months marked just 2.27 percent, reinforcing thus its clear downward trend.

The Bank of Albania, in its recent analysis, has been pointing out that its monetary policy has gained impetus under an adequate fiscal policy, where particular emphasis has been given to the control of budget expenditures versus the realised revenues. Therefore, the demand of the government for liquidities, up to this moment, is completely fulfilled by the banking system, without necessitating the Bank of Albania financing. In these circumstances, fiscal pressures on the monetary policy are weak. Following this logic, it could be concluded that the move of both policies (the monetary and the fiscal ones) has been in harmony and in compliance with general economic-financial development program of the country.

The domestic financing of the budget deficit from the banking system during 2003 is forecasted to be nearly at the same level as in 2002, about 2.2 percent of the GDP. The steady level of the domestic government borrowing, facing the rapid increase of Lek deposits, was another factor, which gave rise to the slump of treasury bills.

The monetary policy of 2003 has continued to be careful, with easing trends. This is reflected in the reduction of the interest rates three times during this year. Attending uninterrupted the inflation performance and the indicators of banking system liquidity, the Bank of Albania reduced by 1.5 percentage point - in total - the Repo rates during 2003, bring it by the end of October to the same pre-crisis liquidity level of the previous year.

The banking system reaction was the reduction of the deposits interest rates, treasury bills and transactions in the inter-bank market. The low inflationary expectancies of banks caused the banking system reaction - in reducing the interest rate - surpass the reduction of the core interest rate in the three-month maturity term of deposits as well as treasury bills. This affected the reduction of the real interest rates during 2003. However, they have remained positive thanks to the fact of keeping the inflation rate within the target of the Bank of Albania, in the last six months. The real interest rates in positive terms have not been followed by loss of interest from households and subjects in depositing their savings in the banking system, and retaining thus the liquidity ratios in the system. Monetary developments show that the deposits haemorrhage in spring 2002, is completely past, which is also manifested by a liquidity surplus in the banking system, which has been fluctuating around the level of Lek 5.3 billion during 2003. It is worth mentioning that the surplus liquidity has influenced the reduction of the financial intermediation cost of the banking system, reflected in the reduction of treasury bills and the Lek deposits interests rates difference.

In supporting the economic growth, it seems that this year marked a further support for crediting the economy. The banks' credit portfolio in the private sector increased by Lek 9.3 billion during the first nine months of the year. During this period, a new credit of Lek 63.8 billion or 44 percent more than the same period in the previous year was extended to the economy.

According to the developments during the nine months, to the present development of the banking system liquidity, etc, it could be concluded that monetary developments during 2003 will be a further contribution to the general macroeconomic equilibrium of the country.

On the other side, developments in the foreign sector of the economy indicate a further growth of the foreign trade activity where the most positive developments belong to the growth of exports and remittances. Meanwhile, according to the preliminary data, the number of tourists in the first 9 months of 2003 grew, marking thus another promising development.

The exchange rate, reflecting the developments in American and European economies interests' rates, developments in international market as well in the domestic market, Lek manifested an appreciation against the two main currencies. In these circumstances, the Bank of Albania intervened time after time in the market so as to ease the exchange supply pressures. Consequently, the foreign exchange reserves of the Bank of Albania, in absolute value, recorded the level of USD 965 million by the end of September, a level which corresponds to the Bank of Albania objective in covering 4.5 months imports.

In order to have a clearer view on the expected economic situation by the end of 2003, following there is a table with the general indicators of the country's economic development, including the monetary ones.

The Bank of Albania hopes that for the rest of the year there will not be any surprising development, which would affect negatively the efforts throughout 2003.

**Table 1: General economic indicators.**

	1996	1997	1998	1999	2000	2001	2002	2003*
Real growth of the GDP (in %)	9.1	-10.3	12.7	8.9	7.7	6.8	4.7	6.0
Number of employed (in thousand)	1,116	1,107	1,085	1,065	1,068	920.5	920	927
Unemployment percentage	12.4	14.9	17.8	18.2	16.8	16.4	15.8	15.2
Inflation percentage (v/v)	17.4	42.1	8.7	-1	4.2	3.5	2.1	3.0
M3 growth	44	28	21	22	12	20	6	9.5
M3 rate	1.82	1.72	1.92	1.73	1.64	1.51	1.58	1.66
Money outside banks growth	14	52	-6	19	22	20	10	-3.3
New credit to the economy (Lek billion)	7.4	3.98	5.8	8	24	40.6	62.6	63.8
Lek deposits (Lek million)	72,831	89,495	130,940	158,326	165,261	186,211	193,886	223,500
Budget deficit (in % of the GDP)	-11.4	-13.2	-11.3	-11.9	-9.1	-8.3	-6.2	-4.6
Domestic debt (in % of the GDP)	30.7	36.18	35.12	36.31	41.01	39.42	38.49	39.1
Current account (in % of the GDP) <sup>1/</sup>	-11.5	-12.03	-6.12	-7.34	-7.1	-6.1	-8.9	-8.5
Foreign debt (in % of the GDP)	29.2	33.2	31.8	29.1	30.2	28.2	24.9	23.7
Average Lek/USD exchange rate	104.5	148.9	150.6	137.7	143.7	143.48	140.15	123.8**
Average Lek/Euro exchange rate				146.9	132.58	128.5	132.4	138.2**

Note: \* the GDP calculation is done by INSTAT with a different methodology, only for 1996-2000.

\*\* 2003 average until October 2003.

\* Almost all 2003 data are forecasts.

Source: INSTAT, Ministry of Finances, Bank of Albania and assessments from the IMF, etc.

# THE COMPLETE DISCUSSION OF THE GOVERNOR OF THE BANK OF ALBANIA, MR. SHKËLQIM CANI IN THE PARLIAMENTARY COMMISSION OF ECONOMY, FINANCE AND PRIVATIZATIONS. DECEMBER 15<sup>TH</sup>2003.

## THE MONETARY PROGRAM OF 2004 – ITS COHABITATION WITH THE FISCAL POLICY

### 1. 2003 IN FIGURES

The Albanian economy during 2003 seems to have returned to its potential growth rates, leaving behind the deceleration of 2002. Various indicators generally point out that the economic growth forecast for 2003 – of **about 6 percent** – is a real opportunity. Developments such as: stability in the agricultural production, the positive performance in the branches of services, industry and transport, the increase of the trade transactions volume verified in the first 6 months of the year, the greater number of tourists, the stable and favorable energy situation, the stability of remittances and other factors, are reliable arguments in achieving the economy growth objective.

2003 is believed to mark another year of the consumption price stability. As in the 3-4 previous months, **the Bank of Albania's expectations speak about an annual inflation rate within the target interval of 2 – 4 percent.** According to the latest data, the **12-month difference of consumption price index by the end of November 2003, marked the figure of 3.4 percent**, while the annual inflation, calculated as the average of the last twelve months, reached the level of **2.24 percent**, reinforcing thus its clear downward trend.

The Bank of Albania – in its recent analyses – has been underlining the fact that its monetary policy has been a careful, financial, budgetary policy, where special emphasis has been given to the budget expenditures control versus the realized revenues ratio. Consequently, the government's liquidity needs, up to the present moment, have been completely covered by the banking system, and therefore, the Bank of

Albania financing was unnecessary. Under these circumstances the fiscal pressures on the monetary policy are weak. Following this reasoning, it could be concluded that the move of both policies (monetary and fiscal) has been in harmony and in conformity with the general economic-financial development program of the country.

**Domestic budget deficit financing from the banking system during 2003 is estimated to be almost at the same level as that one of 2002, being about 2.2 percent of the GDP.** The stable level of the internal government borrowing, facing the rapid increase of Lek deposits, was another factor, which influenced the immediate reduction of treasury bills interest rates.

The monetary policy of 2003 has continued to be careful, characterized by smoothing tendencies. This is reflected in the reduction of interest rates three times throughout the year. Watching attentively the inflation performance and the liquidity indicators in the banking system, the Bank of Albania reduced, all in all, the Repos rate by **1.5 percentage points** during 2003, bring it by the end of October at the pre-crisis liquidity level of the previous year.

The real interest rates in positive terms have not changed the attitude of households and agencies in depositing their savings in the banking system. This helped keeping up the liquidity ratios in the system. Monetary developments show that the deposits hemorrhage of spring 2002 has been completely overcome, which is reflected in a liquidity surplus of the banking system, fluctuating round the level of Lek 5.3 billion during 2003. Worth underlining is the fact that, the surplus liquidity brought about the reduction of financial intermediation costs, expressed in the reduction of the difference between the treasury bills and Lek deposits interest rates.

Also, considering the appreciating tendencies of Lek during 2003, the Bank of Albania has been present in the foreign exchange market. The foreign exchange activity of the Bank of Albania resulted in the injection of Lek 3.9 liquidity billion, in the market. However, considering the surplus liquidity performance in banks, the Bank of Albania sterilized the foreign exchange purchasing effect. It performed outright selling of treasury bills from its portfolio, at a value of Lek 4.07 billion. The rest of the surplus liquidity was withdrawn through the repurchase agreements. In support of the economy growth, this year seems to have marked a greater support towards the economy crediting. **Banks' credit portfolio for the private sector of the economy increased by Lek 10.1 billion**

during the first 10 months of the year. During this period, a new credit of Lek 70.6 billion (USD 660 million) was extended to the economy, or 45 percent more than the same period in the previous year.

Based on the developments noticed during the first ten months, on the current developments of the banking system liquidity, etc., it could be summarized that monetary developments of 2003 will be a greater contribution to the consolidation of the overall macroeconomic equilibrium of the country. In order to have a clearer view of the expected economic situation by end of 2003, following is given a table showing the general indicators of the country's economic development, including here the monetary ones as well.

**Table 1: General economic indicators.**

	1996	1997	1998	1999	2000	2001	2002	2003*
Real growth of the GDP (in %)	9.1	-10.3	12.7	8.9	7.7	6.8	4.7	6.0
Number of employees (in thousand)	1,116	1,107	1,085	1,065	1,068	920.5	920	927
Unemployment percentage	12.4	14.9	17.8	18.2	16.8	16.4	15.8	15.2
Inflation percentage (y-o-y)	17.4	42.1	8.7	-1	4.2	3.5	2.1	3.0
M3 aggregate growth	44	28	21	22	12	20	6	9.5
M3 aggregate velocity	1.82	1.72	1.92	1.73	1.64	1.51	1.58	1.66
MoB growth	14	52	-6	19	22	20	10	-3.3
New credit to the economy (Lek billion)	7.4	3.98	5.8	8	24	40.6	62.6	70.6
Lek deposits (Lek million)	72,831	89,495	130,940	158,326	165,261	186,211	193,886	223,500
Budget deficit (in % of the GDP)	-11.4	-13.2	-11.3	-11.9	-9.1	-8.3	-6.2	-4.6
Domestic debt (in % of the GDP)	30.7	36.18	35.12	36.31	41.01	39.42	38.49	39.1
Current account (in % of the GDP)	-11.5	-12.03	-6.12	-7.34	-7.1	-6.1	-8.9	-8.5
Internal debt (in % of the GDP)	29.2	33.2	31.8	29.1	30.2	28.2	24.9	23.7
Average exchange rate lek/usd	104.5	148.9	150.6	137.7	143.7	143.48	140.15	123.1**
Average exchange rate lek/euro				146.9	132.58	128.5	132.4	137.9**

Note: \* The GDP calculation is made by INSTAT with a different methodology, only for 1996 – 2000.

\*\* 2003 average until November 2003.

\* Almost all the 2003 data are forecasts.

Source: INSTAT, Ministry of Finances, Bank of Albania and IMF estimations.

As a conclusion, I would like to underline once again that the Bank of Albania does not make its policy decisions separately, but following carefully all the developments of the economy, and this is really important for the public to understand. As it is now a tradition, the monetary policy of the Bank of Albania is part of the general economic development program of the country. As such, it can't be but a range of decisions and measures, which in good harmony with the other policies, the fiscal one, etc., aim at economy growth and reduction of the poverty in the country.

The coordination of monetary and fiscal policies could be achieved in the mid-term development program of the country, a program covering a three-year time span. The extensive logic of this program gives a crucial importance to keeping up macroeconomic stability.

Keeping up macroeconomic stability serves as a bridging gap between the monetary policy and the fiscal one. Hence, the monetary policy is committed in keeping up price stability, whereas the fiscal one controls the budget deficit. These macroeconomic indicators are strongly related to one another: fulfilling each of them requires, as a basic condition, the observance of the other objectives. Following this idea and backing it up in figures, please allow me to shortly through a glance back in the past.

The soundness of the Albanian state in these last years, the economic growth and amelioration of the tax and customs entities performance, enabled the reduction of the budget deficit. This deficit fell from 11.4 percent of the GDP in 1998 to 6.9 percent in 2002. In 2003, it is expected to fall at the level of 5.8 percent of the GDP, whereas the draft-budget for 2004 has an even more ambitious objective: the reduction of the general budget deficit at the level of 4.8 percent of the GDP. This fiscal discipline has given its own results. It influenced the reduction of treasury bills interest rates, bringing about an overall reduction of interest rates in economy. The reduction of interest rates

and the government's demand for funds gave a greater respiration to economy crediting. It has extended more funds – at lower interest rates – to be used by the public sector. According to the data provided by the Bank of Albania, economy crediting increased at an average of 90 percent per year during 1999-2002. **On the other side, the reduction of the Bank of Albania's financing to state budget, gave positive impacts on the liquidity indicators in the system. Now the long-term monetary assets gave a straightforward contribution on keeping inflation at low levels. Inflation fell from 8.7 percent in 1998 to 2.1 percent in 2002. In these last three years, it was within the interval of 2-4 percent, as targeted by the Bank of Albania.**

## **2. MONETARY PROGRAM OF 2004.**

Pursuant to drafting and implementing the monetary policy, the Bank of Albania designs each year the monetary program, which is a financial plan aiming at disciplining the funds circulation in economy, in conformity with the development objectives of the country. The main objective is meeting the needs of the economy for monetary assets, without influencing the balance of demand-supply for monetary assets, generating thus inflation or shrinking the economy.

The monetary program of 2004 has also been set up on the same premises. It's not a secret the fact that in the coming years as well, as in the previous ones, the two main decision-making institutions of the country in the field of economics and finances, the Albanian Government and the Bank of Albania, have agreed upon the general objectives of the country's development, including also the so called harmonized cohabitation between the fiscal and monetary policies. This process, albeit all, was part of a constructive consultation with institutions such as IFM and the WB, enabling thus a new financial agreement between these two institutions for 2004.

**Table 2. Main macroeconomic indicators<sup>1</sup>**

	2000	2001	2002	2003	2004
Real economy indicators (in point percentage)					
GDP growth	7.8	6.5	4.5 - 5	6.0	6.0
Annual CPI (average)	0.0	3.1	5.2	2.3	3.0
Nominal GDP (Lek billion)	539.2	590.2	678	745	823
Fiscal indicators (in percentage versus the GDP)					
Fiscal deficit	-8.9	-8.2	-6.9	-5.8	-4.8
Monetary indicators (in percentage point)					
M 3 Growth	12	19.9	7.0	9.5	10.6
3m TB Interest rate	7.8	8.0	10.6	7.6	

### 2.1. INFLATION AND MONETARY POLICY IN 2004.

The monetary policy of the Bank of Albania during 2003 was characterized by easing trends of the monetary conditions, in compliance with the lessening the inflationary pressures and improving the monetary indicators. The Bank of Albania took up the implementation of an easing monetary policy since April 2003 reducing the core interest rate by 0.5 percentage point. In July and October 2003, there were two other reductions by 0.5 percentage point each, bringing the core interest rate at the level it was at the beginning of the previous year. At the end of November 2003, the core interest rate was 7.0 percent; the annual inflation rate for that month was 3.4 percent, whereas the average annual inflation by the end of October was just 2.24 percent.

The Bank of Albania has been present in the foreign exchange market throughout 2003 by buying foreign exchange. The foreign exchange activity of the Bank of Albania helped in injecting liquidity in the market and it has smoothed the Lek appreciating tendencies during the year.

The forecasts for the main trends and inflation for 2004, suggest that the Bank of Albania should apply a similar policy in 2004, too. Developments in the consumption prices are characterized by low inflationary pressures. Our forecasts show that the inflation target of the Bank of Albania will be met during 2003. In case no shock phenomena emerge, inflation will be under control also for 2004. Besides, the expectations on the economy seem to speak about an inflation level sticking to the present

one. Liquidity ratios and structures seem to be near their historic levels, whereas interests rates were characterized by downward trends during 2003. Therefore, the Bank of Albania might reconsider the possibility of a further reduction of interest rates, a possibility consisting in the future performance of the monetary and inflationary indicators. This will be in support of the economic activity or inflation target. Judging from the analysis of actual trends, we could say that interest rates during 2004 will be generally stable or in downward trend.

The analysis of monetary indicators for 2004 shows that the Bank of Albania is going to be present in the foreign exchange market so as to impede the further appreciation of Lek. Judging from the monetary indicators of these recent years, we notice that Lek supply (M2 growth) in the internal market has been declining due to the lack of government's privatization incomes, which the Bank of Albania converted in Lek by injecting liquidity in the market. The reduced Lek supplies, together with its increased demand (due to the high interests rates of financial assets in Lek during 2003), have been exercising pressures on the Lek appreciation during 2003.

### 3. MAIN SUPPOSITIONS OF THE MONETARY PROGRAM OF THE BANK OF ALBANIA FOR 2004.

In designing the monetary program for 2004 particular attention was given to the Bank of Albania's target, that is **keeping up the annual inflation rate within the limits of 2-4 percent**. In hitting this target, the monetary program aims

<sup>1</sup> Foreign sector forecasts belong to June 2003.

the control of money supply growth so that the level of real monetary assets responds to the real needs of the economy for a **6 percent economic growth**. The economy demand forecast does still rely on the quasi-constant velocity forecast of money circulation. This forecast, judging from the nominal GDP level, is the bridging gap between inflation and money supply growth (intermediate objective).

- percent of the GDP
- The growth rate demand for the economy is expected to be almost the same as the 2003 one.

Based on these considerations, the M3 circulation velocity – as to trimesters – is presented as follows:

**Table 3. Money circulation velocity in 2004. (GDP as to trimesters\*100 / M3)**

Dec '02	March	June	September	Dec '03	March	June	September	Dec '04
42.9	43.9	43.9	42.9	42.9	44.1	43.3	43.2	43.1

The monetary program guarantees the observance of quantitative objectives set by the Bank of Albania, the level of NDA and NIR of the Bank of Albania within the limits and the control of government's domestic borrowing at the level of **2.7 of the GDP**.

Based on this forecast, the money supply is expected to grow by 10.6 percent or by Lek 47.4 billion.

### **3.1.1. MONEY SUPPLY CONSTITUENTS.**

### **3.1. MONEY SUPPLY AND ITS CONSTITUENTS.**

Money velocity is forecasted to be relatively stable during 2004. This assumption is based on keeping up the monetary developments trends of 2003 even for 2004. Thus:

- Inflation is expected to be within the target of the Bank of Albania
- Interests rates are expected to be stable or in downward trend
- The government demand, which is also the main source of requiring funds, is expected to be at the same level, 2.7

The ratio of money outside banks versus the money supply noticed during 2003 is not expected to undergo significant changes during the coming year. However, an upward trend of the foreign currency deposits ratio versus M3 is expected, bringing about a decrease of the Lek deposits weight versus money supply. Foreign currency deposits are expected to have a considerable annual increase, of about 18.2 percent, or Lek 17.7 billion, by the end of 2004.

Generally, the M2 aggregate growth will follow the performance of the economy demand for monetary assets. This demand is expected to be higher in the first quarter of the next year.

**Table 4. Money supply growth as to trimesters (in Lek billion)**

	T1	T2	T3	T4	2004
Money supply	10.9	11.0	11.5	14.0	47.4
Money outside banks	1.7	3.1	3.2	6.9	14.9
Lek deposits	4.1	3.6	3.7	3.4	14.8
Foreign currency deposits	5.1	4.3	4.5	3.7	17.7

**Table 5. M2 and monetary assets demand growth (in Lek billion).**

	T1	T2	T3	T4	2003
Deficit financing	7.2	4.2	3.6	5.0	20.0
Credit to the economy in Lek	0.5	0.5	0.5	0.5	2.0
Foreign currency reserve growth	0	1.8	2.4	1.2	5.4
Sum	7.7	6.5	6.5	6.7	27.4
M2 growth	5.8	6.7	7.0	10.2	29.7

Achieving equilibriums of monetary indicators and the reduction of the core interest rate down to the levels of early 2002, are expected to provide the normal growth of the M1 aggregate. Demand deposits in Lek are forecasted to be slightly higher in the coming year. However, the strongest impact on the M1 aggregate growth will be the growth of money outside banks. Money outside banks is forecasted to increase by Lek 14.9 billion in the next year. Money outside banks ratio versus money supply is assumed to be round the level of 28.0 percent. Such a forecast is based on the fact that this ratio has generally appeared as an equilibrium level in the Albanian economy. Also, the forecast for a stability (or fall) of interest rates, gives a greater back up to this assumption. However, considering the historic trends, this ratio is expected to have an upward trend in the last trimester of the year.

Money outside banks performance according to the monetary program will also enable the observance of NDA objective of the Bank of Albania. Taking it for granted that the NIR performance of the Bank of Albania will stick to the program, the forecasted NDA realization would be as follows:

**Table 6. Net Domestic Assets Objective (in Lek billion).**

	December '03	March '04	June '04	September '04
Objective	93.1	80.1	82.1	84.1
Forecast <sup>2</sup>	77.0	78.7	82.5	84.7
Difference	-16.1	-1.4	-0.4	-0.6

The annual increase of Lek deposits is forecasted to help meeting the economy demands for domestic monetary assets from commercial banks. The Lek deposits increase in the next year is forecasted to be Lek 14.8

billion, while the demand for monetary assets in Lek of the government and that of the private sector is forecasted to be Lek 14.5 billion. This will provide a stable situation of liquidity in the banking system during 2004.

The banking system is forecasted to meet completely the needs of the private sector for loans in Lek as well as the demand of the government for deficit financing up to **62.5 percent of the total financing of Lek 20.0 billion**. The Bank of Albania might finance up to 5 percent of the average government revenues in these three last years, or nearly Lek 7.5 billion. As a result, borrowing or investment of free funds of second-tier banks at the Bank of Albania will ease the misbalance effects between the demand and supply for domestic monetary assets on the liquidity performance during the year.

## 3.2. THE DEMAND OF THE ECONOMY FOR MONETARY ASSETS

### 3.2.1. CURRENCY POSITION OF THE BANKING SYSTEM

Net foreign currency assets of the banking system for the next year are forecasted to

increase by nearly Lek 8.6 billion or 5.1 percent from the previous year. The increase of NFCA of the banking system will mainly come due to the increase of net foreign currency assets of the Bank of Albania, which will increase by Lek

**Table 7. Liquidity performance during 2004 (in Lek billion).**

	T1	T2	T3	T4	2004
M2 growth	5.8	6.7	7.0	10.2	29.7
Money outside banks	1.7	3.1	3.2	6.9	14.9
Lek deposits	4.1	3.6	3.8	3.3	14.8
Deficit financing from the Bank of Albania	1.9	1.9	1.9	1.9	7.5
Deficit financing from banks	5.3	2.3	1.7	3.1	12.5
Credit to the economy	0.5	0.5	0.5	0.5	2.0
Borrowing from the Bank of Albania <sup>3</sup>	1.9	-0.8	-1.4	0.3	-/-

<sup>2</sup> Forecasts on the NDA and NIR objective growth during 2004 are based on the growth of gross foreign currency reserve by USD 45 million and the growth of the reserve money by nearly Lek 17.9 billion until the end 2004.

<sup>3</sup> Borrowing from the Bank of Albania is presented in a positive sign; investment of free funds by the Bank of Albania is presented in negative.

7.1 billion. This is a 7.2 percent increase of the NFCA as compared to the 2.2 percent increase forecasted for 2003.

The forecasted increase of foreign currency reserves of the Bank of Albania during 2004 at the level of Lek 5.4 billion will be the main source of the NFCA increase. Denominated in foreign currency, this increase is **USD 45 million**. Most part of this increase is expected to be the outcome of the foreign currency purchase from the Bank of Albania.

The law provided the Bank of Albania to finance the budget deficit up to the level of 5 percent of the average budgetary government revenues during these last three years. In absolute value, this limit is estimated to be Lek 7.7 billion. The monetary program for 2004 forecasts that the Bank of Albania financing of the budget deficit will be Lek 7.5 billion. This financing by the Bank of Albania is necessary in covering the budget deficit, considering a small growth of the M2 and Lek deposits. The monetary program forecasts that the increase of Lek deposits during 2004

**Table 8. The difference as to trimesters of the gross foreign currency reserve of the Bank of Albania. (USD million)**

December 2003	T1	T2	T3	T4	December 2004
973.8	0	15	20	10	1018.8

The remaining part of **Lek 1.7 billion** is expected to come from the increase of the commercial banks reserves at the Bank of Albania.

will be sufficient in covering the other part of Lek 12.5 billion of the deficit financing from the banking system.

Net foreign currency assets of commercial banks will increase by Lek 1.5 billion, or 2.2

The following table shows the allocation as to trimesters of the budget deficit financing for the banking system.

**Table 11. Allocation of the budget deficit financing (Lek billion).**

	T1	T2	T3	T4	2004
Banking system financing	7.2	4.2	3.6	5.0	20.0
- Bank of Albania	1.9	1.9	1.9	1.9	7.5
- Commercial banks	5.3	2.3	1.7	3.1	12.5

percent. The NFCA increase of commercial banks is forecasted to be at a low level, despite the annual increase by Lek 17.7 billion of deposits in foreign currency. From this sum, nearly Lek 14.5 billion are expected to be used in financing the private sector borrowing, while the remaining part will raise the commercial banks reserves at the Bank of Albania.

The Bank of Albania financing is assumed to be the same throughout the four trimesters, providing thus the financing performance from commercial banks according to the demand forecasted by the government. However, the allocation of the Bank of Albania financing may undergo potential changes depending on the liquidity performance of the banking system from one trimester to another.

### 3.2.2. CREDIT TO THE GOVERNMENT

During 2004, the internal borrowing of the government in covering the budget deficit is forecasted to be Lek 22.6 billion, while privatization is expected to cover nearly Lek 2.8 billion. Participation from institutions and households in the treasury bills market has demonstrated upward trends in the last two years. In the coming year, their deficit financing is expected to reach the value of Lek 2.6 billion. **Budget deficit financing from the banking system in 2004 is forecasted to be Lek 20 billion or 2.3 percent of the GDP.**

### 3.2.3. CREDIT TO THE ECONOMY

The business needs for borrowing to support their businesses have been growing in these recent years. The same tendency is expected for 2004, too. **Credit to the economy for the next year is forecasted to increase by Lek 16.5 billion.** Compared to the credit balance increase in 2003, this one is nearly **Lek 3.6 billion, or 28 percent higher.**

The credit to the economy forecast is based on its performance during the last nine months.

Albeit the high-level of liquidity during this year, the credit balance increase was lower than in the previous years. In the next year, the credit balance increase in Lek is expected to keep the same rates, marking an annual increase of **Lek 2 billion** in absolute value.

Foreign currency credit increase is expected to be nearly **Lek 14.5 billion**, or 88 percent of the total increase of the credit to the economy. The difference between the credit interest rates in Lek and those in foreign currency is assumed to be one of main reasons of the slow increase of credit in Lek. Moreover, the high level of the banking system liquidity during 2003 does not

seem to have influenced the increase of the credit balance in Lek.

The higher increase of the credit balance to the economy forecasted for 2004 is based on the upward tendency of private sector financing needs. Meanwhile, the forecast for a small increase of Lek 2 billion, or 12 percent of the Lek crediting, is based on higher interest rates of Lek rather than foreign currency crediting.

The assumption to approach the crediting interests rates in Lek and in foreign currency, would also alter the forecasts on the credit balance increase, for the respective currencies in the future.

## **INTERVIEW WITH THE GOVERNOR OF BANK OF ALBANIA, MR. SHKËLQIM CANI, ISSUED TO THE “SHEKULLI” NEWSPAPER. DECEMBER 29<sup>TH</sup> 2003**

1. Due to various conflicts inside the ruling party, as well as a prolonged election process in the capital city, the country has been involved in a political crisis. What are the effects this crisis is causing to the economy of the country?

It has come as no surprise that the year 2003 has been characterised by intensive events in the political aspect. These events have occurred in the previous years as well, and certainly the effect will be felt in the economy of the country. The longer the events' time span is, the deeper the effects are to the economy, as well as the reforms process towards the European economic standards.

My message to the citizens with regards to this issue is that the main problem they have to concern about is the economy. Being an economist, I believe that politics, diplomacy and other fields of our lives can sometimes change, but their remedy is rapid. The economy is like a big truck, which is difficult to take a turn. It is true that the political turmoil has been going on for a long time now. However, up to now the effects of this turmoil have been very little to the economic development of Albania.

There are two main reasons that these political events have not or mildly have affected the economy of the country:

The first reason is that the Albanian population at large is used to such political commotions, they have gained somehow some kind of immunity towards this “political flue”. Thus, they don't believe that this turmoil will later on turn into chaos. Personally, I believe that there will be no chaos.

Secondly, the Albanian economy is slowly learning how to work on its own without the politics taking care of it.

The economic situation in the country is currently in a positive situation and almost all the economic indicators will be fulfilled in accordance with the objectives set in the beginning of the year. The Gross Domestic Product was forecasted to have an increase of 6%. With regards to inflation rates we have tried into preserving it 2-4% and have succeeded in doing that. Furthermore, the exchange market has been steady and the currency has been stable towards strong foreign currencies such as the Euro and the American Dollar. The deficit budget was planned to be 5.8% and by the end of the year we believe it will result in this percentage.

2. The President has not yet decreed the new Government presided by Mr. Fatos Nano, while on the other hand is it not clear as to whether this government will win the major number of votes in the Parliament. Do you believe that if this crisis is not rapidly solved there will be negative effects on the economy?

Without making any political statements, as well as being the Governor of the Central Bank, I will have to emphasize that if the political crisis will not turn into the “people's” crisis, it will not have any deep impact on the economy. However, if these crises will continue without any hope of resolving and furthermore if we are to suppose that there will be no solution to this crisis in the future months, this will deeply affect the economy of the country.

These effects will be long-term and short-term as well. They would stagnate the economical process of the country, as well as there would be a reduction of investments.

The effects will probably be felt in the legislative aspect as well. Lack of law' ratification can cause the deviousness of the Albanian

legislation towards the European one. Thus, there will be various ungratified laws and consequently these laws will remain unrealised as well.

However, the government's budget approval for 2004 is a positive sign, which predicts a general economic development and various reforms in the fiscal aspect. This crisis can affect the fiscal structures, as well as those of revenue and taxation. Some of these effects are starting to appear by now, however they are very small. If the crisis would continue there would be a shortage of incomes, consequently there would be less expenditure. Another effect to be felt is towards the government authorities.

These political insecurities will have their effects with regards to the lack of trust from the public at large, which are measured by respective indicators. Bank of Albania is still under the process of preparing these indicators. Crises are always being associated with lack of expenditure. On the other hand, prolonged crises prevent investors into taking any further actions.

3. Lately the Governor and the Bank of Albania has been the target of speculations about the new system of payments. Do you believe that the independency of this institution in our country, which is considered to be almost sacred in the developed countries, will be harmed by the politics?

I have to emphasize on the fact that during the 2003 this intervention by the politics has been

more rare. Furthermore, the Governor and all the executives working in the Bank of Albania are not being paid by the government budget. On the contrary, Bank of Albania has funded the government budget with more than 8.3% billion Lek or 79 million dollars.

Certainly the payment system in the Bank of Albania is decided based on arguments and only its Supervisory Council takes these decisions. Bank of Albania is independent from any other institution in taking decisions to achieve its objectives. Every subject is obliged to respect the institution of the Bank of Albania, to not influence any member of the Supervisory Council, as well as not to interfere in its activities. Bank of Albania is accountable only to the Parliament of the Republic of Albania, which in return appoints the Governor of the Bank of Albania.

On the other hand, judging from the level of salaries in the other banks, where an executive director receives five times more than the basic salary of the Governor, the international financial institutions suggestions and experiences of other countries suggest an increase of the payment system.

However, Bank of Albania has never experienced so far any sort of pressure or influence while taking its decisions. On the other hand, the political events that have lately occurred in the country have somehow left this institution out of the politics attention. Furthermore, various conditions such as the favourable climate conditions have made possible the progress of the economy towards the intended objectives.

## THE SUPERVISORY COUNCIL OF THE BANK OF ALBANIA, IN THE MEETING OF DECEMBER 30TH, 2003.

The Supervisory Council of the Bank of Albania, in the meeting of December 30<sup>th</sup>, 2003 – having considered the proposals made by some departments – decided to approve:

### 1. THE REDUCTION OF THE CORE INTEREST RATE BY 0.5 PERCENTAGE POINTS.

The Supervisory Council of the Bank of Albania examined the inflation performance and forecast, factors expected to have impacts on inflation and on the performance of monetary conditions in the economy.

It resulted that:

- a) The overall macroeconomic developments of the country are in line with the forecasts made. As already made known, it is estimated that the gross general product has increased by 6 percent while inflation and the budget deficit are at managing levels.
- b) Inflation, being one of the main objectives of the country's development program, presented a positive trend during the first eleven months of the year, resulting thus within the targeted interval of 2 – 4 percent for 2003. It is expected to fluctuate round the level of 3 percent even during December.
- c) Factors, which have influenced the inflation performance during the year, were mainly traditional ones whereas their intensity has been within normal values.
- d) Developments in monetary indicators such as: the increase of the monetary offer and its structure, the exchange rate, the liquidity structure in the economy as well as the favourable level of interest rates helped reducing inflation pressures coming from

external factors.

- e) Commercial banks, following the monetary policy of the Bank of Albania, were active in respect to interest rates reduction. However, low inflation rates have helped keeping up the real interest rates at positive levels. The reduction of interest rates during 2003 was followed by the reduction of financial intermediation costs.
- f) During 2003, the budget deficit registered a somehow different model compared to the rather more normal rhythm of budget expenditures in the previous years. This was more evident in December when there were no new pressures on the monetary policy.

Under these circumstances, the Supervisory Council decided to reduce the core interest rate by 0.5 percent. Therefore, the Repos interest rate is 6.5 percent.

The Supervisory Council of the Bank of Albania, through this decision aims to

- a) Further reduce the cost of banks in general and the money prices in economy in order to further stimulate business crediting and economic growth.
- b) Lower the pressures being exercised on our currency, Lek, which has been appreciated for some time now against USD and Euro.
- c) Further narrow the difference between the interest rates percentages of investments in Lek and those in foreign currency, in nominal as well as in real terms.

Analysing the possible frameworks of price consumption performance, the Supervisory Council believes that the reduction of interest rates will not have negative impacts on the

inflation performance of 2004, and a lower interest rate will assist better the needs of the economy.

## **2. POSSIBLE IMPACTS OF THE SAVINGS BANK PRIVATISATION.**

The Savings Bank privatisation, a process that recently established the Raiffeisen Zentralbank - Austria as its buyer, is expected to bring about some changes in the Albanian financial system. These changes will first occur in the Savings Bank of Albania, and through it, directly or indirectly, they will also give their impacts on the banking and financial system. These changes are expected to affect somehow the monetary policy and banking supervision implemented in the Bank of Albania.

The preliminary and specified impacts of the SB privatisation on the Albanian market could be summarized as follows.

1) RZB is a financial institution, which offers various banking services to the Albanian banking system. Thus, it is expected to bring in a considerable number of products, which would draw the public and business interest.

2) The Savings Bank will be given a new vision in the market. The new owner is expected to invest in the Savings Bank technological infrastructure. The bank is expected to be credit-oriented.

3) The banking system profit margins could be affected in the costs as well as in the incomes direction.

4) The Savings Bank investment on the government securities is considered to be relatively stable. This would depend on the bank's intention of moving to a more profiting sector as for example the private sector crediting, either more aggressively or gradually.

5) Banking system competition would be more perfect due to the RZB presence in the Albanian market. This means, that the other private banks, smaller in size and less active in the

products offered, would be re-dimensioned in the market.

6) The RZB entry in the market is expected to draw the attention of important foreign investors in mid-term periods.

7) The RZB entry in the market will introduce a new mentality regarding bank management or the so-called corporate governance.

8) The RZB will be an additional item in the economic analysis. Institutions of such dimensions do not remain passive versus economic events, however, they try to anticipate them.

9) RZB comes from a country, which is member of the European Union. This implies that it makes use of the best international principles of accounting and auditing. They are compulsory to be used according to the European Union Directives. They will serve as a good experience to the whole banking system in Albania and to all the other actors of the financial industry, in circumstances when the common objective is the immediate application of these standards.

10) The diversity of products offered by the RZB to be used in Albania as well are going to necessitate (even force) changes in our legal and regulative framework of the financial industry. This will require maximal commitment not only from the Bank of Albania but also from all the state institutions operating in this industry, with the intention of applying the best standards in this regard. We would underline that this is a very natural process, which will be accelerated by the RZB entry in the market.

Lastly, a further improvement of the banking supervision function is needed, as products and instruments employed by banks are going to increase and become more sophisticated.

Based on the above-mentioned points, the Bank of Albania believes that the Savings Bank privatisation represents a great step towards banking system developments, its greater stability and strengthening the confidence of public and clients in the banking system.

# INTERVIEW WITH THE GOVERNOR OF BANK OF ALBANIA, MR. SHKËLQIM CANI ISSUED TO “KOHA JONE”, 30TH DECEMBER 2003

INTERVIEWED BY *TEUTA SHAMKU*

In the end of 2003, Mr. Shkëlqim Cani makes a summary of the main developments in the Albanian economy, the banking system, the acquisition of the Savings Bank of Albania, the campaign of the payment system through banks etc. In addition, the Governor emphasizes on the post effects of the acquisition of the Savings Bank of Albania by Raiffeisen Bank and the main effects this process will have on the interest norms of the deposits, credits and treasure bill. During this interview the Governor also answers questions like: will the banking system continue its loaning system towards the government and will the Savings Bank still continue to be present in the treasure bill auction. How will the Albanian economy be during the 2004? How will the interest rates be changed? How successful will the campaign be in convincing the local population to adopt another attitude that of collaborating more with banks, instead of mainly operating with cash? What were the outcomes of the prices increment campaign and what will be the inflation rates for 2003?

1. Mr. Cani, the main event for 2003 was the acquisition of the Savings Bank of Albania by Raiffeisen Bank. What are the outcomes of this acquisition?

The acquisition of the Savings Bank of Albania by Raiffeisen Zentralbank will have a great impact on the financial system in Albania. These impacts will be firstly noticed in the Savings Bank of Albania itself and consequently they will influence the banking and financial systems. However, there will also be changes in the system of supervision by the National Bank of Albania. In the short run we hope that the Savings Bank of Albania will increase the credit rate towards the private sector, which consequently will generate the expansion of this sector and also the local products. The acquisition of the Savings Bank will be a very good drive for the other banks in order to increase the competition among them and

consequently improve their payment systems, the launching of new products for the public at large, not only in Tirana but in other regions as well. There will be a great impact on the financial market, and this will improve the communication process, which means the amelioration of communication between the National Bank of Albania and its targets. Raiffeisen Bank is very renown for its good reputation and another fact worth mentioning is that it is considered to be the leader in the Central and Eastern European region, and it has branches in almost all the countries of these regions. This will be a very good drive for foreign investors to invest in Albania. In summary, apart from bringing into the country one of the most powerful banks in the region, the acquisition of the Savings Bank will increase the variety of banking services and lending activity, a re-evaluation of the other banks operating in Albania, a new mentality with regards to the managing system, also known as “corporate governance”. The fact that Raiffeisen Bank comes from a country that is member of the EU means that this will introduce European standards of the banking system into our country.

2. How is the participation of the biggest bank in the country together with the auctions of the treasure bills going to be influenced and what are the expected effects on the norms of the interest bills, deposits and loans?

The process of privatisation of the Savings Bank of Albania was believed to might have had a negative effect in the Albanian banking system. However, judging from the good reputation Raiffeisen holds and the specific legislation drafted for this purpose, we believe that the rational behaviour will be the best possible scenario. In the short run, when the investing possibilities and the credits activity is thought not to be immediately competitive, treasure bills will be the main investing option. We believe this will not generate any important effects with

regards to treasure bill yields. With regards to the interest rates, the effects will be minimal because the reputation that the Savings Bank has, will remain dominant even if the interest rates will be low. The dominant position this bank has so far is due to structural causes. A slight increase of the interest rates of the deposits would signalise the diminutive tendencies of the market share of this bank. However, this phenomenon will generate competition in the market. The results of a highly competitive market will be initially felt by the credit interest rates. We believe that Raiffesen will very soon position itself in the credits market and its considerable portfolio will cut back the loan's interest rates especially for the local currency and the powerful clients. On the other hand, this will bring another powerful partner into the market with innovative managing methods and somehow a different focus which will motivate us into perfection.

3. How do you evaluate the public's opinion with regards to the privatisation process of the Savings Bank of Albania?

The success of this privatisation process cannot be determined only by price paid by Raiffesen for the acquisition of this institution. Neither can it be determined by the good reputation that Raiffesen Bank holds. The positive reaction of the public and especially that of its clients in the other 36 branches all over the country has been always felt throughout the whole process. However, there must be mentioned that the media have played a key role in the process by fully presenting the two competitive banks to the public and their headquarters, respectively in Vienna and Budapest.

4. During the 2003, the Bank of Albania initiated a campaign against prices speculation during the festive season. There has been a lot of speculation from the media on the success of this campaign. What were the objectives of this campaign?

It is too early to come to a conclusion on this campaign. However, the fact that the public was highly interested in this campaign and the media coverage it received, demonstrates that the issues of this campaign are very important to the public at large. Thus, the results will be noticed very soon. The campaign's main

objective was to make known to the public that the Bank of Albania is the main banking institution in the country and also to communicate with the public at large to make them conscious on prices speculation during the festive season. However, the campaign's objective is not to control the prices in the market or the consumption/demand, but to inform and to create a feeling of awareness and responsibility that this phenomenon should not happen, especially during the festive season. The campaign does not try to stop the consumers from buying, but it wants to create the awareness that this demand exciding will eventually lead towards a prices increment. This campaign's objective is to make the businessmen aware of the fact that it would be in their interest to associate the consumption demand increment with discount offers in order to have a stable profit not only during the last few months but throughout the whole year.

5. There has been noticed a price increment especially for the food items. Do you believe that the Bank of Albania will achieve its goal of preserving the inflation rate from 2 to 4 percent by the end of this year?

Yes, we do believe that the inflation rate for this year will be from 2 to 4 percent. Throughout December we have been observing the price changes of the food articles and we have confirmed this with the information we receive from the other government institutions that are specialised on the matter.

6. The Bank of Albania has also made known to the public the RTGS (Real Time Gross Settlement) payment system. When is this project due to, and what are believed to be the expected effects it will have on the banking payment system?

The execution of this project is part of the bank's development and it has been given a high priority. This project will increase the credibility of the Albanian economy and its financial markets and it will also build reliability for our partners and international investors. It is important to be mentioned that the World Bank is assisting us technically and financially towards finalizing this project. The expected effects that will take place once this project is finalised will be as follows:

- The banking system will be more reliable and stable towards the public, be it local or foreign, foreign investors and international organizations.
- The payment system in the country will occur faster
- The build up of a new infrastructure which is for developing the national payment system

This project's advantage to the public is a faster way of the payment process (within 24 hours) no matter where the location is. This system will start operating fully within January 2004, and its operation will go public and will be adopted by the banking system and the public at large as well.

7. What are the expected results this project will have on the Albanian economy? How successful will the campaign be and how is it going to affect the relation and their operations the public has so far with the banks?

This campaign initiated by Bank of Albania in 2003 has resulted to be very fruitful and with positive effects, especially with regards to creating an awareness in cash usage reduction. The most important step has been the involvement of the other institutions in adopting this campaign in their programmes. We have had a good response especially from the Ministry of Finance, which has agreed to adopt this payment system within the first three months of 2004 and will start introducing this new system for at least 10% of the government employees within September 2004. Bank of Albania is collaborating with the other banks in the country in order to offer the best services possible to their clients. In addition, it will be obligatory that every transaction above 500 thousand Leke must be operated through banks. The Ministry of Economy is also cooperating in creating awareness of the advantages this system has to offer. It is worth mentioning the positive cooperation of KESH and Albtelecom with the banks for offering their customers the possibility to perform their bills payment through banks.

8. According to the Governor of Bank of Albania, what are the main events for 2003?

The increasing number of tourists entering the country; market exchange expanding over the months, the electric power situation being steady and the stable entering of the foreign

currency into the country through emigrants are some of the factors that show improvements in the economy of 2003. We believe that the Gross Domestic Product will be 6% higher. The monetary policies for 2003 have continued to be cautious during this year. Throughout this period there has been acquired a loan of 70.6 billion Leke (660 billion USD), which is 45% higher compared to previous year. The bank of Albania has been present in the market currency and has acquired currency at the same time.

9. What are the objectives of the Albanian economy in 2004?

Our main objectives are published in the monetary programme, the 2004 edition. Its objective is to maintain a 2-4% inflation rate. The aim of the monetary programme is to increase the monetary offer in order that the level of the tangible monetary assets is responsive towards economic needs for an economical growth of 6%. This prediction is the juxtaposition between inflation and the increment of the monetary offer.

Depending on the monetary and inflation indexes there can be a decrease of the interest norms. However, judging from the actual tendencies, the interest norms will be steady or they might decrease.

The banking system will fulfil the market demand for loans. This demand has shown a steady increase during the previous years. The economic loan in 2004 will be increased with 16.5 billion Leke. Compared to the credit balance in 2003 this year's increase is 3.6 billion Leke, or 28% higher.

Bank of Albania was able to finance up to 5% (7,5 billion Leke) of the average income of the Government during the last three years. During 2004 the Government loan for the purpose of covering the budget deficit will be 22.6 billion Leke. There has been an increase of the individuals participating in the treasure bonds market during the two previous years. The budget deficit finance of the banking system in 2004 will be 20 billion Leke (2,3% of the Gross Domestic Product). In conclusion, the year 2003 has paved the way towards a more consolidated economy for this year, and with more considerable effects with regards to the private sector.

## GOVERNOR'S SPEECH IN THE "SEMIANNUAL REPORT ON ECONOMIC AND MONETARY DEVELOPMENTS FOR THE SECOND HALF OF 2003".

At this point of time, we don't have all the information for the end of 2003, but a certain idea is clear: 2003 in general was a year with satisfactory results which serves to the further consolidation of overall macroeconomic equilibrium of Albania.

The development of Albanian economy during 2003 was based at the main macroeconomic objectives drafted in the National Strategy of Social and Economic Development. The collected data for the economic developments on the second half of 2003, reiterate previous evaluations of the Bank of Albania on the 6 percent annual GDP growth. Economic growth has been based on a low inflation rate, maintenance of fiscal discipline and good developments of foreign sector of the economy during 2003.

Estimations for 6 percent GDP growth are based on some indicators. Total volume of sales on the third quarter has been increased with 8,4 percent, compared with the previous quarter. That trend was registered since the first half of 2003. The agricultural production in general is estimated to grow with 3 percent during 2003, compared with 2,1 percent during 2002. The volume of industrial sales during the third quarter is increased by 9 percent compared with the same period of 2002, with a positive trend on three quarters of 2003. Also, the energy situation has been improved accompanied with an increase on domestic production. The estimations for increases on the branches of tourism, transportation and services are based on a set of indicators like: increase of domestic demand for goods; increase of imports of machineries and equipments; increase on the volume of transactions with foreign trade partners; etc.

In particular the construction industry continues

to be among the most dynamic sectors of Albanian economy. The third quarter of 2003 registered an increase of sales volume index of 21,6 percent compared with the same period of 2002, while construction cost index has been increased by 3,47 percent during the same time.

The Bank of Albania considers that estimations for a satisfactory economic growth are supported by developments on monetary indicators. An increase of 44 percent in the new credit to economy during 11 months of 2003, accompanied with the increase of time deposits in the banking system are indicators of a satisfactory economic activity.

The year 2003 is characterized from an intensive activity on foreign sector of the country. This is expressed with a considerable increase of current incomes and expenditures. Current account deficit is estimated to be 8,5 percent of annual GDP, which is 0.5 percent less than the previous year. During the third quarter of 2003, current account deficit was 106,6 million USD (12 percent lower than 3<sup>rd</sup> quarter of 2002). However, the trade deficit continues to deepen in absolute terms. This is mainly reflecting an increased consumption if Albanian economy and envisages the necessity for the increase of production capacities and competition of Albanian economy. The overall position of BOP is positive and the foreign exchange reserves of Albania are increased continuously. For the first time, on December 2003, gross international reserves were over 1 billion USD level (at the end of December they were 1.026 billion USD).

During the second half of 2003 we had a low inflation rate, which was within the BOA's target<sup>1</sup>. Annual rate of inflation at the end of December was 3,3 percent. On the average, inflation rate was increased with 2,37 percent during 2003. We should stress that the inflation developments

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<sup>1</sup> 2003 target for inflation rate was set as a band from 2 to 4 %.

at the end of year were affected by speculations with prices of food, that were at a low pace compared with the previous year. The Bank of Albania has organized another campaign this year for the fight against speculation with prices at the end of year. In fact during December, there was an increase on fixed phone tariffs that has given its impact on the increase of inflation with 0,7 percent. Although these developments, inflation was low, reflecting the control of domestic demand pressures with strong and appropriate monetary and fiscal policies.

The year 2003 was different compared with previous years on the rational distribution of fiscal expenses during the year (even though we don't have official information for the year). Distribution of requests for financing has been uniform during the year, avoiding the concentration on December. Also, local elections and irritated political climate during the second half of 2003 were not accompanied with bigger financing requests for financing that compromise the fiscal discipline. Together with the reduction of domestic borrowing of Government at the level of 2,7, percent of GDP, this has been a precious contribution to the overall macroeconomic stability. On the other side, better progress must be done on the revenue collection, which is estimated to be 92 percent of the planned. On the other side, this has been reflected to lower than planned expenditures (estimated at 89 percent at the end of 2003), mostly on the capital expenditures that were realized only 60 percent of the plan at end of November 2003.

Monetary developments were according to BOA's forecast during second half of 2003. Growth rate of money supply was 9.7 percent at the end of November and operational data for the end of 2003 show that the annual rate will be within program assumptions.

BOA has continuously reduced the basic rate of our economy during the second half of 2003, as inflation rate has been low and monetary aggregates have been sustainable. Interest rate reduction has followed three steps, during July, October and December. In total it was reduced by 1,5 percentage points, and actually it is at its lowest level of last three years (Repo rate is 6,5 %). Actual level of base rate has influenced on the reduction of deposit and lending rates from commercial banks, as well as Treasury bill yield.

Lending interest rates and TB-yields have been reduced more than domestic deposit rates, while taking into consideration the improvement of liquidity situation of banking system. This results on a lower intermediation cost for all the banking system during 2003. Time deposit interest rates are reduced by 1,9 percentage point, TB-yield 3.1 percentage points and domestic lending rates are reduced by 4,0 percentage points during 2003. Commercial banks have reacted satisfactorily on the central bank decisions during 2003, and this makes possible a better transmission of monetary policy decisions in economy.

Real interest rates remain in positive terms, even with the big reduction of nominal rates, because the inflation was under control within its target. This factor has contributed on keeping monetary equilibrium in economy, especially in the preservation of public interest for Lek deposits and on the control of annual growth of M1, which has a great impact on inflation behaviour. Annual growth rate of M1 has been negative during 2003.

Deposit growth and interest rate decrease had been necessary conditions for growing support of our economy with loans during 2003. The stock of credit at the end of November 2003 was increased by 11,4 billion Lek compared with December 2002. In response of economic activity increase and better connections of real and banking sector, during 11 months of 2003 new loans disbursed from businesses have amounted 78 billion Lek. This is 44 percent more than the same period on 2002, but still the ratio loans/ deposits is at low levels (it has been increased only with 1,8 %).

BOA has improved its monetary policy instruments during 2003. BOA made some changes on required reserves, aiming on the increase of this instrument's role as inter-bank interest rate stabilizer and reduction of its cost. These changes have been responsive to the needs of Albanian financial market and are trying to apply ECB standards for policy instruments. Also, BOA has made some changes in the inter-bank interest rate corridor lowering the minimum level (it is increased the difference between overnight deposit and repo rate).

Banking system in Albania looks sound on its financial results and dynamic on its competition

extension. The year 2003 registered two new banks in the Albanian banking community and 14 new branches were inaugurated in different districts. All these show the increase of competition in banking system, which doesn't interfered at the system ability to generate positive financial results. At the end of 2003, banking system had a profit of 4,5 billion Lek (while for 2002 profit was 3,9 billion Lek). The

end of 2003 registered another important step towards financial system reforms: after some attempts, on December Raiffesen Zentral Bank of Austria purchased 100 percent of Saving's Bank shares. This well conceived development of our banking system will have a good impact on the increase of financial products in kind, in medium term competition and lending to economy will be increased too.

## NEWS EDITION OCTOBER – DECEMBER 2003

### ***GOVERNOR'S SPEECH DURING THE MEETING WITH THE GOVERNORS' CLUB, OCTOBER 13<sup>TH</sup>, 2003***

Mr. Shkëlqim Cani, the Governor of Bank of Albania, participated in the Governors' Club, the 10<sup>th</sup> edition which was held in Sinaia, Romania from 10<sup>th</sup> until 11<sup>th</sup> February, 2004. The amelioration of the payment system and the importance of the central banking, building new institutions in order to increase the banking capacity, communication with various publics, and the development of the central banks, were some of the main issues discussed during this event.

Mr. Shkëlqim Cani, during his speech, presented a complete paperwork on the main developments occurred in the Albanian Banking System during the last year. According to the Governor, the Albanian Banking System is comprised of 15 other banks, one of which is under the privatization process, two of them have common capital stocks, 11 other banks are either foreign banks or their respective branches operating in Albania and the last one is a private bank with domestic capital.

Regarding the monetary developments, the Governor said that during the first 9 months in 2003, the annual inflation's rate was estimated 3.9%. During the 2003 the Bank of Albania has decreased the interest rate twice, consequently the other banks have decreased the norms of the treasure bills and deposits.

In addition, Albanian currency has been relatively stable towards the US Dollars and the Euro and during September it has been estimated 2.8% towards the US Dollar and 12% towards the Euro.

One of the issues emphasised during this event was the Central European Bank and Euro system commitment towards a horizontal payment system. Central European Bank and

the national banks in the European countries can assist in introducing a payment system among the European Union and other countries. The representatives from the European Bank for Reconstruction and Development expressed their opinion that the central banks in the Balkans need to be effectively supervised. There is also the need for the articulation of a law that preserves the insurance mechanisms and regulates the deposits. This law must be applied in all the banks, regardless of them being private or state owned institutions.

Another important issue that was emphasized during this event was intercommunication among central banks and the public sector. It is through this process of intercommunication that the central banks will achieve the credibility, professionalism, amenability and independency that they are aiming at.

The Governor also said that by illustrating its role and functions the Bank of Albania has improved the process of communication with its various publics. In addition, this process of communication aims at building a credible and amenable image of the Bank of Albania as well as improves its relations with the public and the media. During this event the Governor Cani met with various counterparts from other countries like Turkey, Greece, Russia, Kyrgyzstan and Serbia.

### ***DEPUTY GOVERNOR MEETS WITH THE IMF MISSION OCTOBER 15<sup>TH</sup> 2003***

Deputy Governor of Bank of Albania, Mr. Fatos Ibrahimi and other representatives from the board of directors held a meeting with representatives from the International Monetary Fund, Mr. Jan Kees Martijn, economist at the European Department at IMF and Mr. Jan-Peters Olters, representative of the IMF office in Albania.

The purpose of this meeting was to discuss the main macroeconomics events of 2003, the monetary policy of Bank of Albania and the main events in the financial sector.

Deputy Governor Ibrahim said that according to the latest data, Bank of Albania would be able to reach its objective of 6% of overall economic growth in 2003. This prediction relied mainly in the agricultural and agro industrial latest events. In addition, this economical growth in the country is characterised by an increase of import of capital goods, higher number of tourists visiting Albania during summer, a considerable increase of investments in the transport sector, development in the construction sector and the progress in the power-supply system.

He also added that Bank of Albania predicts that the annual inflation norms will still maintain a level of 2-4%. Through out this year, Bank of Albania has reduced twice the interest rate; meanwhile during the first half of 2003 the inflation rates have been rising whereas after June, inflation rates have decreased.

Another highly important issue discussed during this event was the cash reduction campaign, which will be replaced with a payment system operating through banks, a process that will be carried out by the Bank of Albania in collaboration with the Banker's Association of Albania and other institutions in the country. Mr. Ibrahim confirmed that certain important steps towards the completion of this process have already been taken. Thus, people now can complete their bill payment through banks.

#### ***THE GOVERNOR HOLDS A MEETING WITH THE IMF MISSION, OCTOBER 21 2003***

The Governor of Bank of Albania, Mr. Shkëlqim Cani held a meeting on Monday, October 21, with the IMF Mission visiting Albania. This mission was presided by Mr. Hossein Samiei, together with the permanent representative of IMF in Albania Mr. Jan-Peters Olters.

The main issues discussed during this meeting were the indicators of an economic growth in the country such as: a GDP growth, inflation and monetary policy, privatisation of the Savings Bank of Albania, and other events in the financial market.

With regard to the inflation indexes, the Governor said that Bank of Albania would be capable of maintaining it within 2-4%. He then added that the main events on the financial market are strongly associated with the privatisation process of the Savings Bank and the identification of the National Commercial Bank' shareholders.

With regards to the privatisation process of the Savings' Bank, Bank of Albania always supported the resolutions passed by the Ministry of Finance. In addition, there has been a considerably positive response on the issue from the foreign banks. As to the National Commercial Bank, the negotiations between Bank of Albania and its shareholders, EBRD and IFC, have been intensified.

Another interesting issue discussed in this event was the campaign for the introduction of a more up to date system of payment, initiated by the Bank of Albania. Mr. Cani said that in order to identify the necessary steps to be taken during this campaign, there would be held meetings with all the institutions thought to be involved in this system such as various banks in the country, Ministry of Finance, General Taxation Office, General Customs Office, various telephone companies, water and power supply companies etc.

#### ***GOVERNOR'S PARTICIPATION IN THE REGIONAL MEETING OF EIBUS, OCTOBER 22 2003***

Bank of Albania's Governor, Mr. Shkëlqim Cani, participated in the Regional Conference of the Central and South Eastern Europe held in Bled, Slovenia and organized by the Export-Import Bank of United States. Participants in this conference were representatives from the Ministry of Economics, National Agency of Energetic, Public Aviation General Office, and United States Bank of Albania.

Some of the main issues discussed in this event were the economic developments in the Central and South Eastern European region, with a specific orientation towards the investors and exporters and the investment possibilities in these regions. The main focus was the possibilities for investments in Albania, Bosnia, Bulgaria, Croatia, Macedonia, Romania, Slovenia and Poland. In addition, the investment

and export programmes initiated by the American government in these regions were very important.

In the first phase of this conference, the Governor of Bank of Albania, Mr. Shkëlqim Cani, presented the main events of the Albanian economy and the actual business climate in the country. "The banking system in Albania, Mr. Cani said, is still under a developing and consolidation process. The national competition has been intensifying over the years. Consequently the banking system in the country is improving and there have been an increased number of banks and their branches. The Bank of Albania and other banks are trying to develop an up-to-date payment system, as well as there has been an increase of services in the banking industry. However the main challenge remains the privatisation of the Savings' Bank of Albania." He proceeded by saying that Albania has great possibilities of economic growth and foreign investments. A strong financial market, law enforcement, qualified labour power, building banking culture awareness, can enhance the economic development, stimulate the approach of foreign investors in Albania, as well as generate the necessary environment for a stable market economy. During his visit in Slovenia, the Governor held various meetings with the General Manager and Deputy General Manager of EXIM Bank, with governors and other high-ranking figures from various financial institutions.

#### ***GOVERNOR'S FINAL MEETING WITH THE IMF'S MISSION, OCTOBER 28 2003***

Bank of Albania's Governor, Mr. Shkëlqim Cani held the final meeting with the International Monetary Fund' Mission. Both parts concluded that the macroeconomic events in 2003 demonstrate an economic growth from 4.7% in 2002 up to 6% in 2003, as well as maintaining an annual inflation rate below 2-4%.

With regard to the monetary policies, both parts concluded that the basic interest rate would remain the main mechanism. At the same time, Bank of Albania, during the next meeting with the Supervisory Board, will analyse the possible change of interest rate.

IMF's Mission appreciated the commitment that

Bank of Albania had during this 3 years contract with the International Monetary Fund.

Mr. Cani said that the highest priority would be the financial stability in the country and "this will stimulate Bank of Albania into enforcing the banking supervision" in accordance with the decisions taken during the banking supervision programme together with the contribution offered by Bretton Wood's institutions.

Another high-priority issue was considered "the awareness campaign of payment system through banks, which aims at consolidating the banking and financial sectors in Albania," Mr. Cani said.

#### ***BANK OF ALBANIA DECREASES THE INTEREST RATE, DECEMBER 30<sup>TH</sup> 2002***

The Supervisory Board of Bank of Albania, after taking into consideration the various factors that might affect the inflation rate and the monetary conditions in the economy, decided to decrease the interest rate with 0,5%.

The annual inflation rate in 2003 was from 2 to 4%. The factors that caused this year's inflation were conventional. However the increased numbers of tourists entering the country and the intensification of exports have influenced a sort of pressure on the food ware. Meanwhile, other monetary evidences, as well as the exchange rate, the budget deficit etc. indicate an increase on the depreciation of the external demand.

Bank of Albania is carefully observing the various interest rates' fluctuations in the financial market and in accordance with the latest developments in the exchange market, inflation, and production, is confident that there will be another decrease of the interest rate from 7.5% to 7%.

According to the latest events in 2002 and during the first nine months of 2003, the monetary developments have been characterised by a rapid return of the cash into the system. The specialists believe that there has been a banking system expansion, as well as improvements in the services offered, which are the prerequisite conditions for a liquidity in the system.

Bank of Albania is confident that the application of these strategies will contribute to the business lending with lower costs.

**MEETING ON THE CASH REDUCTION IN THE ECONOMY, NOVEMBER 10<sup>TH</sup> 2003**

Bank of Albania, Ministry of Finance and Economics, and the Bankers Association held a meeting on 10<sup>th</sup> November 2003. The replacement of paying by CASH with more up-to-date options of payment, as well as the advantages and problems of this action was the main topic discussed. Businessmen, as well as representatives from other banks, taxing and revenue institutions, Albtelekom and APC (KESH) participated in the meeting. Its purpose was to discuss the possible ways and the participation of all the above-mentioned institutions in helping increase the currency circulation through the banking system.

In his speech the Governor of Bank of Albania, Mr. Shkëlqim Cani, said, "there have been positive changes in the banking system with regards to the increase of the number of banks and their branches in the country, as well as an increase in the quality of services and a decline of the banking transactions costs." This establishes the required environment for the introduction of a new system, which will reduce the transactions performed mainly by cash.

Mr. Cani also said that there could be only positive outcomes from this reform; Bank of Albania would be able to perform more efficient monetary policies, there would be more clients cooperating with the banks, as well as gain experience and loans from these banks, there would be an increased profit in terms of revenues and the government would be more efficient in undertaking budget policies in order to develop the economy of the country. In overall, Mr. Cani concluded that the annuity and the bill payments would be completed through more civilised ways and would avoid the queuing for hours in front of the cashier.

The Minister of Finance, Mr. Kastriot Islami and the Minister of Economics, Mr. Arben Malaj, participated in this meeting. They both stressed in the fact that there is a high level of transactions by cash compared to the transactions operated through the banking system which is verified by the fact that the amount of currency outside the banks is much higher than the money supply. A modification of this current situation would increase the level

of information on banks, which is very crucial to the loaning system, as well as improve the monetary policies efficiently. However, there is a range of changes to be performed in the legal aspect in order to achieve the required conditions for initiating this system:

- All enterprises must execute their financial commitments towards the government, by means other than cash.
- The payment method for the government executives must be performed through a bank.
- Wholesale enterprises must execute all sorts of transaction through the banking system.
- Establish a communication channel with the public services companies in order to perform bill payment by direct loaning or periodical payments.
- Inter-banks agreements in order to avoid the costs of internal payments.
- Inter-banks agreements in order to cut out the incoming costs.
- Extending working hours in the banks' counters and setting up ATMs
- Discounts for payments performed through bank accounts etc.

**GOVERNOR'S MEETING WITH THE IMF TECHNICAL ASSISTANCE MISSION, NOVEMBER 11<sup>TH</sup> 2003**

The Governor of Bank of Albania, Mr. Shkëlqim Cani held a meeting with the International Monetary Fund's Technical Assistance Mission in Albania presided by Mr. Paul L. Hilbers from the Monetary and Financial Systems Department at IMF.

The purpose of the meeting was to discuss the effectiveness of the technical assistance initiated in 1997 by IMF, as well as the possible ground works of collaboration between the Bank of Albania and the International Monetary Fund with regards to the central banking. Mr. Cani appreciated the technical assistance provided so far which has been very crucial to the solution of many central-banking issues.

The representatives from the IMF's Technical Assistance Mission expressed their confidence that the Bank of Albania has successfully absorbed the assistance projects. With regards

to the future assistance by IMF, Mr. Cani said that our main future goal will be Inflation Targeting.

During the last five years, Mr. Cani continued, the Bank of Albania has predicted a 2-4% inflation rate and has realised these predictions. However, given that Albania is still under a European Integration process and that of becoming a European Monetary Union member, our main goal remains Inflation Targeting. He concluded that the IMF's Assistance would be very helpful in the process of approaching the European Central Bank.

### ***CAMPAIGN AGAINST THE PRICE INCREMENT, NOVEMBER 21<sup>ST</sup> 2003***

The campaign against price increment was initiated by the Bank of Albania and its opening was held in the Art Academy on the 20<sup>th</sup> November 2003. The opening of this campaign was organised like a talk show and was headed by Mr. Shkëlqim Cani, Governor of the Bank of Albania.

We have all witnessed the price increment on the eve of the festive season in the country due to an increase of the general demand. It would not make sense if we were to think that the entrepreneurs and the businessmen do not want to increase their profit. It would not make sense also if a specific group of population would think that the responsibility of solving their economical issues befalls on the government and the public at large alone. I believe it would be right to aim towards a profit, which is based on fruitful economical reasoning. We all know, what our parents and we had to go through on the eve of the festive season, but we all forget that in a market economy every action has its reaction. In this case this would be translated into: increased demand causing price increment. Thus, everybody purchases in order to fulfil his/her needs. However, he/she will still find the required items in the market even after the festive season. On the other hand, we don't have to buy everything in the last minute. According to a questionnaire formulated by the Bank of Albania and distributed recently to the public, we come to the conclusion that the highest price increment is noticed in the food wares and the outdoors foods consume.

However, this price increment doesn't happen in the cosmetics, travelling tickets prices, sport articles, cinema tickets, theatre, concerts etc. Another conclusion out of this poll was that this speculation of prices is done mainly by the wholesale entrepreneurs. However, the profit must not be short-term but a long-term one and this can be realised by not only aiming at the tangible goods alone but by trying to build a good image, thus making a long-term investment for their business.

The last issue is governmental and maybe some other issues that have to do with our education. We were used with the government controlling the general regulation of the market. We can't go into further details in this matter because this issue has been discussed over and over again. Currently, the government has a lot of obligations and to be honest, these obligations have not been entirely fulfilled. In order for the government to realise its classic role in the market economy it needs the collaboration of each and every one of us. However, in order for this collaboration to operate successfully we must bare in mind that there are certain unwritten rules when you live in a community, which no government can impose. In view of the fact that we all have decided to live in a market economy and succeed in building a society with an advanced economy, we must accept together our share of guilt in the difficulties we have caused to each other and to respect the rules of fair play.

### ***GOVERNOR MEETS WITH THE BPAK EXECUTIVE DIRECTOR. NOVEMBER 26<sup>TH</sup> 2003***

The governor of Bank of Albania, Mr. Shkëlqim Cani, held a meeting with the Executive Director of the Bank and Payment Authority of Kosova, Mr. Donat Branger.

Apart from the latest economic and financial developments in Albania and Kosova, one of the main issues discussed in this meeting, was the collaboration between the Bank of Albania and BPAK.

During his speech, Mr. Cani said, "the intensive seminars held with the BPAK in Tirana and Prishtina will be part of the Bank of Albania's training strategies together with other seminars

organized or supported by the World Bank, the International Monetary Fund etc.”

According to Mr. Cani the Bank of Albania’s experts can exchange with their counterparts a lot of fruitful experiences with regards to various fields such as: banking supervision, the payment system as well as the statistics, information, technology etc. This cooperation will also include the organization of various conferences, lectures and common studies in the field of central banking and the banking system in general.

Meanwhile, Mr. Branger expressed his interests in exchanging these experiences and the assistance Bank of Albania can provide in reducing cash usage, since this has been a problem for the banking system in Kosova.

Mr. Cani expressing his concern on the matter said that the banking system in Albania is facing the same problem. In the end the Governor concluded that Bank of Albania and Bank and Payment Authority in Kosova would collaborate by in order to solve the similar problems that the economies in both countries are facing. Preserving

***BANK OF ALBANIA DECREASES AGAIN THE INTEREST RATES BY 0,5%, DECEMBER 30<sup>th</sup>***

The Supervisory Board of Bank of Albania after taking into consideration the inflation forecasting, and the various factors expected to influence this inflation and the monetary conditions in the economy decided:

- a) The Gross Domestic Product has been increased with 6% meanwhile the inflation rates and the budget deficit have been preserved within the margins.
- b) The inflation rates have been positive during the first 11 months of the year. They were preserved within the forecasted limits of 2-4%

- c) Inflation this year has been affected from traditional factors, whose intensity has been within normal values.
- d) The increase of the monetary offer, exchange rates, the liquidity structure in the economy, as well as the suitable level of the interest rates, have affected the consolidation of the external factors on the inflation.
- e) Commercial banks have been active in decreasing their interest rates. However, the low interest rates have influenced the preservation of the real interest rates in positive levels. The decrease of interest rates during 2003 has been associated with a decrease of costs of banking system intercession.
- f) During 2003 the budget deficit has been different from the other years in the sense that there is to be noticed a more normal way of budget expenditure. This has been a characteristic during December whose pressure upon the monetary policies has been lower. In these conditions, the Supervisory Council decided to decrease the interest rates.

The Supervisory Council of Bank of Albania through these decisions aims at:

- a) To further decrease the Bank’s costs in order to stimulate furthermore the loaning system and the expansion of the economy.
- b) To smooth the pressure upon our currency
- c) To further smooth the difference between the amount of the investments in Lek towards those performed in foreign currencies

The Supervisory Council evaluates that the decrease of the interest rates will not negatively affect the inflation rates in 2004, whereas a lower interest rate will be much responsive to the economy’ needs.

## LEGAL EVENTS

### **SUPERVISORY COUNCIL DECISION NO. 17, DATE 10.01.2003**

On some amendments and alterations in the National Employment Service Statute, approved with decision no. 42, date 17.1.1998 by the Council of Ministers "On Approving the National Employment Service Statute". The statute has undergone some alterations in formulation and some amendments in the "Duties and responsibilities of the regional and national employment offices".

### **THE COUNCIL OF MINISTERS DECISION NO. 26, DATE 16.01.2003**

On an amendment in the decision no. 602, date 02.11.2001 of the Council of Ministers "On electric power ceiling prices, for family and non-family users".

According to this decision, the electric power prices are subject to change for "family users", "special users" and "other users".

### **THE COUNCIL OF MINISTERS DECISION NO. 49, DATE 23.01.2003**

On approving the agreement between the Government of the Republic of Albania and the Ukraine Government, on mutual promotion and protection of investments.

### **THE COUNCIL OF MINISTERS DECISION NO. 50, DATE 23.01 2003**

On approving the agreement between the Government of the Republic of Albania and the Ukraine Government on economic and commercial co-operation.

### **THE COUNCIL OF MINISTERS DECISION NO. 51, DATE 23.1.2003**

On approving the agreement between the Council of Ministers of the Republic of Albania

and the Federal Government of the Federal Republic of Yugoslavia on mutual promotion and protection of investments.

### **THE COUNCIL OF MINISTERS DECISION NO. 53, DATE 23.1 2003**

On approving the agreement between the Republic of Albania Government and the Government of the Republic of Italy on cooperation in tourism area.

### **THE BANK OF ALBANIA REGULATION**

On bank's authorized accounting experts. Includes, "General provisions", "Required documentation", "The approval or disapproval of accounting experts", "Examination of financial reports", "Opinion of the authorized accounting expert", "Evaluation of financial statements of a specific character", "Other examination procedures" and "Final procedures".

### **ACT NO. 8999, DATE 30.1.2003**

On an amendment in the act no.8449, date 27.1.1999 "The customs code of the Republic of Albania", amended by the act no.8473, date 14.4.1999. The amendment relates to the Duty Free Shops.

### **MINISTRY OF FINANCE GUIDELINE. NO.2, DATE 8.1.2003**

On the taxation system in the Republic of Albania.

Guideline on tax collection, payment methods and relevant tax collectors.

### **MINISTRY OF FINANCE GUIDELINE NO.3, DATE 27.1 2003**

On simplified income tax. It has to do with "simplified income tax on the taxpayers not registered or forced by law to

register on the VAT". It also relates to registration, declaration, keeping records, issuing the sale documents, taxation control, verification, as well as payment.

**ON NATIONAL TAX TO SMALL BUSINESS.**

It relates to tax management, its level. Establishing the business location, registration requirements and tax payment.

**ACT NO. 9001, DATE 6.2.2003**

On the ratification of "Regional operation program "CARDS 2002" between the Republic of Albania Government and the European Community Commission".

**ACT NO. 9002, DATE 6.2.2003**

On the ratification of the financial Agreement between the Republic of Albania Government and the European Community Commission, on the occasion of "CARDS 2002".

**ACT NO. 9011, DATE 20.2.2003**

On the ratification of the loan, finance and project Agreement between the Republic of Albania, Albanian Development Fund and KfW on the "Social investment fund, II project".

**ACT NO. 9012, DATE 20.2.2003**

On the ratification of the "Agreement between the Government of the Republic of Albania and the Government of the Federal Republic of Germany for financial co-operation on the "Social investment fund, ADF II" project".

**ACT NO.9013, DATE 20.2.2003**

On the ratification of "Supplementary Agreement of Loan and Project between the Republic of Albania, Albanian Electro-Energetic Corporation and KfW on "Electric power supply in the South Albania" project".

**ACT NO.9023, DATE 6.3 2003**

On establishing Export Promotion Agency (EPA).  
It ratifies the creation of this agency, organization, functioning and its activity.

Bank of Albania regulation approved by decision no. 15, date 26.2.2003.

"On procurement of commodities, services and constructions at the Bank of Albania". The regulation establishes rules on procurement of commodities, services and constructions at the Bank of Albania.

**ACT NO.9036 DATE 27.3.2003**

"On the ratification of "Convention between the Government of the Republic of Albania and the Government of the Republic of Moldavia on avoiding double taxation and preventing fiscal evasion of income and capital taxation".

**ACT NO.9041, DATE 27.3.2003**

On an amendment to act no.8976, date 12.12.2002 "On the Excises".

**ACT NO. 9042, DATE 3.4.2003**

On the ratification of the "Loan, Finance Agreement and "Water supply, Kavaja II, Manskuria" project, between the Republic of Albania and the German Bank for Reconstruction and Development (KfW)".

**ACT NO. 9043, DATE 3.4 2003**

On the ratification of the "Loan, Finance Agreement and "Water supply in Central Albania, components Berat and Kuçovë" project between the Republic of Albania and the German Bank for Reconstruction and Development (KfW)".

**ACT NO.9044, DATE 3.4 2003**

On the ratification of the "Loan, Finance Agreement and "Water supply in Central Albania, component Lushnjë" project between the Republic of Albania and the German Bank for Reconstruction and Development (KfW)".

**ACT NO. 9050, DATE 17.4.2003**

On the ratification of "Free Trade Agreement between the Republic of Albania and Romania".

The Bank of Albania regulation Decision no.33, date 23.4.2003

It determines the procedure on selling depreciated items at the Bank of Albania, aiming at income realization in Bank of Albania favor.

**ACT NO. 9051, DATE 17.4.2003**

On the ratification of "Convention between the Republic of Albania and the Kingdom of Belgium in avoiding double taxation on income and capital taxations and in preventing fiscal evasion".

**ACT NO.9054, DATE 24.4.2003**

On the ratification of the "Convention between the Republic of Albania and the Republic of France in avoiding double taxation on income and capital taxations and in preventing fiscal evasion".

**DECISION OF THE COUNCIL OF MINISTERS NO.276, DATE 8.5.2003**

On approving the development policy paper, for the second stage of credit, in support of the National Strategy on Economic and Social Development (NSESD).

**DECISION OF THE COUNCIL OF MINISTERS NO.410, DATE 19.06.2003**

"On the approval of the minimal value for the shares and the approval in principal for the terms of the Agreement with IFC and EBRD, on privatisation of "INSIG AE" (first phase). According to this decision were approved the minimal value for selling the shares and the terms of the agreement presented by IFC and EBRD.

**LAW NO.9077, DATE 09.06.2003**

"On the ratification of The Free Trade Agreement between the Republic of Albania and the Republic of Bulgaria". According to this law there will be a reduction of customs tariff each year with 20% till year 2007 on which they will be completely eliminated.

**LAW NO.9080, DATE 12.06.2003**

"For a change in the law no.8981 date 2002-12-12 "On approval of the customs tariff size". The Council of Ministers decision no.405, date 19.06.2003 for a change in The Council of

Ministers decision no.54, date 27.2.1992 "On the Ministry of Public Order and the officers of the Ministry of Justice wage system".

**THE COUNCIL OF MINISTERS DECISION NO.406, DATE 19.06.2003**

"On changes in the Council of Ministers decision "On wages of budget institutions personnel".

**THE COUNCIL OF MINISTERS DECISION NO.436, DATE 26.06.2003**

"On increases in pensions". According to this decision there will be an increase of 10% of the pensions and the financial effect for the year 2003 will be Lek 1659 milion, and will be issued from the funds projected in the budget of this year".

**THE COUNCIL OF MINISTERS NO.437, DATE 26.06.2003**

"On the increase of the monthly addition of the invalidity pensions, given according to the Council of Ministers decision no.381 date 1996-5-20 Pursuant to the law no.7889 date 14.12.1994 "On invalidity status".

**THE COUNCIL OF MINISTERS DECISION NO.444 DATE 26.06.2003**

"On the increase of pensions, given to the relatives of pilots dead on duty".

**THE COUNCIL OF MINISTERS DECISION NO.456, DATE 03.07.2003**

"On the structure and levels of wages of the "High Council of Justice" administration's personnel".

**LAW NO.9084, DATE 19.06.2003**

"On some amendaments and changes on law no.8610, date 2000-5-17 "On the prevention of money laundry". This law makes a decrease of minimal amount for which must be declared the source and creates the National Committee for Co-ordination of the War against Money Laundry".

**THE BANK OF ALBANIA'S SUPERVISORY COUNCIL DECISION NO.56 DATE 09.07.2003**

"On the approval of regulation "On the policy

and the manner of administering the monetary reserve". According to which is intended to be known the financial risks and the adoption of them in accepted levels.

**THE BANK OF ALBANIA'S SUPERVISORY COUNCIL NO.61, DATE 09.07.2003**

"On the approval for decreasing the interest rate of repo and reverse repo". There was approved the decrease with 0.5 percent of the fixed repo rate (fixed repo rate leading to 7.5 percent from 8.0 percent that it was previously).

**THE BANK OF ALBANIA'S SUPERVISORY COUNCIL DECISION NO.62, DATE 30.07.2003**

"On the approval of the Bank of Albania's declaration "On the threats to stability of the financial system in Albania"". According to the declaration there do not exist any threats to the banking system in Albania because there has been a decrease in the reserve of problem loans and an increase in the ratio of capital adequacy.

**THE BANK OF ALBANIA'S SUPERVISORY COUNCIL DECISION NO.65, DATE 30.07.2003**

"On the approval of the regulation "On the licensing of foreign exchange bureaus"". According to this decision the minimal amount of initial requested capital is Lek 2 500 000 .

**THE BANK OF ALBANIA'S SUPERVISORY COUNCIL DECISION NO.58, DATE 09.07.2003**

"On the approval of the "Regulation for Accounting and Payments Department"".

**LAW NO.9101, DATE 10.07.2003**

"On the ratification of the Free Trade Agreement between the Republic of Albania and Bosnia-Herzegovina". According to this law there will be a reduction of customs` tariff of 20% each year until 2007 in which these tariffs will be completely eliminated.

**LAW NO.9121, DATE 10.07.2003**

"On competition protection". This law intends to protect the free and effective competition in the market.

**COUNCIL OF MINISTERS' RESOLUTION NO. 3 DATE 10.07.2003,**

"Regarding some changes and augmentations in the resolution no. 1, 01.01.1996 of the Minister's Council for the "Public Procurement".

**RESOLUTION NO. 9144, DATE 27.10.2003,**

"Regarding the Actual Budget of the State in 2002."

**RESOLUTION NO. 9147, DATE 30.10.2003,**

"With regards to the ratification of the Convention no. 155, of the International Labour Organization, "Regarding the job security, health and working environment, 1981""

Resolution no. 9151, date 06.11.2003 "On the ratification of the "Development Credit Agreement between the Republic of Albania and the International development Association for community project – II".

**COUNCIL OF MINISTERS' RESOLUTION NO. 730, DATE 06.11.2003**

"Regarding the National Labour Council' performance and election of the Council of Ministers' representatives in this Council."

**COUNCIL OF MINISTERS' RESOLUTION NO. 731, DATE 06.11.2003**

"Regarding the selection of units of the anonym company "ALBPETROL", that are not considered parts of the sectors with specific importance."

**COUNCIL OF MINISTERS' RESOLUTION NO. 732, DATE 06.11.2003**

"Regarding the structural and levels of payment of the Regulatory Entity for the water supply and processing of polluted water sector."

**COUNCIL OF MINISTERS' RESOLUTION NO.744, DATE 06.11.2003**

"Regarding the endorsement of the Agreement between the Republic of Albania and the Government of the Republic of Bulgaria for the exchanged administrative support on the customary issues."

**MINISTRY OF FINANCE' RESOLUTION NO.18  
DATE 19.11.2003**

“Regarding the collection of the obligatory contributes of the health and life insurances.”

**COUNCIL OF MINISTERS' RESOLUTION NO.787,  
DATE 26.11.2003**

“Regarding the completion of the fourth period towards the decrease of the pensions gap.”

**COUNCIL OF MINISTERS' RESOLUTION NO.179,  
DATE 26.11.2003**

“Regarding the functioning and organization of the Ministry of Tourism and Development.”

**COUNCIL OF MINISTERS' RESOLUTION NO.792,  
DATE 26.11.2003**

“the funds' handling of the apartments of the people that lost their apartments during the pyramid scheme crisis.”

**RESOLUTION OF THE BANK OF ALBANIA'  
SUPERVISORY COUNCIL NO.100, DATE  
10.12.2003**

“Regarding the relationship the bank has with the individuals related to it.”

**RESOLUTION OF THE BANK OF ALBANIA'  
SUPERVISORY COUNCIL NO. 101, DATE  
10.12.2003**

“Regarding certain changes in the “Currency Activity Guideline” endorsed with decision no. 64, date 30.07.2003 of the Supervisory Council of Bank of Albania.”

**RESOLUTION OF THE BANK OF ALBANIA'  
SUPERVISORY COUNCIL NO. 102, DATE  
10.12.2003**

“Regarding certain changes for the “Banks' Authorised Accounting Experts” endorsed with decision no.6, date 29.01.2003 of the Supervisory Council of Bank of Albania.”

**COUNCIL OF MINISTERS' RESOLUTION NO. 822,  
DATE 11.12.2003**

“Regarding the auction process of the ‘Tirana International.’”

**COUNCIL OF MINISTERS' RESOLUTION NO. 832,  
DATE 11.12.2003**

“Regarding the Draft contract for the acquisition of shares of the Savings Bank.”

**RESOLUTION NO.9158, DATE 18.12.2003**

“Regarding some changes and augmentations in the guideline no.8977, date 12.12.2002 “Regarding the taxes system in the Republic of Albania.”

**RESOLUTION NO. 9159, DATE 18.12.2003,**

“regarding the changes in the guideline no. 8981; 12.12.2002, “Regarding the approval of the customary tariffs.””

**RESOLUTION NO. 9160, DATE 18.12.2003**

“Regarding some changes and augmentations in the guideline 8560, 22.12.1999 “Regarding the taxing procedures in the Republic of Albania”, replaced with guidelines no. 8710, 15.12.2000; no. 8846, 11.12.2002 and no. 8968, 07.11.2002.””

**RESOLUTION NO. 9161, DATE 18.12.2003**

“regarding some changes and augmentations in the guideline no. 8438, 28.12.1998 “Regarding the Income Tax.”

**RESOLUTION NO. 9162, DATE 18.12.2003**

“Regarding some changes and augmentations in the guideline no. 7928, 27.04.1995 “Regarding the Value Added Tax.”

**RESOLUTION NO. 9163, DATE 18.12.2003**

“Regarding some changes and augmentations in the guideline no. 8976, 12.12.2002 “for the excises” changed with the guideline no. 9041, 27.03.2003.

**RESOLUTION NO. 9164, DATE 18.12.2003**

“Regarding some changes in the guideline no. 9136, 11/09/2003, “regarding the compulsory collection of social security and health insurance taxes in the Republic of Albania.”

**COUNCIL OF MINISTERS' RESOLUTION NO. 848,  
DATE 19.12.2003**

“Regarding the definition of forms and structures of the privatisation process in the “Uzina Mekanike e Naftës”(Oil Mechanical Plant) company in Kuçovë and the basic criteria for the selection of the investor and the evaluation of the oferts.

**COUNCIL OF MINISTERS' RESOLUTION NO. 840,  
DATE 20.12.2003**

“Regarding the bidders list and the winners announcement, during the open auction for the acquisition of the Savings Bank of Albania.

**RESOLUTION NO. 9165, DATE 23.12.2003**

“Regarding the states' budget in 2004.”



**BANK OF ALBANIA  
DECEMBER 30, 2003**

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**BOARD OF DIRECTORS**

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SHKËLQIM CANI	Chairman
FATOS IBRAHIMI	Deputy Chairman
SULO HADËRI	Member
SABAH HILMIA	Member
TONIN KOLA	Member
LLAZI BALLIU	Member
DRINI SALKO	Member
BAJRAM MUÇA	Member

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**GOVERNOR**

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Mr. SHKËLQIM CANI

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**DEPUTY GOVERNOR**

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Mr. FATOS IBRAHIMI

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**DEPARTMENTS AND OTHER UNITS**

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Monetary Policy Department	Mr. Gramoz Kolasi
Research Department	Mr. Erjon Luçi
Monetary Operations Department	Mr. Marjan Gjermeni
Banking Supervision Department	Mr. Klodion Shehu
Issuing Department	Mr. Kamber Myftari
Accounting and Payments Department	Mr. Llazi Balliu
Department of Information Technology and Statistics	Mr. Sokol Qeraxhiu
Human Resources Department	Ms. Doreza Arapi
Public Relations Department	Ms. Esmeralda Uruçi
Auditor's Department	Ms. Elsa Bizhga
Logistics Department	Mr. Ergys Misha
Printing Services	Mr. Alfons Theka

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**GENERAL AUDITOR INSPECTOR**

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Ms. ELSA BIZHGA

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**BRANCHES**

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Shkodra	Ms. Ermira Istrefi
Elbasani	Ms. Valentina Dedja
Gjirokastra	Ms. Anila Thomaj
Korça	Ms. Liljana Zjari
Lushnja	Ms. Shpresa Meço



# LIST OF ALL SUBJECTS LICENSED BY THE BANK OF ALBANIA

## BANKS AND BRANCHES OF FOREIGN BANKS

### 1. ITALIAN - ALBANIAN BANK

Licence No. 1/1996, dated 17.07.1998.

Approved with the Supervisory Council Decision No. 89, dated 18.06.1998.

Director: Adrian FULLANI

Address: Rruga "Barrikadave", No. 70, Tirana - Albania

Tel: 356 97, 356 98, 262 62

Fax: 330 34

### 2. SAVINGS BANK

Licence No. 2/1998, dated 11.01.1999.

Approved with the Supervisory Council Decision No. 163, dated 11.12.1998, Certificate No.2, "On Deposit Insurance"

Director: Edvin LIBOHOVA

Address: Rr. Dëshmorët e 4 Shkurtit. No.6, Tirana - Albania

Tel: 245 40, 226 69, 254 16

Fax: 235 87, 236 95, 240 51

### 3. ARAB ALBANIAN ISLAMIC BANK

Licence No. 3/1998, dated 11.01.1999.

Approved with the Supervisory Council Decision No. 165, dated 11.12.1998, Certificate No.3 "On Deposit Insurance".

Director: Abdul Waheed ALAVI

Address: Bulevardi Dëshmorët e Kombit. No. 8, Tirana - Albania

Tel. central: 22 84 60, 223 873, 274 408

Fax: 284 60, 283 87

### 4. DARDANIA BANK

Licence No. 5/1998, dated 11.01.1999.

Approved with the Supervisory Council Decision No. 164, dated 01.12.1998, Certificate No.4 "On Deposit Insurance".

Director: Beqir MEZELXHIU

Address: Bulevardi "ZOGU I" Tirana - Albania

Tel: 228-759, 259-350, 259-351

Fax: 230-566

Telex: 2298 db banc ab

E-mail: db@albaniaonline.net ; dardaniabank@hotmail.com .

### 5. NATIONAL COMMERCIAL BANK

Licence No. 6/1998, dated 11.01.1999.

Approved with the Supervisory Council Decision No. 162, dated 11.01.1999, Certificate No. 5, "On Deposit Insurance". 28

Director: Seyhan PENCAPLIGIL

Address: Bulevardi Zhan Dark. Tirana - Albania

Tel: (0)4250 955

Fax: 4250 956

#### **6. TIRANA BANK**

Licence No. 07, dated 12.09.1996.

Approved with the Supervisory Council Decision No. 9, dated 12.09.1996, Certificate No. 6 "On Deposit Insurance".

Director: Dimitris KARAVIAS  
Address: Bulevardi "ZOGU I", No. 55/1, Tirana - Albania  
Tel: 334 41, 42, 43, 44, 45, 46,47  
Fax: 334 17

#### **7. BRANCH OF NATIONAL BANK OF GREECE IN TIRANA**

Licence No. 08, dated 25.11.1996.

Approved with the Supervisory Council Decision No. 4. dated 14.03.1996, Certificate No.7 "On Deposit Insurance".

Director: Vasilios FILIS  
Address: Bulevardi "ZOGU I", No. 72, Tirana - Albania  
Tel: 336 21, 336 22, 336 23, 336 24.  
Fax: 336 13

#### **8. INTERNATIONAL COMMERCIAL BANK**

Licence No.09, dated 20.02.1997.

Approved with the Supervisory Council Decision No.9, dated 30.04.1996, Certificate No. 8 "On Deposit Insurance".

Director: Lee Chong Pa  
Address: Rr. .Ded Gjon Luli., Tirana - Albania  
Tel: 37567, 37568, 37569  
Tel/fax: 37570

#### **9. BRANCH OF ALPHA BANK IN TIRANA**

Licence No.10, dated 07.01.1998.

Approved with the Supervisory Council Decision No. 01/03/96, dated 27.12.1997, Certificate No. 9 "On Deposit Insurance".

Director: Andrea Antonios GALATOULAS  
Address: Bulevardi "ZOGU I", No.47, Tirana - Albania  
Tel.: 335 32, 333 59, 404 76, 404 77  
Tel/fax: 321 02

#### **10. AMERICAN BANK OF ALBANIA**

Licence No.11, dated 10.08.1998.

Approved with the Supervisory Council Decision No. 105, dated 10.08.1998, Certificate No. 10, "On Deposit Insurance".

Director: Lorenz RONCARI  
Address: Rruga .Ismail Qemali. No.27, P.O. Box 8319 . Tirana - Albania  
Tel.: 48753/4/5/6  
Tel/fax: 487 62

#### **11. FEFAD BANK (JOINT-STOCK COMPANY)**

Licence No. 12, dated 15.03.1999

Approved with the Supervisory Council Decision No.22, dated 03.03.1999, Certificate No. 11, "On Deposit Insurance".

Director: Emmanuel DECAMPS  
Address: Rruga .Sami Frashëri., Tirana e Re, P.O. Box. 2395, Tirana - Albania  
Tel.: 304 99, 334 96  
Tel/fax: 334 81

**12. FIRST INVESTMENT BANK - TIRANA BRANCH (JOINT-STOCK COMPANY)**

Licence No. 13, dated 16.04.1999.

Approved with the Supervisory Council Decision No.45, dated 13.04.1999, Certificate No. 12, "On Deposit Insurance".

Director: Pettier Gavrillov KRASTEV  
Address: Bulevardi "ZOGU I", No. 64, Tirana - Albania  
Tel.: 564 23, 564 24  
Tel/fax: 564 22

**13. COMMERCIAL BANK OF GREECE (ALBANIA) (JOINT-STOCK COMPANY)**

Licence No. 14, dated 28.10.1999.

Approved with the Supervisory Council Decision No.105, dated 19.10.1999, Certificate No. 13, "On deposit Insurance".

Director: George CARACOSTAS  
Address: Rruga "Kavajës", .Tirana Tower., Tirana - Albania  
Tel.: 587 55, 56, 57, 58, 59, 60  
Tel/fax: 587 52

**14. CREDIT BANK OF ALBANIA (JOINT-STOCK COMPANY)**

Licence No. 15, date 28.08.2002.

Approved with the Supervisory Council Decision No. 66, date 28.08.2002, Certificate No. 14, "On Deposit Insurance".

Director: Kamal Abdel MANEIM.  
Address: Rruga "Perlat Rexhepi, Al-Kharafi Group Administration Building, Kati 1&2" Tirana-Albania.  
Tel.: 272 168; 272 162.  
Tel/Fax: 272 162.  
E-mail: creditbkalb@icc-al.org

**15. "CREDINS" BANK, TIRANA (JOINT-STOCK COMPANY)**

Licence No. 16, date 28.03.2003.

Approved with the Supervisory Council Decision No. 22, date 26.03.2003., Certificate No.15, "On Deposit Insurance".

Director: Artan SANTO  
Address: "Rruga Ismail Qemali", No.21, Tirana-Albania.  
Tel.: 222916; 234096.

## **NON BANK SUBJECTS**

### **1. UNIONI FINANCIAR I TIRANËS S.R.L. ( WESTERN UNION)**

Licence No. 1, dated 08.12.1999 to conduct the following financial activities:

- offering payment services;
- mediating in the conduct of monetary transactions;
- acting as financial agent or advisor .

Director: Niko Leka

Address: Rr. "Reshit çollaku", Pall. Shallvareve, sh 2. No. 18, Tirana-Albania.

Tel.: 250 653.

### **2. DINERS CLUB ALBANIA S.R.L.**

Licence No. 2, dated 09.10.2000 to conduct the following financial activity:

- mediating in the conduct of monetary transactions.

Director: Vebi Velia

Address: Rr. Bulevardi "Zogu I", VEVE Business Center, Tirana - Albania

### **3. POSTA SHQIPTARE ( JOINT STOCK COMPANY)**

Licence no. 3, dated 18.04.2001 to conduct the following financial activity:

- Offering payment services.
- acting as financial agent or advisor .

Type: state-owned

Director: Aleksandra Çollaku

Address: Rr. .Reshit Çollaku. , No.4 Tirana - Albania

### **4. CREDINS. ( JOINT STOCK COMPANY) TIRANA**

Licence No. 04, dated 13.06.2001 to conduct the following financial activities:

- granting credit;
- offering payment services;
- mediating in the conduct of monetary transactions (foreign currency included);
- offering guarantees;
- acting as financial agent or advisor (excluding herein the services set forth in point 3/a and 3/b of Article 26 of the Law on Banks in the Republic of Albania).

Director : Monika Milo

Address : Rr. "Ismail Qemali" No.21, Tirana - Albania

Tel : 222916; 234096.

### **5. MOUNTAIN AREA FINANCING FOND..**

Licence no. 5, dated 29. 03.2002 to conduct the following activity:

- granting credit.

Created according to the Decision of the Council of Ministers of the Republic of Albania.

Director: Arben Jorgji

Address: Rr. "Mustafa Matohiti" No.12, Tirana - Albania

Tel: 250633

### **6."ALBACREDIT S.R.L."**

Licence No.6, dated 18.04.2003 as a non-bank financial institution to conduct the following activity:

- offering payment services;
- mediating in the conduct of monetary transactions (including foreign exchange).

Manager: Ermira Skënderi.

Address: Rruga "Ded Gjon Luli", No. 5 Tirana-Albania

Tel.: 230 956

Fax: 228 929

**THE FINANCIAL SUBJECTS NOT LICENSED BY BANK OF ALBANIA FOR THE CONDUCTION OF THEIR ACTIVITIES ACCORDING TO THE SUPERVISORY COUNCIL DECISION NO. 26, DATED 29.03.2000 . ON EXEMPTION OF SOME SUBJECTS FROM THE REQUIREMENTS OF THE PROVISIONS OF LAW NO. 8365, DATED 02.07.1998. ON BANKS IN THE REPUBLIC OF ALBANIA..**

**(THESE SUBJECTS ARE NOT LICENSED OR SUPERVISED BY BANK OF ALBANIA BUT THEY ARE OBLIGED TO REPORT TO THE BANK OF ALBANIA ACCORDING TO THE APPROVED REPORTING SYSTEM).**

**1. RURAL FINANCING FUND.**

- Created according to the Decision of the Council of Ministers of the Republic of Albania No. 207, dated 28.04.1999.
- Object of the activity: Financing the rural area.
- Address: Rr."Ismail Qemali", P. 32, Tirana
- Director: Zana Konini
- Exempted with the document of the Bank of Albania no.1843, dated 01.08.2000

**2. BESA FOUNDATION.**

- Created by .Open Society Fond for Albania. (SOROS).
- Object of the activity: Financing small and medium firms.
- Address: Rr."Asim Vokshi", No. 35, Tirana
- Director: Bajram Muça
- Exempted with the document of the Bank of Albania no. 2895/1, dated 19.01.2001.

**3. ALBANIAN PARTNER ON MICROCREDIT.**

- Shareholder: .Opportunity International.(East Europe).
- Object of the activity : Granting credit.
- Address: Rr. "Gjin Bue Shpata", No. 7/1, Tirana
- Director: James Reiff
- Exempted with the document of the Bank of Albania no. 828/1, dated 08.04.2002.

## **FOREIGN EXCHANGE BUREAUS**

### **1. JOARD. FOREIGN EXCHANGE OFFICE S.R.L.,TIRANA**

Licence: No. 1, dated 01.10.1999

Address: Rruga .Ded Gjon Luli. No.2, Tirana

### **2. AMA. FOREIGN EXCHANGE OFFICE S.R.L., DURRËS**

Licence: No. 2, dated 01.10.1999

Address: Rruga "Tregtare", Lagja 3, Durrës

### **3. ARIS. FOREIGN EXCHANGE OFFICE S.R.L., TIRANA**

Licence: No. 3, dated 01.10.1999

Address: Rruga .Luigj Gurakuqi. , Tirana

### **4. UNIONI FINANCIAR TIRANË" FOREIGN EXCHANGE OFFICE S.R.L.**

Licence: No. 4, dated 01.10.1999

Address: Rruga .Reshit Çollaku., Pall. Shallvare, Shk. 2/18, Tirana

### **5. AGLI. FOREIGN EXCHANGE OFFICE S.R.L.,TIRANA**

Licence: No. 5, dated 01.10.1999

Address: Agjencia No.1: Rruga .Islam Alla. No.1, Tirana

Agjencia No.2: Rruga "Kavajës", Tirana

### **6. ALBAKREDIT. FOREIGN EXCHANGE OFFICE S.R.L.,TIRANA**

Licence: No. 06, dated 24.11.1999

Address: Rruga .Ded Gjon Luli. No.5, Tirana

### **7. GUDEN. FOREIGN EXCHANGE OFFICE S.R.L.,TIRANA**

Licence: No. 07, dated 24.11.1999

Address: Rruga .Konferenca e Pezës. , Tirana

### **8. EXCHANGE. FOREIGN EXCHANGE OFFICE S.R.L.,TIRANA**

Licence: No. 08, dated 24.11.1999

Address: Rruga "Durrësit" No. 170 and Rruga .Reshit Çollaku. , Pall.

Shallvare Shk. 4, Ap.42, Tirana

### **9. UNISIX. FOREIGN EXCHANGE OFFICE S.R.L.,KORÇA**

Licence: No. 09, dated 26.11.1999

Address: Bulevardi .Republika., Pall.4, Korça

### **10. EKSPRES J & E. FOREIGN EXCHANGE OFFICE S.R.L.,DURRËS**

Licence: No. 10, dated 26.11.1999

Address: Lagja 11, Rruga .Prokop Meksi. ,Durrës

### **11. MI & CO. FOREIGN EXCHANGE OFFICE S.R.L.,TIRANË**

Licence: No. 11, dated 29.02.2000

Address: Rruga .Ded Gjon Luli., No.2/3, Tirana

### **12. ILIRIA .98. FOREIGN EXCHANGE OFFICE S.R.L.,TIRANA**

Licence: No. 12, dated 25.02.2000

Address: Sheshi "Skenderbej", Teatri i Kukullave, Tirana

### **13. SERXHIO. FOREIGN EXCHANGE OFFICE S.R.L., ELBASAN**

Licence: No. 14, dated 07.04.2000

Address: Lagja .Luigj Gurakuqi., Rr.11 Nëntori, Pall. 70, No.14, Elbasan

**14. ALBTUR. FOREIGN EXCHANGE OFFICE S.R.L.,TIRANË**

Licence: No. 15, dated 07.04.2000

Address: Agency no.1, Bulevardi .Zogu I., Pall. 32, Shk.1, Tirana

**15. R & M. FOREIGN EXCHANGE OFFICE S.R.L.,TIRANË**

Licence: No. 16, dated 22.05.2000

Address: Rruga .Punëtorët e Rilindjes., Pall. 182, Tirana

**16. TEUTA 2000. FOREIGN EXCHANGE OFFICE S.R.L., DURRËS**

Licence: No. 17, dated 22.05.2000.

Address: Lagja 4, Rruga .Skëndërbej., Ap. 950, Durrës

**17. T & E. FOREIGN EXCHANGE OFFICE S.R.L., DURRËS**

Licence: No. 18, dated 11.06.2000

Address: Lagja 4, Rruga .9 Maji., Durrës

**18. SHIJAK 2000. FOREIGN EXCHANGE OFFICE S.R.L., SHIJAK**

Licence: No. 19, dated 24.11.2000

Address: Lagja .Popullorë., Shijak

**19. R & T. FOREIGN EXCHANGE OFFICE S.R.L.,TIRANA**

Licence: No. 20, dated 20.12.2000

Address: Bulevardi "ZOGU I", Tirana

**20. DV-ALBA. FOREIGN EXCHANGE OFFICE S.R.L., TIRANA**

Licence: No. 21, dated 11.01.2001

Address: Sheshi "Skënderbej", Tirana Internacional Hotel,Tirana

**21. MANUSHI. FOREIGN EXCHANGE OFFICE S.R.L.,TIRANA**

Licence: No. 22, dated 18.04.2001

Address: Bulevardi .Zogu I., VEVE Business Center, Tirana

**22. UNIONI SELVIA. FOREIGN EXCHANGE OFFICE S.R.L.,TIRANA**

Licence: No. 23, dated 21.05.2001

Address: Rruga "Saraçëve", Pallati 124/1, Tirana

Tel. 376 274

**23. KALENJA. FOREIGN EXCHANGE OFFICE S.R.L.,TIRANA**

Licence: No. 24, dated 29.06.2001

Address: Rruga .Kavajës. (near Turkish Embassy), Tirana

**24. TILBA. FOREIGN EXCHANGE OFFICE S.R.L., ELBASAN**

Licence: No. 25, dated 30.09.2001

Address: Lagja "Luigj Gurakuqi", Bulevardi "Qemal Stafa", Njësia no.12, Elbasan

**25. ANAGNOSTI" FOREIGN EXCHANGE OFFICE S.R.L., TIRANA**

Licence: No. 26, dated 31.10.2001.

Address: Zyra 1- Bulevardi Zogu I, Pallati 97, shk.3.ap28, Tirana

Zyra 2- Rruga "Kajo Karafili", No. 11, Tirana

**26. KO-GO. FOREIGN EXCHANGE OFFICE S.R.L.,TIRANA**

Licence: No. 27, dated 12.11.2001

Address: Rruga .Vaso Pasha., Pall.16, Shk.2, Ap. 9, Tirana

**27. ALB- FOREX. FOREIGN EXCHANGE OFFICE S.R.L., TIRANA**

Licence: No. 28, dated 22.11.2001

Address: Agjencia 1: Rruga .Abdyl Frashëri No.3., Tirana  
Agjencia 2: Rruga. Mine Peza, Pall. 102, Shk. 1, Tirana

**28. L&N. FOREIGN EXCHANGE OFFICE S.R.L.,TIRANA**

Licence: No. 29, dated 22.11.2001

Address: Rruga .Muhamet Gjollështa., Tirana

**29. TERBACI- GJ. FOREIGN EXCHANGE OFFICE S.R.L.,TIRANA**

Licence: No. 30, dated 22.11.2001

Address: Rruga .Muhamet Gjollështa., Pall.215, Tirana

**30. EXCHANGE ALOG. FOREIGN EXCHANGE OFFICE S.R.L.,TIRANA**

Licence: No. 31, dated 22.11.2001

Address: Rruga .Mine Peza” , Tirana

**31. EX-CHANGE BEBI&FLORI. FOREIGN EXCHANGE OFFICE S.R.L., FIER**

Licence: No. 32, dated 26.11.2001

Address: Lagja “Kongresi i Përmetit” , Fier

**32. GERSILDA. FOREIGN EXCHANGE OFFICE S.R.L., TIRANA**

Licence: No. 33, dated 03.12.2001

Address: Lagja nr.2, Rr. .Mihal Grameno., Pall.10, dyqani no.5, Tirana

**33. CHANGE-ARIZAJ. FOREIGN EXCHANGE OFFICE S.R.L., TIRANA**

Licence: No. 34, dated 03.12.2001

Address: Rr. “Pandi Madhi” , Pall.60/2, Ap.15, Tirana

**34. BASHKIMI 2001” FOREIGN EXCHANGE OFFICE S.R.L., TIRANA**

Licence: No. 35, dated 12.12.2001

Address: Rr. “Kavajës” ,Tirana

**35. ARJON 2002. FOREIGN EXCHANGE OFFICE S.R.L., ELBASAN**

Licence: No. 36, dated 14.12.2001

Address: Lagja .Kongresi i Elbasanit., Bulevardi.Qemal Stafa., Pall.9-katësh, Elbasan

**36. EURO 2002. FOREIGN EXCHANGE OFFICE S.R.L., DURRËS**

Licence: No. 39, dated 20.12.2001

Address: Lagja nr.11, Rr. .Ismail Qemali., Durrës

**37. EURO TRAVELS INTERNATIONAL. FOREIGN EXCHANGE OFFICE S.R.L., TIRANË**

Licence No. 40, dated 14.01.2002.

Address: Bulevardi .Bajram Curri., pallatet Agimi Nr.1, Tiranë,

**38. G&3. FOREIGN EXCHANGE OFFICE S.R.L., KAVAJË,**

Licence No. 41, dated 15.01.2002.

Address: Rruga.Kajo Karafili., Kavajë,

**39. ALAKTH. FOREIGN EXCHANGE OFFICE S.R.L., TIRANË,**

Licence No. 42, dated 18.01.2002.

Address: Rruga e Dibrës,nr.105/1, Tiranë,

**40. FORMAT. FOREIGN EXCHANGE OFFICE S.R.L., TIRANË,**

Licence No. 43, dated 21.01.2002.

Address: Rruga e Durrësit,Pall.85, shk.1,ap.1, Tiranë,

- 41. TRI URAT. FOREIGN EXCHANGE OFFICE S.R.L., ELBASAN,**  
Licence No. 44, dated 05.02.2002.  
Address: Lagja .29 nentori., prane filialit te postes Elbasan,
- 42. CROWN TOWN. FOREIGN EXCHANGE OFFICE S.R.L., TIRANË,**  
Licence No. 45, dated 05.02.2002.  
Address: Rruga .Mihal Grameno., Pall 10,Tiranë
- 43. BESA 2001. FOREIGN EXCHANGE OFFICE S.R.L., TIRANË,**  
Licence No. 46, dated 15.02.2002.  
Address: Rruga .Myslym Shyri., Nr.25,Tiranë
- 44. MARIO. FOREIGN EXCHANGE OFFICE S.R.L., SARANDË,**  
Licence No. 47, dated .03.2002.  
Address: Lagja 1, prane ish komitetit ekzekutiv te rrethit Saranda.
- 45. "JAV" FOREIGN EXCHANGE OFFICE S.R.L., TIRANË,**  
Licence No. 48, dated 20. 03.2002.  
Address: Bulevardi Zogu I Godina e Zerit te Popullit Tiranë.
- 46. DROGU. FOREIGN EXCHANGE OFFICE S.R.L., TIRANË,**  
Licence No. 49, dated 23.04.2002.  
Address: Rruga .Vaso Pasha. Kulla 1, Kati I (pas pallatit Agimi) Tiranë.
- 47. HYSEN-C. FOREIGN EXCHANGE OFFICE S.R.L., LAÇ,**  
Licence No. 50, dated 23.04.2002.  
Address: Lagja nr.3, perballe Komisariatit te Policise, Laç.
- 48. UNIONI FIER. FOREIGN EXCHANGE OFFICE S.R.L., FIER,**  
Licence No. 51, dated .05.2002.  
Address: Lagja 15 Tetori, Rruga Kastriot Muca, Fier.
- 49. TAXI EKSPRES. FOREIGN EXCHANGE OFFICE S.R.L., ELBASAN,**  
Licence No. 52, dated 20.05.2002.  
Address: Rruga Sami Frasheri, 11(prane Shkolles .Edit Durhan..
- 50. MERO. FOREIGN EXCHANGE OFFICE S.R.L., DEVOLL,**  
Licence No. 53, dated.05.2002.  
Address: Zyra nr.1 : Bulevardi Fuat Babani, Bilisht.  
Zyra nr.2 : Dogana Kapshtice
- 51. "GLEAR" FOREIGN EXCHANGE OFFICE S.R.L. SHIJAK**  
Licence No. 55, date 23.07.2002.  
Address: Lagja Kodër Shijak Durrës
- 52. ALBA-POST JOINT-STOCK COMPANY FOREIGN EXCHANGE OFFICE , TIRANË**  
Licence No.56, dated 28.08.2002.  
Address: Rruga "Reshit Çollaku", No. 4, Tiranë
- 53. UNION BALLSH FOREIGN EXCHANGE OFFICE S.R.L BALLSH**  
Licence No. 57, dated 11.09.2002.  
Address: Rruga "8 Nentori", Ballsh
- 54. ESLULI FOREIGN EXCHANGE OFFICE S.R.L , TIRANË**  
Licence No. 58, dated 17.10.2002.  
Address: Rruga "Reshit Çollaku", Pallati iShallvareve, shkalla No. 4/1.

**55. "AMERICAN GLOBAL CAPITAL FUND-WORLDWIDE INVESTMENT" FOREIGN EXCHANGE OFFICE S.R.L ,TIRANË**

Licence No.59, dated 26.11.2002.

Representative with power of attorney : Dashar Sheshaj, Vilson Ahmeti

Address: Rruga "Ismail Qemali", Parcela 167/187 "Euroapartment", Tiranë

**56. "UNIONI KUÇOVË" FOREIGN EXCHANGE OFFICE S.R.L, KUÇOVË**

Licence No. 60, dated 27. 03. 2003

Address: Lagjja "Llukan Prifti" Kuçovë

Tel. 03112515

**57. "DENI&KRISTI-2002" FOREIGN EXCHANGE OFFICE S.R.L, TIRANË**

Licence No. 61, dated 02.06.2003

Address:

Tel.

**58. YLDON FOREIGN EXCHANGE OFFICE S.R.L, TIRANË**

Licence No. 62, dated 03.06.2003

Address: Ruga "Qemal Stafa", pall. 382/2/2 Tiranë

Exchange-broker: Ylli Ndroqi (founder and manager)

Tel. 343 476, 0692095681.

## **SAVING-CREDITING ASSOCIATION UNIONS**

### **1. JEHONA SAVING-CREDITING ASSOCIATION UNION, TIRANË**

Licence: No.1, dated 27.06.2002

Head of the leading board : Vojsave Rama

The members of this union are 41 saving-crediting associations licensed also as special ones. They rely on technical assistance by the foundation “ The movement for the saving-crediting associations development”.

### **2. ALBANIAN SAVING-CREDITING UNION SAVING-CREDITING ASSOCIATION UNION, TIRANË.**

Licence: No. 2, dated 09.08.2002.

Address: Rruga “Ismail Qemali”, No. 32.

Head of the leading board : Zana Konini

Tel. 25 19 10

E-mail: ffrural@albaniaonline.net

The members of this union are 71 saving-crediting associations, licensed also as special associations. They rely on technical assistance by “Mountain Area Financing Fond”.

### **1. INBLEG SAVING-CREDITING ASSOCIATION, TIRANË**

Licence: No. 70, dated 25.09.2002.

the necessary finances from them





