THE ROLE OF BANK OF ALBANIA IN IMPLEMENTING THE NRPS STRATEGY 2018-2023

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The Albanian National Retail Payments Strategy - a joint effort by Albanian public and private sector stakeholders
BoA is a critical actor in the implementation of the NRPS by playing a proactive role as a multifaceted payments capacity:

Operator 1

ENSURE
clearing, settlement & infrastructure facilities through the operation of AIPS and the AECH

Catalyst 2

CATALYSE
retail payments reforms & development measures with cooperative actions

Regulator 3

DRAFT
laws and regulations & strategic documents as well

Supervisor & Overseer 4

SUPERVISE
the retail payments market & ensure their smooth functioning
BoA’s concrete actions plans deriving from the strategy, aiming to create a modern and inclusive retail payments market in Albania:

**REGULATORY ENVIRONMENT FOR RP**
- Transposition of EU directives (PSD2, etc.)
- Strengthening the oversight of PS
- Protect & Promote user rights, transparency

**CUSTOMER-CENTRIC PAYMENT SERVICES**
- Affordable payment services based on accounts
- Support the design of payment products for the unbanked (offering a “basic” account product)

**STAKEHOLDER COMMITMENT & FINANCIAL LITERACY**
- Building capacity across the payments industry
- Increase public’s awareness on NRPS & its benefits
- Educate users on accounts & electronic payments

**IMPROVEMENTS TO INFRASTRUCTURES**
- An operational domestic card switch
- Implement interbank direct debits in the AECH
- AECH “indirect access” & minimizing financial risks
- AIPS & AECH assessment vs the CPMI-IOSCO Principles

**EXPANSION OF ACCESS POINTS & NETWORKS**
- Developing the agent banking model
- Maintain a register of the agents & Update
- Interoperability of the various channels and outlets

**EFFECTIVE BOA’S OVERSIGHT OF THE RETAIL PAYMENTS MARKET**
- Revise oversight policy framework & manuals (to inc. PServices)
- Combined efforts of oversight with the supervision function
- Measure overarching objectives of NRPS once a year.
The actual situation in Albania makes the PSD2 transposition, a powerful tool to fulfill national legislative gaps from EU

• There are licensing and supervision requirements for payment institutions but not fully in line with EU standards.
  - **No concept** of payment account;
  - **No clear definition** of payment services performed by these institutions;
  - **No concept** of ancillary services and hybrid institutions etc.;
  - There is an explicit right for the oversight of payment instruments but **not for payment services**.

• Very **limited transparency** requirements

• Regulation from the rights and obligations perspective is limited and **there is not an out of court redress procedure**.
PSD2 TIMELINE

- **01/2016**: PSD2 Enters into force for all EU Members
- **02/2017**: EBA publishes the final draft RTS on strong customer authentication & secure comm.
- **12/2017**: EBA publishes guidelines on security measures for op. & sec. risks of payments services under PSD2
- **01/2018**: Deadline to transpose PSD2 in EU Member States
- **05/2018**: BoA finalises the draft law that transposes PSD2
What is expected by the transposition of PSD 2 and why is it important?

• The creation of more flexible regime for payment institutions (ancillary services offered);

• Promotion of e-commerce solutions and the presentation of Payment Initiation Services.

• Increase & promotion of competition among different players in the market & new entrants.
  - The creation of payment account and Account Servicing Payment Service Providers.
  - Creating precondition for regulating interchange fees.
  - Enhancing consumer protection.
  - Creation of interoperability between actors by regulating the participation in payment systems and in the bank accounts services.

• Reduce cost of payment services & reduce cash use in the economy, increase financial inclusion
The new concept of Payment Institutions on PSD2 ensures flexibility for more efficient institutions, entitled to engage in the following activities:

1. Payment services
2. Ancillary services (processing, foreign exchange, safekeeping activities, etc.)
3. Operation of payment systems
4. Business activities other than the provision of payment services,
5. Granting of credits (under specific conditions)
Institutions that may offer payment services

01 E-MONEY INSTITUTIONS
(PSD payment services + e-money)

02 BANKS
(PSD payment services + e-money + deposits)

04 PAYMENT INSTITUTION IN THE CONCEPT OF PSD2
(PSD payment services)

05 CENTRAL BANK*
when they are not acting as Payment Institutions, E-money or Banks

06 NATIONAL AUTHORITIES*
when they are not acting as Payment Institutions, E-money or Banks

03 NA
Main objectives Efficiency and Security of Payment Service Directive are stipulated in title III & title IV.
What action plans from the NRPS, does the PSD2 transposition cover by implementing or creating the basis for development:

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Thank you for your attention!