

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



LEDIA BREGU, BANK OF ALBANIA

TIRANA, JUNE 2018

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

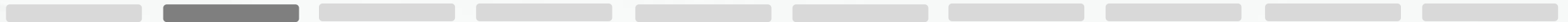

DRAFT
laws and regulations & strategic documents as well



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



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



CUSTOMER-CENTRIC PAYMENT SERVICES

- Affordable payment services based on accounts
- Support the design of payment products for the unbanked (*offering a "basic" account product*)



EXPANSION OF ACCESS POINTS & NETWORKS

- Developing the agent banking model
- Maintain a register of the agents & Update
- Interoperability of the various channels and outlets



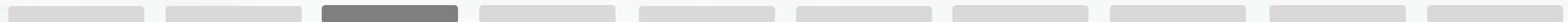
STAKEHOLDER COMMITMENT & FINANCIAL LITERACY

- Building capacity across the payments industry
- Increase public's awareness on NRPS & its benefits
- Educate users on accounts & electronic payments



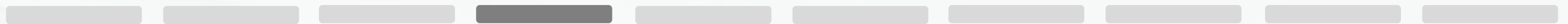
EFFECTIVE BOA'S OVERSIGHT OF THE RETAIL PAYMENTS MARKET

- 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



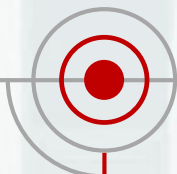
PSD2 ENTERS INTO FORCE FOR ALL EU MEMBERS

EBA PUBLISHES THE FINAL DRAFT RTS ON STRONG CUSTOMER AUTHENTICATION & SECURE COMM.

02/2017



12/2017



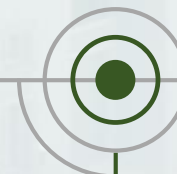
EBA PUBLISHES GUIDELINES ON SECURITY MEASURES FOR OP. & SEC. RISKS OF PAYMENTS SERVICES **UNDER PSD2**

DEADLINE TO TRANSPOSE PSD2 IN EU MEMBER STATES

01/2018



05/2018



BoA **FINALISES THE DRAFT LAW** THAT TRANSPOSES PSD2



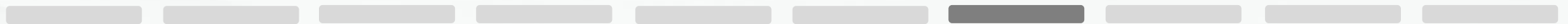
What is expected by the transposition of PSD 2 and why is it important?

- 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**

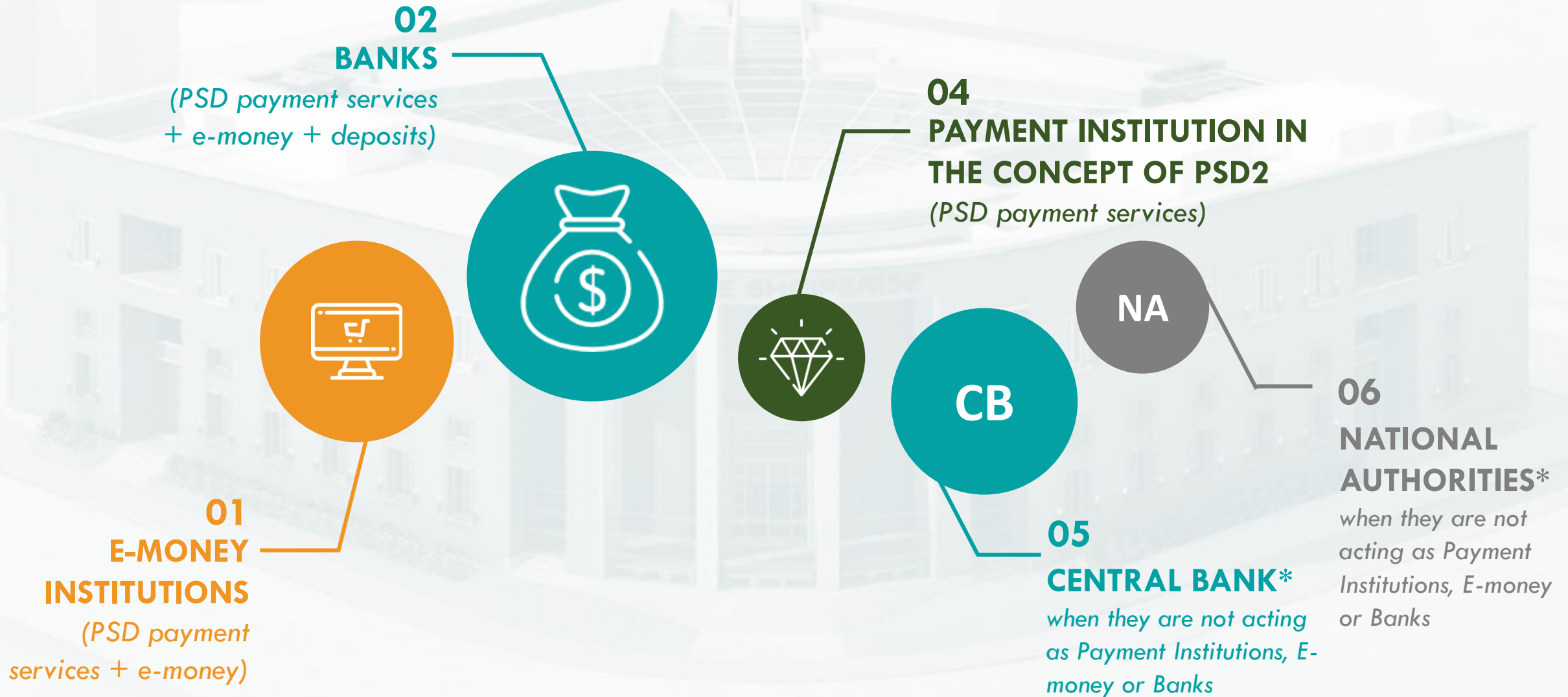


The new concept of Payment Institutions on PSD2 ensures flexibility for more efficient institutions, entitled to engage in the following activities:

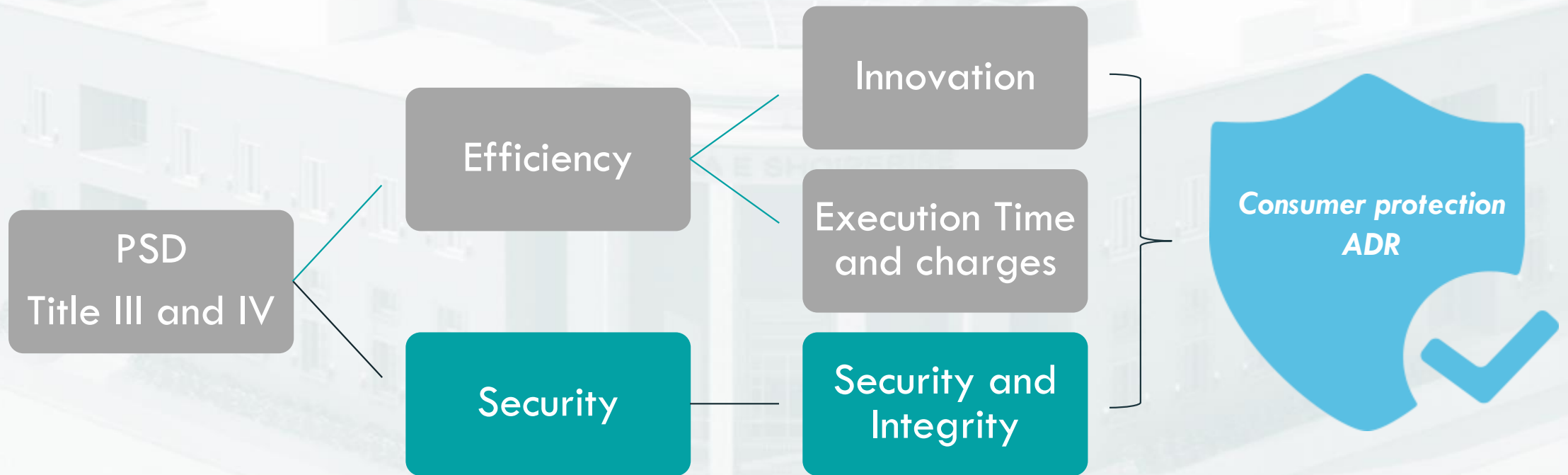
1. *Payment services*
2. *Ancillary services (processing, foreign exchange, safekeeping activities, etc.)*
3. *Operation of payment systems*
4. *Business activities other than the provision of payment services,*
5. *Granting of credits (under specific conditions)*



Institutions that may offer payment services



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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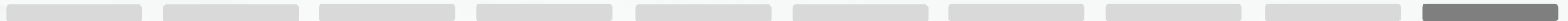
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Thank you for your attention !
