

DISCUSSION MEETING : "ON ALBANIAN BANKING SYSTEM PERFORMANCE AND THE PRIVATISATION OF STATE-OWNED BANKS"

OPENING STATEMENT

Eminent participants!

Thanking all of you for the willingness to join this meeting, I also wish your active participation in it.

Bank of Albania and the Ministry of Finance, as two primary financial authorities of the country, organize today's meeting with a broad participation of professionals from various university environments and institutes, operating in the area of economic studies, government authorities, business world, civil society representatives, etc, intending to submit this process to an open and constructive debate without prejudice and speculation and reflect everything rational attained by these activities through decision-making process.

The banking reform as a very important element of structural reforms faced many challenges and difficulties during this 10-year transition.

It had to cope with unfavourable macroeconomic conditions at the moment of starting reform: the drastic fall in domestic output, the large-size budgetary deficit, the depletion of foreign exchange reserves, the balance of payments deficit, and the obsolete bank development, as well as with many other internal difficulties, arising from the constant growth of bad loans, the lacking experience in banking supervision, the payments system deficiency, reaching the climax with the burst of pyramid scheme crisis that destabilised the whole country and accessed the Albanian economy under the way of total collapse.

The aim of this meeting, is twofold:

First, to analyse the process of reforms in the banking system, its actual statement and prospects as one of the pillars of the market economy.

Second, to ensure a particular focusing on attached issues to the Savings Bank privatisation.

The serious handling of these problems by respective authorities derives from the importance and the role of the banking system to accumulate and allocate financial resources, to develop financial markets, macroeconomic stability, to effectively apply monetary and fiscal policies, all prerequisites propping a fast economic development of the country.

Although, dealing with these matters varies with main lecturers and the institutions they represent, discussions will certainly converge in the final objective, the successful completion of the final stage of banking reform. That is privatising and establishing a safe and sound banking sector, competitive and efficient to offer the Albanian public international standard products, capable of facing complex risks that accompany the market economy and support the Albanian government to a fast economic recovery of the country.

Thank you!

Fatos Ibrahimi,

First Deputy Governor