

# CENTRAL BANKING

**BANK OF ALBANIA  
HIGHLIGHTS**  
January - June 2018



## NEWS AND EVENTS

No. 03





*Gent Sejko, Governor of the Bank of Albania*



## EDITORIAL

Dear Readers,

I have the pleasure to present the the public  
our periodic publication - Central Banking  
Magazine: News and Events for 2018 H1.

This Magazine presents, in a comprehensive and chronological manner, the activity of the Bank of Albania over the past six months, and highlights our main objectives for the economic development of Albania and enhancing the citizens' welfare. Often, these objectives may be rather technical, are realised over an extended period, and their impact may take time to show. But, we are confident that their realization provides added contribution to the daily life of all Albanian citizens.

One of these objectives is the modernisation of retail payments. The Bank of Albania regards it as an important component of financial markets and the economy's functionality that also offers Albanian citizens more alternatives for their transactions in a simple and cost-effective way.

Therefore, in the first half of 2018, the Bank of Albania, and in particular the National Payment System Committee (NPSC), engaged in the first national reform strategy of retail payments in Albania. Realized with the support of the World Bank, the Strategy was presented officially in the conference on the "Modernisation of retail payment systems in Albania", held on 21 June 2018. It reflects the joint efforts by all domestic stakeholders, including banks, non-bank financial institutions, and segments of the central government.

The Strategy sets out a common vision that will serve as a guideline for coordinated activities of all the stakeholders in the short and medium term, aiming to create a modern and all-inclusive retail payments market, bolstered by secure and efficient infrastructures, with a broad range of available instruments and services that satisfy the needs of as many users as possible.

The objectives of this Strategy are measurable and transparent to the public, in order to efficiently monitor and assess its performance. It aims to double the number of people that own a bank account and increase the number of electronic payments per capita within a five-year period.

These goals will be achieved through a series of regulatory, legal and infrastructural improvements that will pave the way for innovative initiatives, thus enhancing real competition in this market, creating cost-effective and easily-accessible services for the public.

Of course, over the last few years, significant steps have been taken with regard to digitalizing payments and introducing new services. Still, the central bank strives to embrace a modern and visionary strategy, guided by the model of advanced countries and the aspirations to enhance financial inclusion in Albania.

## GOVERNOR SEJKO AT THE CENTRAL AND EASTERN EUROPEAN FORUM ORGANISED BY EUROMONEY

**16-17 January 2018, Vienna,  
Austria**

On 16-17 January 2018, the Euromoney hosted in Vienna, Austria, the Central and Eastern European Forum. This is an annual Forum and gathers prominent international personalities in the fields of politics and economy from the CEE countries.

This two day Forum was conceived in the form of panels with specific topics, where attendees were invited to discuss the latest economic developments in Europe and beyond. Of particular importance in this organisation were the panels dedicated to

Albania and to central banks. The panel dedicated to Albania was composed of the Governor of the Bank of Albania, Mr Sejko; the Deputy Minister of Finance and Economy, Mr Erjon Luçi; the Chief Executive Officer of the National Commercial Bank, Mr Seyhan Pencabliligil and the General Director of Finance in Motion, Ms Elvira Lefting.

During the panel, Governor Sejko presented an overview of the recent economic and financial developments in Albania, and informed the attendees on the main



challenges that the Albanian economy faces, in the framework of macroeconomic policies and structural reforms necessary to promote economic growth and improve the business environment, for attracting foreign investments in Albania.

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## GOVERNOR SEJKO AT THE ECONOMIC FORUM ON "FUTURE BALKANS: TOWARDS A GLOBAL INCLUSION"

**24 January 2018, Tirana, Albania**

On 24 January 2018, the Governor of the Bank of Albania, Mr Gent Sejko, attended the regional forum hosted by "Tirana Economic Forum, that discussed the importance of regional integration under the topic "Future Balkans: Towards a global inclusion".

In his address, Governor Sejko said that the dialogue oriented towards the sharing of our visions of the future on the challenges we have ahead, to define convergent perspectives, and to come up with common policy objectives and policy agendas, will be fruitful for everyone. The Governor highlighted that policy convergence, both within and between countries, promotes efficiency and minimizes negative spill-overs.

Furthermore, Mr Sejko emphasized that institutions, as the backbone of any modern





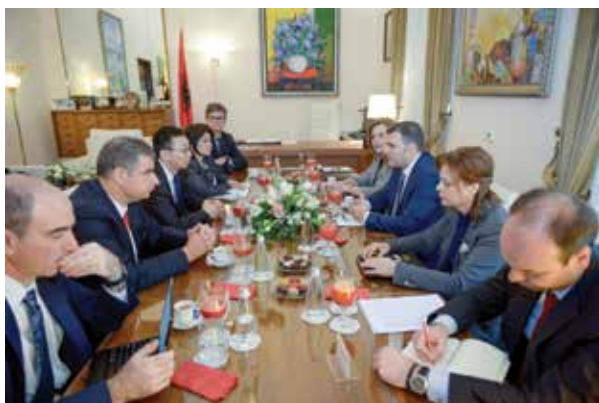
society, generate and implement laws, regulations and policies of development, thus laying out the rules of the game in a market economy. Hence, these rules should provide for a stable and transparent environment, thus enabling a predictable and long-term decision-making process. They should promote fair competition and equality of opportunities, and they should engender fairness and social cohesion.

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## **GOVERNOR SEJKO RECEIVES IMF'S DEPUTY MANAGING DIRECTOR, MR TAO ZHANG AT THE BANK OF ALBANIA**

**13 February 2018, Tirana, Albania**

On 13 February 2018, at the premises of the Bank of Albania, the Governor of the Bank of Albania Mr Gent Sejko met the Deputy Managing Director (DMD) of the International Monetary Fund (IMF), Mr Tao Zhang, accompanied by Ms Anita Tuladhar, the IMF Mission Chief for Albania, and Mr Jens Reinke, Resident Representative of IMF Resident Mission in Albania. Senior officials of the Bank of Albania and IMF also attended the meeting.



Governor Sejko highlighted the very good cooperation with the IMF, whose technical assistance has contributed to the economic and financial reforms in Albania. The Governor stated that the Bank of Albania has placed its focus on its main objective, maintaining price stability, contributing to support a stable economic growth and guaranteeing financial and macro-economic stability in Albania. The Governor presented an overview of the macro-economic situation, highlighting that economic activity in Albania has continued to improve. Notwithstanding the progress, the domestic authorities remain committed to contributing to the further development of Albania, and the acceleration and expansion of the undertaken reforms, in the framework of European Union integration process.



The IMF's DMD Tao Zhang commended the work of the Bank of Albania and its

policies, which have contributed to maintain macroeconomic stability and consolidate the financial system in Albania.

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## GOVERNOR SEJKO MEETS WITH REPORTERS COVERING ECONOMIC AND FINANCIAL NEWS ON THE DE-EUROIZATION PACKAGE

**14 February 2018, Tirana, Albania**

On 14 February 2018, at the premises of the Bank of Albania, Governor Sejko met with reporters covering economic and financial news. The meeting was organised following the interest of the media related to the measures taken by the Bank of Albania on the de-euroization. During this meeting Governor Sejko emphasized that the de-euroization package should not be seen as a war against the euro, but as an incentive to increase the use of the national currency in the Albanian economy. "This package is undertaken to increase the flexibility and influence of our monetary policy, as well as to consolidate the financial stability in Albania" said the Governor. Furthermore, the Governor presented to the reporters the concrete measures taken by the Bank of



Albania, and answered the questions of the reporters.

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## GOVERNOR SEJKO ATTENDS THE IMF/WORLD BANK CONSTITUENCY MEETING

**16 February 2018, Lisbon, Portugal**

On 16 February 2018, the Meeting of the Constituency in the International Monetary Fund (IMF)/World Bank Group (WBG) was held in Lisbon, Portugal. Central bank governors and ministers of finance from the constituency member countries met to discuss the recent developments in the global economy and in the respective countries.



In this meeting, the Bank of Albania was represented by its Governor, Mr Gent Sejko, who presented an overview of the Albanian economic and financial situation. The Governor emphasized that the economic activity in Albania has continued to improve and expressed the commitment of the Bank of Albania to provide all the necessary support

to accelerate the economic activity of Albania in the future.

Governor Sejko also shared the view of the Bank of Albania on the main discussion topics. He said that the Bank of Albania welcomes the periodic review of the methodology and structure of quota allocation. He pointed out too that this needs to be carefully approached so that the reviews do not affect the focus of work and commitment of the institution for achieving its objectives.

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## **GOVERNOR SEJKO AT THE ROUND TABLE ON: "ENERGY AND SUSTAINABLE ECONOMIC DEVELOPMENT - THE ROLE OF ECONOMIC DIPLOMACY"**

**21 February 2018, Tirana, Albania**

On 21 February 2018, the Governor of the Bank of Albania, Mr Gent Sejko, attended the Round Table on: "Energy and Sustainable Economic Development - The Role of Economic Diplomacy", organized by the organisation "Honorary Consuls". During his address, Governor Sejko shared with the participants his personal point of view on the



role and importance of economic diplomacy, which should aim to increase the interest of foreign capitals for investing in Albania. Over the last five years, foreign direct investments were around the average level of 8.7% of GDP, or around EUR 870 million per year, ranking us in the second place in the region, after Montenegro. However, Albania continues to remain the region's second to last in terms of foreign investment stock and continues to be a country hungry for capital investment in all economic sectors.

In conclusion, the Governor emphasized that economic diplomacy can help more to promote the made-in-Albania products, i.e. to expand the access to markets and to increase the penetration of our products in these markets.

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## **MEETING OF THE FINANCIAL STABILITY ADVISORY GROUP**

**21 February 2018, Tirana, Albania**

The Financial Stability Advisory Group (FSAG) held its regular meeting on 21 February 2018. The attendees were the Minister of Finance and Economy (MFE), the Governor of the Bank of Albania (BoA), the Chair of the Board of the Financial Supervisory Authority (FSA), the Executive Director General of the Financial Supervisory Authority, the Director General of the Deposit Insurance Agency (DIA), as well as other representatives from these institutions.

The representatives of the Bank of Albania presented an overview on the financial performance and risks for the banking sector's activity as at the end of 2017 based on data for the last quarter of



2017. Following the presentation, the representatives of the Bank of Albania informed the participants on the package of measures to promote the use of the national currency in the activity of banks. The participants confirmed the need for these measures and their commitment to act in a harmonized manner, in accordance with the stipulations of the Memorandum of Understanding signed by the aforementioned institutions.

According to the agenda, the meeting continued with the presentation by FSA representatives regarding the assessment of the situation in the institutions and markets that this institution supervises.

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## **THE BANK OF ALBANIA AND THE EBRD SIGN A MEMORANDUM TO ENHANCE LENDING IN LEK AND THE DEVELOPMENT OF THE CAPITAL MARKET**

**26 February 2018, London, UK**

On 16 February 2018, the Governor of the Bank of Albania, Mr Gent Sejko, signed, on behalf of the Bank of Albania, a Memorandum of Understanding for

enhancing the cooperation on the use of the domestic currency and the development of the local capital market in Albania, between the European Bank for Reconstruction and Development (EBRD), the Bank of Albania and the Ministry of Finance and Economy. The Memorandum aims to boost local currency lending to small and medium-sized enterprises (SMEs) through a specific programme of the EBRD for this purpose. The EBRD programme can provide loans to these enterprises under competitive conditions, in accordance with its policies and procedures. The programme also works with the national authorities, either directly or in coordination with international financial organisations and partners, to foster a positive environment for domestic currency lending.

On the Memorandum, Governor Sejko said: "The exclusive role of the Bank of Albania as the monetary and banking supervision authority is concretely supported by this agreement. The parties' commitment to cooperate on accelerating the development of the Albanian capital market by promoting the use of the local currency, in addition to the ongoing work in the area of banking supervision and governance as well as on NPL resolution, will have a positive impact on improving the effectiveness of economic and monetary policies, and in reducing financial stability risks for our country."



## PROJECT GREENBACK 2.0 OFFICIALLY LAUNCHED IN ALBANIA, A RECIPIENT COUNTRY FOR REMITTANCES

**21 March 2018, Tirana, Albania**

On 21 March 2018, at the premises of the Bank of Albania, Project Greenback 2.0 was officially launched for Albania, a recipient country for remittances. This project, which is one of the main components of the SECO-funded Remittances and Payments Program (RPP) in Albania, is a World Bank initiative for promoting accessible channels and cost-effective payment instruments for sending and receiving remittances. The World Bank, in partnership with the Bank of Albania, has chosen Berat as a champion city for the Project Greenback 2.0.

The First Deputy Governor of the Bank of Albania, Ms Elisabeta Gjoni, in her opening remarks emphasized the importance of remittances for the Albanian economy both in macroeconomic terms and at the micro-level for the Albanian families.

Ms Gjoni pointed out the contribution of remittances to consumption, as these flows are estimated to finance more than one third of Albanian households, which channel these funds to provide for necessary goods, education, and healthcare and, to a lesser extent, for investment purposes. "Today remittances are gaining special attention at an international level in the context of sustainable economic development.

Furthermore, given that they are particularly important for the Albanian economy, we invite everyone to continue this fruitful cooperation we have had so far in order to achieve a successful completion of this project," Ms Gjoni said.



## THE BANK OF ALBANIA AND THE PEOPLE'S BANK OF CHINA RENEWED BILATERAL LOCAL CURRENCY SWAP AGREEMENT

**3 April 2018**

On 3 April 2018, the Governor of the Bank of Albania, Mr Gent Sejko, and the Governor of the People's Bank of China, Mr Yi Gang signed the renewal of the bilateral local currency SWAP agreement, for the maximum amount at RMB 2 billion/ ALL 34.2 billion. The new agreement, like the previous one, is valid for 3 years, from the date of its signing. It aims to promote bilateral trade and direct investments for economic development, and to support financial stability, if market conditions dictate the needs for such liquidity.

## LAUNCHING OF THE EBRD TRANSITION REPORT 2017- 18

**11 April 2018, Tirana, Albania**

On 11 April 2018, at the premises of the Bank of Albania, the EBRD Transition Report 2017-18 was presented.

In his opening remarks, the Governor of the Bank of Albania, Mr Gent Sejko, highlighted that the Transition Report this year addresses some of the many issues for transition economies such as the convergence of productivity and dynamics of firms, importance of road infrastructure to economic growth and the new opportunities that the green economy may provide. Concluding, Governor Sejko

emphasized that the Report suggests that it is time for the financial system to focus on the firms, as the basis of employment, innovation, productivity and economic growth. Governor Sejko thanked the EBRD representatives for the valuable contribution and concrete support through financial investments in key areas for the economy of Albania, and invited them to continue considering the potential that Albania has to offer.

The high representatives of the EBRD presented the EBRD Transition Report 2017-18, as well as the assessments on the Western Balkans and responded to the interest of the attendees.





## GOVERNOR SEJKO AT THE 7<sup>TH</sup> ANNUAL RESEARCH CONFERENCE OF THE NATIONAL BANK OF THE REPUBLIC OF MACEDONIA 13 April 2018, Ohrid, Macedonia

On 13 April 2018, the Governor of the Bank of Albania, Mr Gent Sejko participated at the 7th Annual Research Conference organized by the National Bank of the Republic of Macedonia on “Around a Decade After the Crisis: Heading to the New Global Cycle and Monetary Policy Normalization”, in Ohrid, Macedonia.

Governor Sejko presented an overview of the economic situation in Albania, focusing on the economic and financial developments and the potential impacts of monetary policy normalisation. He highlighted that the Bank of Albania stands ready to take all the necessary measures, contributing to supporting sustainable economic growth and guaranteeing macroeconomic stability. The Governor added that the accommodative monetary policy pursued by the Bank of Albania has reduced the costs of financing for the private sector, has boosted lending in the domestic currency and has contributed to the improvement of borrowers’ financial situation. Governor Sejko underlined the importance



of further reforms to improve Albania’s development model and the business environment, as well as move forward in the integration process. In conclusion, the Governor said that the long-term political future and economic prosperity are closely related to the process of integration into the European Union.



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## GOVERNOR SEJKO ATTENDS IMF AND WB SPRING MEETINGS 2018 IN WASHINGTON D.C. 20-22 April 2018, Washington, USA

On 20-22 April 2018, Mr Gent Sejko, Governor of the Bank of Albania, attended the Spring Meetings of the International Monetary Fund (IMF) and the World Bank Group (WBG) in Washington D.C., USA.

During the IMF-WBG Spring Meetings, Governor Sejko had several important meetings with prominent personalities of international finance.

Governor Sejko introduced the interlocutors in the meetings with the latest developments in the Albanian economy, focusing on the



outlook of economic growth, as well as on banking sector developments in Albania. The Governor pointed out that economic growth in Albania is on a positive development trajectory. He added that the implementation

of the accommodative monetary policy has supported the growth of the economy and the increase in employment, wages and inflation. In relation to the latest developments on consumer prices, Mr Sejko





stated that the Bank of Albania has placed its focus on its main objective, maintaining price stability.

Governor Sejko said that the Bank of Albania will continue to improve its supervisory role, proactively approach banking regulation, increase the security of the banking system and promote the development and efficient functioning of the payment systems, in line with international standards.

Representatives of the IMF and WBG commended the positive role and the policy

implemented by the Bank of Albania, which has contributed to the macroeconomic development and financial stability of Albania. Also, the IMF and WBG senior representatives encouraged the Bank of Albania to further commit on the plan of measures for reducing the non-performing loans, boosting credit and promoting the use of the national currency.

The international officials highlighted that Albania should take advantage of the economic growth trend, the financial stability and the safe financial system, to attract foreign investments, in order for economic growth to be sounder in the long term.

## GOVERNOR SEJKO PRESENTS THE ANNUAL REPORT OF THE BANK OF ALBANIA 2017

On 10 April 2018, the Governor of the Bank of Albania, Mr Gent Sejko, presented the Annual Report of the Bank of Albania 2017 to the Parliamentary Committee on Economy and Finance. On 17 May 2018, the Governor presented this report to the Assembly of Albania.

Reporting to the Parliament is a legal obligation by which the institutions' accountability process is fulfilled for previous fiscal year and by which lawmakers are introduced with the main objectives that will guide the Bank of Albania's activity in the upcoming periods.

In his address, Governor Sejko presented Albania's economic and financial framework, stressing that year 2017 was a year of progress for the Albanian economy





and financial system. More concretely, the Governor focused on the Bank of Albania's contribution to improving the economic and financial environment through:

- implementing an accommodative monetary policy stance, which supported economic growth, increase in employment and wages, and rise in inflation;
- prudential supervision and proactive approach to banking regulation, contributing to the improvement of banking sector indicators;
- enhancing the banking system security, by establishing specialised structures to administer the necessary interventions and restructuring in banks facing insolvency;
- promoting the development and efficient functioning of the payment system;
- promoting financial education;
- further fostering the central bank institution, through constant investment in enhancing professional skills, independence, accountability and transparency, as well

as through cooperation and exchanging information and opinions with Albanian and international partners.



Furthermore, the Governor added that the activity of the Bank of Albania in the previous year has been in line with our legal obligations and the Recommendations of the Parliament. He drew attention on the fact that, albeit positive development outlook, the Albanian economy continues to face medium and long-term development challenges. The

identification and mitigation of economic and financial vulnerabilities, prevention of potential risks, and continuation of structural reforms to accelerate the growth pace, are among the main challenges we face. "Our duty, as policy makers, is to draft and implement action plans consistently and persistently, in order to duly address all the problems we face." - said the Governor.

Concluding, Governor Sejko assured the Assembly that the Bank of Albania remains committed to complying with its legal objectives, and fulfilling its institutional tasks and engagements.

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## GOVERNOR SEJKO ATTENDS GOVERNORS' CLUB OF CENTRAL ASIA, BLACK SEA REGION AND BALKAN COUNTRIES 13-15 May 2018, Bodrum, Turkey

On 13-15 May 2018, the Governor of the Bank of Albania, Mr Gent Sejko, attended the 39th Meeting of the Central Bank Governors' Club of the Central Asia, Black Sea Region and Balkan Countries. The meeting was held in Bodrum, Turkey, attended

by Governors of central banks of Club member countries and high-level representatives of the International Monetary Fund, the European Central Bank and the Bank for International Settlements. The Governor of the Central Bank of the Republic of Turkey, Mr Murat Çetinkaya welcomed and opened the proceedings of the meeting.



Governor Sejko was the lead speaker in the panel on "Sustainability of Global Economic Recovery". He pointed out the importance of such events, which provide the opportunity to share views and experiences, assess the progress made and reflect on our policy priorities and policy options. Mr Sejko stated that after a long, hard road, through the financial crisis, the global economy is gaining momentum; meanwhile, countries have focused on dealing with the aftershocks of the crisis and on energising a prompt and rapid recovery.

Concluding, Governor Sejko emphasised that correcting the problems of the past and setting the global economy on a path of sustainable growth is a common responsibility. We all share the benefits of global growth. We should all share the responsibility of ensuring its sustainability.



## INTERVIEW OF FIRST DEPUTY GOVERNOR GJONI FOR THE MONITOR

**21 May 2018, Tirana, Albania**

In an interview for the economic magazine Monitor, the First Deputy Governor of the Bank of Albania, Ms Elisabeta Gjoni explained the long-term appreciating trend of the national currency, clarifying that the de-euroization process had no impact. First Deputy Governor Gjoni stated that the main reasons that have affected this appreciating trend of the lek are related with the structural improvements in the Albanian economy, such as the growth of exports, foreign investments, income from tourism, the decline in preference to hold assets in euros due to the low interest rates.

During the interview, the First Deputy Governor explained that Albania is a country with a high level of foreign currency use (also known as euroization) and this is the main reason the de-euroization strategy was presented. "The high level of use of foreign currencies in the economy exposed the economy to the risks both in macro terms, as well as in terms of the financial stability of the country," said Ms Gjoni.

In conclusion, the First Deputy Governor Gjoni said that the Bank of Albania does not influence, or tries to influence, the performance of the exchange rate when this movement is in compliance with the fundamentals. However, she added that should the exchange rate curb the return of inflation, beyond projections, then the Bank of Albania stands ready to respond, through available instruments and in accordance with the monetary policy regime.

## BANK OF ALBANIA AND EUROPEAN CENTRAL BANK CO-ORGANIZE THE REGIONAL STATISTICAL SEMINAR.

**13-14 June 2018, Tirana, Albania**

On 13-14 June 2018, the Bank of Albania and the European Central Bank (ECB) co-organized the regional statistical seminar. The regional statistical seminars are regularly organised by the ECB and provide an important forum for exchanging views on statistical requirements, formulating policies and discussing most recent developments on central bank statistics-related issues.

The purpose is to provide a platform for discussions and exchanging views on statistics, as one of the most challenging and fundamental issues for central bankers and policy-makers in general.





At the beginning of the greeting speech, the Governor of the Bank of Albania, Mr Gent Sejko said that reliable, adequate, and timely data is a key element for decision making.

Furthermore, the Governor underlined that nowadays it is necessary to be informed and analyse economic data on several dimensions and at a granular extent. For this purpose, the Bank of Albania has worked across several dimensions to enrich and enhance the statistical information.

In conclusion, the Governor added that inter-institutional coordination is the key to success for producing multi-dimensional statistical data. He underlined the importance of the cooperation between the Bank of Albania and INSTAT, which has been very fruitful until now and will continue to be successful in the future as well.

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## **GOVERNOR SEJKO ATTENDS THE REGIONAL SUMMIT ON "REGION'S FINANCIAL AND MONETARY STABILITY TEN YEARS SINCE THE CRISIS OUTBREAK", BEČIĆI, MONTENEGRO 14-16 June 2018, Bečići, Montenegro**

On 14-16 June 2018, was held the annual regional summit on "Region's Financial and Monetary Stability Ten Years since the Crisis Outbreak." Governor Sejko attended this summit in Bečići, Montenegro, with the participation of the governors of the central banks of Montenegro, Macedonia, Bosnia & Herzegovina, Croatia, Kosovo,

Serbia, as well as ministers of finance and tax directors from the region.



The governors' panel theme was "Monetary Policy and Stability of the Banking Systems of the Countries in the Region - One Decade after the Lehman Brothers Bankruptcy". In his address, Governor Sejko presented one of the most challenging issues that Bank of Albania is experiencing currently, the exchange rate. He stated that the inflation targeting and the flexible exchange rate regime applicable in Albania have served perfectly well and have helped Albania in its convergence process, providing high economic growth rates, economic and financial stability and the increase and expansion of financial sector.

In addition, Governor Sejko emphasised that the flexible exchange rate regime has increased the resilience of the Bank of Albania in absorbing shocks and has reduced their costs. Governor Sejko also highlighted that even in free floating exchange rate regimes

the monetary policy should consistently and coherently take into account the movements in the exchange rate, for as long as and to the extent these movements affect inflation.

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## **GOVERNOR SEJKO RECEIVES H.E. AMBASSADOR OF THE REPUBLIC OF FRANCE, MS CHRISTINA VASAK, AND THE HEAD OF REGIONAL ECONOMIC, RESIDENT IN SOFIA, MR JEAN-MARIE DEMANGE**

**20 June 2018, Tirana, Albania**

On 20 June 2018, the Governor of the Bank of Albania, Mr Gent Sejko, received H.E. Ambassador of the Republic of France in Tirana, Ms Christina Vasak, and the Head of Regional Economic Service for Danube/Balkans area, Resident in Sofia, Mr Jean-Marie Demange, at the Bank of Albania.

Governor Sejko presented Ambassador Vasak and Mr Demange with an overview of economic developments in Albania, and underlined that the economic growth is set on a positive development trajectory, while



the main economic balances are expected to strengthen in the future. The interlocutors discussed also about the supervisory role of the Bank of Albania in strengthening the stability of the financial system, in the framework of anti-money laundering and terrorism financing. Governor Sejko highlighted that this process is quite important and the institutions in Albania are collaborating through information sharing, aiming at strengthening the risk-based supervision approach.

The interlocutors, in conclusion, shared the same views about the perspectives of advancing the economic cooperation between the two countries, through potential projects in the Albanian economy, such as in the financial and infrastructural sectors, and the growth of foreign investments in Albania.

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## **FOURTH MEETING OF THE NATIONAL PAYMENT SYSTEMS COMMITTEE**

**20 June 2018, Tirana, Albania**

On 20 June 2018, the National Payment Systems Committee (NPSC) held its fourth meeting, presided by the Chair of the Committee, Ms Elisabeta Gjoni, First Deputy Governor of the Bank of Albania. In addition to NPSC members this meeting was also attended by representatives from the World Bank, experts for the financial system and payment systems.

During the meeting, the NPSC approved the National Retail Payments Strategy 2018-2023 and presented the projects realised so far related with this Strategy, in the framework of modernising the retail payment systems. The vision of the Strategy is "to



## BANK OF ALBANIA ORGANISES CONFERENCE ON “MODERNISATION OF RETAIL PAYMENT SYSTEMS IN ALBANIA”

21 June 2018, Tirana, Albania



On 21 June 2018, at the premises of the Bank of Albania was held the conference on “Modernisation of retail payment systems in Albania”. This conference was attended by representatives of the World Bank, the European Central Bank, central banks of the region, the Ministry of Finance and Economy, the Albanian Association of Banks and representatives from the business community.

The First Deputy Governor of the Bank of Albania, also Chair of the National Payments System Committee, Ms Elisabeta Gjoni,



create a contemporary and all-inclusive retail payments market, supported by safe and efficient infrastructure, and a broad range of instruments and services that satisfies the needs of the users”. With regard to the improvement of the legal and regulatory framework – an objective of the Strategy - the NPSC discussed the draft-law “On payment services” which transposes the relevant EU Directive (PSD).







opened the proceeding of the conference. In addition, the conference was addressed by the Governor of the Bank of Albania, Mr Gent Sejko and the Vice Prime Minister of the Republic of Albania, Ms Senida Mesi.

Further on, the conference held its work on a more technical level, during which representatives of the European Central Bank, the World Bank, the Bank of Italy, the Central Bank of the Republic of Kosovo, the National Bank of Serbia, well-known international operators and service providers and representatives of the banking and payment industry in Albania, presented to the participants the main developments, projects and their experience in the field of retail payment systems.

## GOVERNOR SEJKO MEETS REPRESENTATIVES OF THE EUROPEAN FUND FOR SOUTH EAST EUROPE

21 June 2018, Tirana, Albania

On 21 June 2017, Governor Sejko met at the Bank of Albania's premises with representatives of the European Fund for South East Europe (EFSE), led by Mr Christoph Tiskens, Chairperson of the Board of Directors of the Fund. The meeting opened with an overview by Governor Sejko on

the latest economic developments in the financial and banking sector in Albania, focusing on the last decision-making of the Bank of Albania regarding inflation and the exchange rate.



The Governor said that the macroeconomic environment is assessed as stable and prospects show the maintaining of the positive growth pace. The Governor added that the macroeconomic environment is assessed as stable and prospects show the positive growth pace will continue. Regarding the financial developments in Albania, Governor Sejko emphasized that the Albanian banking system shows very good financial indicators, it is well capitalised, liquid and financially sound.

Regarding the prospects of cooperation between the two institutions, the interlocutors concurred that more needs to be done for a better access to funding by the small enterprises sector. For this purpose, EFSE is committed to provide its support both in funds and knowledge, so that the costs associated with lending in this segment will be reduced.

For his part, Mr Tiskens said that he appreciates the continuous support by the

Bank of Albania during the years for each initiative undertaken by EFSE. Albania, as one of the first shareholder countries of EFSE, with a high contribution over the years in the activity of this fund, occupies an important place in the optic of this institution. Mr Tiskens placed particular emphasis on the current economic revival as well as on the improved access of enterprises and households to financial services.

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## **SECOND DEPUTY GOVERNOR AHMETAJ AT THE FORUM "EMPOWERING FINANCIAL INCLUSION THROUGH FINANCIAL EDUCATION"**

**29 June 2018, Tirana, Albania**

On 29 June 2018 was held the Forum on "Empowering Financial Inclusion through Financial Education" organized by the Albanian Association of Banks and the Bank of Albania.

The Second Deputy Governor of the Bank of Albania, Ms Natasha Ahmetaj, addressed the proceedings of the workshop. In her speech, the Second Deputy Governor Ahmetaj highlighted that the Bank of Albania is among pioneering central banks in the region for



concrete involvement in financial education. Through the financial education of the public, the Bank of Albania makes it easier to communicate the monetary policy decisions, actions and non-interventions, the purpose and the strategy for achieving it. Only through this education, the public may build confidence in central banks and understand why price stability, which is its primary objective, is ultimately a common good.

In conclusion, she added that the Bank of Albania ensures that the system provides financial services and access to credit in the fairest manner. Because of this, the Bank of Albania on one hand regulates and supervises the system, and on the other hand, it engages many of its own capacities in the field of economic and financial education. If financial inclusion is improving, it means that the public is increasingly becoming part of the financial system, is using its products, and is giving its contribution to the expansion of financial intermediation. If this intermediation expands, the economy is enriched with funds, new projects are being implemented, and the potential of the economy is expanding, thus realising the ultimate goal: the growth of well-fare for everyone.

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## **OTHER**

### **BANK OF ALBANIA COMMUNICATES MONETARY POLICY DECISIONS TO THE PUBLIC**

After each meeting of the Supervisory Council, the Governor of the Bank of Albania communicates to the public the decision-making of the Bank of Albania, at a press conference.

According to the calendar published at the beginning of the year, during the first six months of 2018, three press conferences of the Governor were held on this decision-making, respectively: 7 February, 28 March, 2 May and a special release on 6 June 2018 driven by the assessment that the appreciation of the domestic currency was turning into a risk for achieving the inflation target of 3%.

In this release, Governor Sejko communicated to the general public the decision of the Supervisory Council of the Bank of Albania regarding the reduction of the key interest rate by 0.25 percentage points to 1.00%, the overnight deposit interest rate to 0.10%, and overnight loan interest rate to 1.90%. Furthermore, based on the need for creating adequate monetary conditions for maintaining price stability, and reflecting the reduction of scope for using the conventional monetary policy tool, the policy rate, the Supervisory Council decided the undertaking of foreign-currency purchase operations in the domestic foreign currency market. Governor Sejko emphasized that these operations will be carried out in accordance with the legal and regulatory frameworks and are aimed to eliminate the temporary excess of foreign currency in the market and decelerate the further appreciation of the exchange rate, which would hamper the achievement of our price stability objective.



## PRESENTATION OF PERIODICAL REPORTS OF THE BANK OF ALBANIA TO THE MEDIA

As part of its communication strategy with the public, the Bank of Albania presents its periodical reports to the media prior to their publication. During the first 6 months of this year, were held 4 presentations off-the-record for the media:

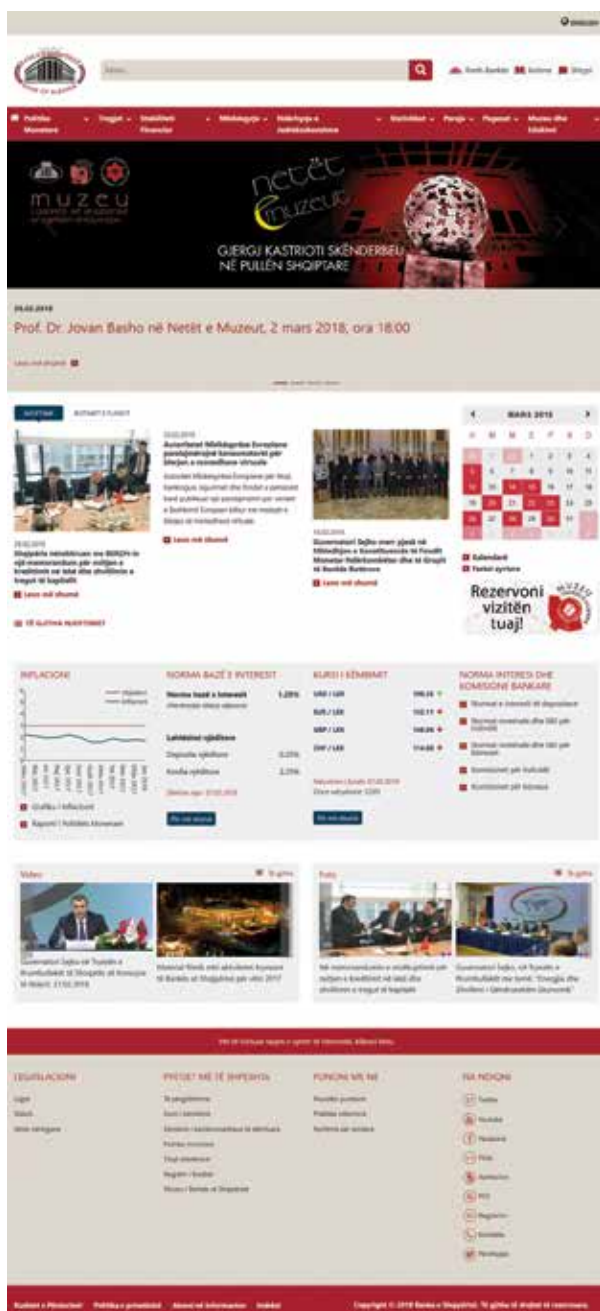


- presentation of the Monetary Policy Report 2018/I on 15 January 2018, at the premises of the Bank of Albania
- presentation of the Financial Stability Report 2017 H2 on 26 April 2018, at the premises of the Bank of Albania
- presentation of the Monetary Policy Report 2018/II on 10 May 2018, at the premises of the Bank of Albania
- presentation of the Annual Supervision Report 2017 on 28 June 2018, at the premises of the Bank of Albania



## BANK OF ALBANIA INTRODUCES THE REDESIGNED WEBSITE

On 1 March 2018, the Bank of Albania introduced its new website in order to transmit as clear as possible its communication philosophy and to adapt to the ever-changing behaviour of digital users.



As one of the main communication tools of the Bank of Albania with the public, the Bank has paid particular attention to the website [www.bankofalbania.org](http://www.bankofalbania.org) in terms of quality, design and ease of use. With a new, modern and appealing design, the website comes to the public in a re-conceptualized format, focusing on easier access for the public. With the introduction of the new website, the Bank of Albania contributes to achieving one of the key objectives of the medium-term development strategy 2018-2020, to enhance transparency over its activity, through an open communication line with the public.

## BANK OF ALBANIA PUTS IN CIRCULATION THE 20 LEK LEGAL TENDER COIN, ISSUE OF 2016

As of 30 March 2018, the Bank of Albania will put in circulation the Albanian coin with nominal value of 20 lek, legal tender, issue of 2016. The new coin has the same alloy composition, design, dimensions and weight as the 20 lek coin, issue of 2012, but the difference is the year of issue printed on the coin, i.e. "2016", as well as the spelling of the words "LEKË" and "SHQIPËRISË".

This coin will be used as a means of payment in parallel to all existing coins in circulation of this denomination, from earlier issues.

## FRIDAY SEMINARS

The Bank of Albania holds regularly the research activity "Friday Seminar". This initiative welcomes Bank of Albania's experts, researchers from the academic and other financial, research and scientific institutions

to present and discuss their theoretical and empirical research papers. During the first half-year were presented these papers:

- “Banks and Firms Net Worth on Borrowing Cost: What do the data suggest?”, by Bledar Hoda, 24 January 2018;
- “Agricultural enterprises in Albania and their funding” by Ms Elona Dushku and Mr Kliti Ceca, 9 March 2018.



## ACTIVITIES OF THE MUSEUM OF THE BANK OF ALBANIA

### ACTIVITIES FOR THE YEAR OF SKANDERBEG

In the Year of Scanderbeg, celebrating the 550<sup>th</sup> anniversary of the death of our National Hero (1468-2018), the Bank of Albania became part of the celebrations not only through the dedication of its 2018 calendar but also through some activities.

## THE MUSEUM OF THE BANK OF ALBANIA OPENED THE TEMPORARY EXHIBITION “GJERGJ KASTRIOT SKANDERBEG ON THE ALBANIAN COINS AND BANKNOTES”

17 January 2018, Tirana, Albania

On 17 January 2018 the Museum of the Bank of Albania presented “Gjergj Kastriot Skanderbeg on the Albanian coins and banknotes” a temporary exhibition in memoriam of the 550<sup>th</sup> anniversary of the death of the National Hero, Gjergj Kastriot Skanderbeg.

The Museum of the Bank of Albania dedicates the exhibition to the figure of Skanderbeg, featured in the Albanian coins and banknotes from 1921 to 1926. It also highlights various features in issuing of these banknotes and



coins. The exhibition shows that the portrait of Skanderbeg is the most featured one in the Albania currency in a time span of almost 100 years. Like in the period of the Albanian National Awakening, his figure remains an inspiration for the Albanian people.

The Bank of Albania opened the doors of its museum and welcomed representatives of the media, banking system, education, art and culture as well as numismatists and collectors.

## THE BANK OF ALBANIA, IN COOPERATION WITH THE CENTRAL BANK OF THE REPUBLIC OF KOSOVO, OPENS THE TEMPORARY EXHIBITION "GJERGJ KASTRIOTI SKANDERBEG IN ALBANIAN COINS AND BANKNOTES" IN PRIZREN, KOSOVO

10-12 June 2018, Prizren, Kosovo

On 10-12 June 2018, in the framework of the Year of Skanderbeg, the Bank of Albania, in cooperation with the Central Bank of the Republic of Kosovo organized the exhibition "Gjergj Kastrioti Skanderbeg in Albanian coins and banknotes". This exhibition was held in the premises of the League Building in the city of Prizren and





coincides with the 140th anniversary of the Albanian League of Prizren. At the opening ceremony of the exhibition were present H. E. President Ilir Meta, the Prime Minister of Kosovo, Mr Ramush Haradinaj, as well as a number of important Albanian and Kosovar personalities.

The collection selected by the Bank of Albania for this exhibition presents Albanian coins and banknotes of 1921-1996, which represent the National Hero and the symbols related with him, printing elements of these denominations, as well as commemorative coins representing important events of the national history like the Albanian League of Prizren, the Congress of Manastir and the Declaration of Independence.

## MUSEUM NIGHTS

Since 2017, the Museum of the Bank of Albania has been regularly organizing a cycle of lectures called "Museum Nights". The objective of this activity is to inform the large public through lectures held by historians, archaeologists, numismatists, as well as other experts of the field, on topics of numismatics, banking and economic history and financial education.

During the first half of 2018, these lectures were presented:

- **"Gjergj Kastriot Skanderbeg on Albanian stamps", by Prof. Dr. Jovan Basho, 2 March 2018**

During this lecture, Prof. Dr. Basho presented in details the emissions of the Albanian philatelic collection related to the figure of our National Hero, Gjergj Kastriot Skanderbeg, chronologically illustrating some of the most interesting philatelic emissions for Skanderbeg during 1913-2005. An interesting part of

the presentations were several facts on the issuance of some rare postal stamps, historic postcards, as well as mistakes made during the issuance which makes these stamps even more requested by the philatelists. At the end of the lecture the audience enjoyed an exhibition by Mr Basho themed "National hero, Gjergj Kastriot Skanderbeg, in the postal emissions during 1913-1918".



- **"The importance of financial literacy for young entrepreneurs and personal welfare", by Mr Dritan Mezini, 13 March 2018**

On 13 March 2018, at the premises of the Bank of Albania, was held a lecture of the "Museum Nights" cycle, entitled "Importance of financial literacy for young entrepreneurs and personal welfare". The lecture was held by Mr Dritan Mezini, General Director of DM-consulting and the Duapunë.com portal, and addressed an audience consisting mainly of young students and entrepreneurs to raise



awareness on the importance of financial literacy as part of their overall development and the key to entrepreneurial success.

- **“Financial relationship of Ali Pasha Tepelena”, by lecturer Dr Dorian Koçi, Director of the National Museum of History, 17 April 2018**

Ali Pasha Tepelena is one of the most charismatic personalities of his era, not only because he ruled in the region for 30 years but also because he became a mover and shaker of many pan-European developments. A lesser studied aspect of his rule is the financial relations of the Pashallik of Ioannina with the Ottoman Empire, Republic of Venice, France, England and Russia. Hence during the lecture were addressed issues such as the revenue sources and financial system of the Ottoman Empire, the revenue sources of the Pashallik of Ioannina, taxes and tolls and the legal regime of land as a source of revenues. The study of the financial relations of the Pashallik of Ioannina also sheds light on the historical context of his era as a transition period in our recent history that had a significant geopolitical impact afterwards in the newly formed Greek state and in the Albanian territories.



## **THE ONE-WEEK SEMINAR: “ANCIENT COINS FROM THE BEGINNING OF THE VII CENT. BC, UNTIL THE FALL OF THE ROMAN EMPIRE AT THE END OF THE V CENT. AD**

**30 April - 7 May 2018, Tirana,  
Albania**

The Bank of Albania held for the first time the on-week seminar “Ancient coins from the beginning of the VII cent. BC, until the fall of the Roman Empire at the end of the V cent. AD. Around 30 people attended the seminar, including scholars, collectors and students of the University of Tirana. The seminar targeted beginners in numismatics, providing them with general knowledge on the pre-monetary world, ancient economies, the coins of the Illyrian cities, Roman Imperial and Republican



coins. On the last day of the seminar, the participants were also introduced with practical exercises on how seals are studied, how to build a monetary corpus, how to study, date, restore, and preserve antique coins.



## GLOBAL MONEY WEEK

### 12 March 2018, Tirana, Albania

On 12-18 March 2018, the Bank of Albania, in cooperation with the Ministry of Education, Sports and Youth, the Albanian Association of Banks, and other partners, held for the fifth consecutive year the Global Money Week.

This Week is a global money celebration, which aims at raising the awareness of the young generation to be responsible future citizens and capable of making well-informed financial decisions.

In his opening speech, Governor Sejko stressed the serious commitment of the Bank of Albania on financial awareness, through the implementation of educative programmes and the drafting of textbooks dedicated to primary and secondary education. He underlined also the motto of this activity "Money: What you sow, you will reap", which emphasizes the importance of money-related issues. Governor

Sejko added that beyond the messages the Bank wants to transmit, it values the inspiration, authenticity and activation of thought as the most effective way to absorb this complex and tangible topic. Further on, the activity continued with the award ceremony for the winners of the three first contests organized by the Bank of Albania and the Albanian Association of Banks on the occasion of the Money Week.



## SOCIAL ACTIVITIES OF THE BANK OF ALBANIA

The Bank of Albania, within the framework of social responsibility, undertakes various humanitarian initiatives.

On 2 April 2018, as in previous years, the Bank of Albania's central building was illuminated in blue to mark the World Autism Awareness Day as part of a common national awareness raising initiative for it.





On the occasion of 14 June, the World Blood Donor Day, the Bank of Albania' employees joined the blood donation initiative.

On the occasion of 1 June, the International Children's Day, the Bank of Albania's employees helped the children of the "Little Flowers" Infant orphanage and the Korça Special House. The employees of the Bank of Albania provided their voluntary contribution, donating various articles, children's books, and monetary contributions to provide these institutions with the necessary logistics for the well-being and education of these children.





