

CENTRAL BANKING

**BANK OF ALBANIA
HIGHLIGHTS**
July-December 2017



NEWS AND EVENTS

No. 02





Gent Sejko, Governor of the Bank of Albania

EDITORIAL

Dear reader,

I have the pleasure to present you our periodic publication: Central Banking Magazine - highlights for July-December 2017.

This Magazine is more than just a simple update on what the Bank of Albania has accomplished over the past six months. It informs and helps the public to understand better not only the decision making in the field of economic and financial policies, but also the institutional relations with other central banks, public institutions, important stakeholders, including the public at large.

The cooperation and interaction with other relevant Albanian and foreign actors, in years, is considered as important for many reasons. Among them, I would mention their added effectiveness in the decision-making process and its pass through to the economy.

Based on the benefits from this cooperation, the Bank of Albania has endeavoured over the years to institutionalise it through the signing of the memoranda of understanding. The Bank has signed 3 Memoranda of Understanding, in 2017, which are focused on specific issues of a central banks' activity.

The first Memorandum was signed in April 2017, between the Bank of Albania, the Ministry of Finance and Economy and the Financial Supervisory Authority. Its aim is to promote the use of the national currency in the financial system and the economy. The Memorandum sets out the commitment of the three institutions to identify, in the respective areas of competence and in a harmonized manner, the necessary actions for reducing the use of foreign currencies in the economy.

In the context of the fruitful cooperation with other central banks, a second Memorandum

was signed in November 2017, with the Central Bank of the Republic of Turkey. This Memorandum of Cooperation affirms the mutual commitment to foster cooperation by intensifying the exchange of information and expertise in various fields of central banking such as: supervision, financial stability, research, and financial stability.

The third Memorandum was signed between the Bank of Albania, the Minister of State for the Diaspora and the Ministry of Finance and Economy, in December 2017. This Memorandum aims at raising the awareness, facilitating dialogue and promoting effective cooperation between the parties for a more effective use of remittances. The signing of the Memorandum marked the beginning of a series of common steps by Albanian institutions to give its due place to the valuable financial contribution by Albanian emigrants to the welfare of both their families at home and the sustainable and long-term development of the Albanian economy.

The signed Memoranda are a small visible part of the cooperation of the Bank of Albania at the national and international level.

Meanwhile, the underlying process consists of long and persistent efforts in the daily work of our employees, such as meetings of experts, telephone calls, e-mail exchanges, participation in conferences and workshops or mutual visits, which form parts of the whole.

Thanks to this cooperation, we are confident that we will be able to successfully achieve the desired results and perform our duties, and will see the credibility of our institution increased. Regardless of its professional capacities, an institution alone may not have an impact on all the macroeconomic mechanisms and policies of a country. Together, we may achieve even the most challenging objectives more easily and thus contribute to the welfare of our nation.

GOVERNOR SEJKO ATTENDS THE HIGH- LEVEL CONFERENCE “REACCELERATING CONVERGENCE IN CENTRAL, EASTERN AND SOUTH-EASTERN EUROPE - THE ROLE OF GOVERNANCE AND INSTITUTIONS”

10-11 July, Dubrovnik, Croatia

On 10-11 July 2017, the Governor of the Bank of Albania, Mr Gent Sejko, attended the high-level Conference “Reaccelerating Convergence in Central, Eastern and South Eastern Europe - The Role of Governance and

Institutions”, jointly organized by the Croatian National Bank and the International Money Fund (IMF), in Dubrovnik, Croatia.

During the Conference, the Governor participated in a discussion table, organised by Ms Christine Lagarde, Managing Director of the International Monetary Fund. Governor Sejko discussed on the contribution that the International Monetary Fund has provided to CESEE countries to realise the reforms and their process toward convergence. To illustrate this role, the Governor referred to the last arrangement between Albania and the IMF, which was considered as indispensable and was successfully finalised. Regarding the future role of the IMF, Governor Sejko stated that this role might be more flexible and more efficient, contributing to the strengthening of preventive measures against possible crises and to achieving the final objectives.



WORKSHOP "ALBANIA FACTORING"

5 September, Bank of Albania, Tirana

On 5 September 2017, the Bank of Albania organized the workshop "Albania Factoring", in cooperation with the European Bank for Reconstruction and Development (EBRD). The workshop was attended by representatives of the Bank of Albania, the EBRD, commercial banks, non-bank financial institutions, etc. The purpose of this workshop was to raise the awareness of banks and financial institutions on the advantages of expanding the factoring service in Albania, as an opportunity to finance business, especially small and medium enterprises.



The Second Deputy Governor of the Bank of Albania, Ms Natasha Ahmetaj and the representative of the EBRD in Albania, Matteo Colangeli, welcomed the participants and opened the workshop. In her speech, the Second Deputy Governor Ahmetaj emphasized the fact that factoring can be an important service in the Albanian financial system, and has the potential to develop further. Therefore, the Bank of Albania will cooperate with groups of interest to identify real obstacles to the further development of this service. From Bank of Albania observations, the market in Albania needs such service, as it can provide more funding than the traditional

lending institutions and, at the same time, reduces credit risks.

GOVERNOR SEJKO RECEIVES THE AMBASSADOR OF JAPAN

13 September, Bank of Albania, Tirana

On 13 September 2017, the Governor of the Bank of Albania, Mr Gent Sejko received H.E. Ambassador of Japan in Tirana, Mr. Makoto Ito, in an official meeting at the Bank of Albania.

Governor Sejko extended his appreciation to H.E. Ambassador Ito for the very good relations between the two countries. They discussed about the potential prospects for economic cooperation in areas such as trade exchanges, advancement in information technology, and development of infrastructure. They also talked about the economic landscape in Albania, and Governor Sejko underlined the insofar positive performance of economic growth, which is expected to continue on a positive trajectory in the future. H.E. Ambassador of Japan in Tirana, Mr Makoto Ito thanked Governor Sejko for the meeting and commended the substantial contribution by the Bank of Albania to the country's macroeconomic stability.



Ambassador Ito added that Albania, as a factor of stability in the region, contributes to maintaining and fostering regional political and economic stability.

GOVERNOR SEJKO MET SECO'S DIRECTOR OF ECONOMIC CO-OPERATION AND DEVELOPMENT

**14 September, Bank of Albania,
Tirana**

On 14 September 2017, the Governor of the Bank of Albania, Mr Gent Sejko, held a meeting with the Director of Economic Co-operation and Development at the Swiss State Secretariat of Economic Affairs (SECO), Ambassador Raymund Furrer. The meeting was attended by the H.E. Ambassador of Switzerland in Albania, Mr Christoph Graf, as well as other senior representatives from the respective institutions.

Governor Sejko thanked the Swiss Government for the fruitful support and cooperation and expressed his appreciation regarding the projects and activities organized in the

framework of this cooperation. He highlighted that thanks to this cooperation, the Bank of Albania has received assistance in both research and decision-making processes, by developing analysis and forecasting models, through the implementation of new models and the improvement of policymaking. More specifically, since 2013, over 20 training activities have been organized, attended by around 290 employees of the Bank of Albania.

The representatives of SECO thanked the Bank of Albania for its support through active participation and organization of joint activities and considered their program with the Bank of Albania as one of their best and most successful programs.

GOVERNOR SEJKO ATTENDS THE INTERNATIONAL CONFERENCE ORGANISED BY THE CENTRAL BANK OF BOSNIA AND HERZEGOVINA

**22 September, Sarajevo, Bosnia and
Herzegovina**

On 22 September 2017, the Governor of the Bank of Albania, Mr Gent Sejko attended the international conference organized in Sarajevo by the Central Bank of Bosnia and Herzegovina on "20 years of stability". This conference was organized on the occasion of the 20th anniversary of the establishment of the Central Bank of Bosnia and Herzegovina.

Governor Sejko was invited to participate in one of the key panels dedicated to new





GENT SEJKO ATTENDS THE 38TH GOVERNORS CLUB OF CENTRAL ASIA, BLACK SEA REGION AND BALKAN COUNTRIES

28-29 September, Moscow, Russia

On 28-29 September 2017, the Governor of the Bank of Albania, Gent Sejko, attended the 38th Meeting of the Central Bank Governors' Club of the Central Asia, Black Sea Region and Balkan Countries. The meeting was chaired by the Governor of the Central Bank of the Russian Federation, Elvira Nabiullina and was attended by central bank governors from 24 member countries of the Club. The discussions focused on two main aspects: financial technologies, global trends and regulation framework; and the tapering of the monetary policy of the European Central Bank and the Bank of England and the potential implications for the economies of the member countries of the Club.

challenges for central banks in the process of joining the European Union, together with governors and other representatives of the central banks of the region. The Governor presented Albania's progress in the European integration process, highlighting some of the key moments of the convergence and addressing the challenges that our country will face in the future. He stressed that the political and economic future of SEE countries is directly linked to the integration process of these countries in the European Union.

Central banks have a very important role in advancing the convergence process, through maintaining macroeconomic parameters and strengthening financial stability, and, as a policy maker, the Bank of Albania must continue to contribute to fostering regional cooperation.



Governor Sejko delivered a short presentation on economic and financial developments in Albania, and potential spillovers from ECB's monetary policy stance. Governor Sejko said that monetary normalisation in Europe is not



expected to have adverse effects on Albania. On the contrary, these effects may be positive, taking into account the extent of synchronisation of the monetary policies applied by the Bank of Albania and the ECB, as well as the current level of Albania's integration with European markets. Governor Sejko highlighted that the Bank of Albania stands ready to take all the necessary measures, and contribute to supporting sustainable economic growth and guaranteeing macroeconomic stability.

GOVERNOR SEJKO ATTENDS THE 7TH CONFERENCE OF THE ECB FOR CESEE COUNTRIES

5 October, Frankfurt, Germany

On 5 October 2017, The Governor of the Bank of Albania, Mr Gent

Sejko, attended the 7th Conference of the Central, Eastern, and South East European (CESEE) countries on "Institutional Quality and Sustainable Economic convergence" organized by the ECB in Frankfurt. The conference discussions focused specifically on the current role of central banks in the process of economic convergence in the European Union, based on the experience of each country in their efforts for building institutional capacities.

In his speech, Governor Sejko highlighted that through the structural reforms undertaken in Albania, the institutional framework has contributed to the convergence process. He added that macroeconomic policy-making has improved lately, thus aiding to achieve long-term, comprehensive and sustainable economic growth. The Governor said that the long-term political future and the economic prosperity are closely related to EU convergence and integration processes, and although SEE countries have differences



amongst them, the economic and political benefits from the process form common grounds.

In conclusion, Governor Sejko stressed that the contribution of the institutions of the European Union in this process has special importance, thanks to the transparent and objective EU integration guidelines, as well as monitoring and reporting on each country's progress.



GOVERNOR SEJKO RECEIVES THE NEW AMBASSADOR OF THE REPUBLIC OF FRANCE TO ALBANIA

On 9 October, Bank of Albania, Tirana

On 9 October 2017, the Governor of the Bank of Albania, Mr Gent Sejko received the new H.E. Ambassador of the Republic of France in Tirana, Ms. Christina Vasak in an official meeting at the Bank of Albania.

In the meeting, Governor Sejko extended his appreciation to H.E. Ambassador Vasak for the close and excellent cooperation between the two countries. Governor Sejko presented an overview of economic developments in Albania, and said that the monetary policy implemented by the Bank of Albania has contributed positively to the trajectory of economic development, consumer prices stability, and financial stability. Ambassador Vasak commended the important role of the Bank of Albania in the European integration process, through its contribution to the approximation of the regulatory framework to EU standards.

The interlocutors concurred on the fact that the continuation of structural reforms, especially in



the judiciary, is very important. Such reforms would contribute to further improving the business climate and accelerating economic development.

ANNUAL MEETINGS OF THE INTERNATIONAL MONETARY FUND AND THE WORLD BANK

13-15 October, Washington, USA

On 13-15 October 2017, The Governor of the Bank of Albania, Mr Gent Sejko, in the capacity of the Governor of the Republic of Albania at the IMF, attended the Annual Meetings of the International Monetary Fund (IMF) and the World Bank Group (WBG) in Washington, USA. In these meetings, Albania was represented by a joint delegation of senior officials from the Bank of Albania and Ministry of Finance.



The Governor presented an overview of the Albanian economic and financial situation, highlighting that economic activity in Albania has continued to improve. The Governor iterated the commitment of the Bank of Albania to provide all the necessary support in the framework of the steps to be taken to accelerate the future economic activity of Albania.



On their part, the IMF and WBG representatives said the Bank of Albania has played a positive role and its policy has contributed to the development and macroeconomic stability of Albania. Governor Sejko attended also the Meeting of the IMF's International Monetary and Financial Committee, G30 seminar and joint meetings of finance ministers and central bank governors of some IMF constituencies.

BANK OF ALBANIA SIGNS MEMORANDUM OF COOPERATION WITH THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

9 November, Bank of Albania, Tirana

On 6 November 2017, the Governor of the Bank of Albania, Mr Gent Sejko, received in an official visit at the Bank of Albania the Governor of the Central Bank of the Republic of Turkey, Mr Murat Çetinkaya.

During the one-day visit, a signing ceremony took place at the Bank of Albania for a Memorandum of Cooperation, aimed at enhancing the cooperation between the two central banks. The ceremony started with opening addresses by the Governors and continued with the signing of the Memorandum of Cooperation.



In his address, Governor Sejko said that the two countries have many elements in common that serve as a foundation to build and consolidate bridges of cooperation and that this Memorandum is an expression of our common will and desire for continuing and intensifying the cooperation between the two institutions over the years. Governor Sejko underlined that economic and financial cooperation between the two countries is very important for Albania, taking into account that our neighbour country (Turkey) represents a major partner for our economy. In conclusion, on behalf of the Bank of Albania, he once again thanked the Central Bank of the Republic of Turkey for the continued fruitful cooperation and forthwith support of Governor Çetinkaya.

ANNUAL CONFERENCE OF THE BANK OF ALBANIA

9 November, Tirana

The Bank of Albania in cooperation with the South East European Studies at Oxford organised, on 9 October 2017, the annual conference on: "Banking developments and financial market infrastructure. The role of structure, size and market infrastructure in risks mitigation and financial intermediary performance"





The Annual Conference represents one of the key events of the Bank of Albania's activity, aiming to examine and answer many of the issues and dilemmas that our national economy is facing, which, by their nature, effects and interaction, are present throughout the region of South East Europe.

Organized in three sessions, the conference proceedings were opened by the welcome addresses of the Governor of the Bank of Albania, Mr Gent Sejko; Mr Othon Anastasakis, Director of South East European Studies in the University of Oxford; Mr Arben Ahmetaj, the Minister of Finance and Economy, and H.E. the President of the Republic of Albania, Mr. Ilir Meta

During the conference, participants discussed about the development of the financial markets and their role in transmitting monetary policy effects, and mitigating financial shocks and macroeconomic uncertainties.

GOVERNOR SEJKO AT THE SECOND CONFERENCE OF THE ALBANIAN ASSOCIATION OF BANKS

14 November, Tirana

On 14 November 2017, Governor Sejko attended the second conference organised by the Albanian Association of Banks on economic growth in Albania, together with executives of the main financial institutions in Albania.



In his address, Governor Sejko said that the most recent assessments show that our economy has entered into a long-term recovery trajectory. This is driven by the recovery of private domestic demand, improvement of the external trade balance, increase in public spending, and high foreign direct investments. From this point of view, he highlighted that expectations on the short and medium-term outlook for the economic development, remain positive. Thanks to joint efforts, the balance sheets of the banking system are healthier, the liquidity situation is optimal, and interest rates have dropped to historical low levels.

Speaking of the challenges, the Governor noted that financial inclusion and education are the two other challenges that need to be integrated into our agenda in the years ahead, highlighting the important and invaluable role of the bank in terms of financial education.

GOVERNOR SEJKO PRESENTS THE BANK OF ALBANIA'S OPINION ON THE 2018 DRAFT BUDGET

15 November, Tirana

On 15 November 2017, the Governor of the Bank of Albania, Mr Gent Sejko, presented the Bank of Albania's opinion on the draft budget 2018 to the Parliamentary Committee on Economy and Finance.



This opinion was based on these main directions: the trend and impact of the fiscal policy on the economy; the long-term sustainability of public finances; public borrowing and its impact on domestic financial markets; and enhancing the effectiveness and stability of public finances. In this light, the Governor highlighted that through targeting a positive primary balance and aiming at further reducing the public debt, the Draft Budget 2018 will continue on the fiscal consolidation path. The Bank of Albania deems that this Draft Budget maintains unchanged the economic policies mix that has sustained the development of Albania, which helps to further strengthen the macroeconomic equilibriums, increases the investors' confidence in the Albanian economy, and sends the appropriate signals to the financial markets and credit rating agencies.

Concluding, the Governor presented some suggestions and recommendations of the Bank of Albania for enhancing the effectiveness and stability of public finances.

FIRST DEPUTY GOVERNOR GJONI ADDRESSES THE INTERNATIONAL CONFERENCE ORGANISED BY THE UNIVERSITY OF TIRANA

1 December, University of Tirana, Tirana

On 1 December 2017, the First Deputy Governor of the Bank of Albania, Ms Elisabeta Gjoni, was invited to the international conference "Socio-Economic Perspective in the Age of XXI Century Globalization" organized by the Department of Economics at the Faculty of Economics in Tirana.



The First Deputy Governor Gjoni shared her views on the role and the value that the Bank of Albania gives to analyses and scientific research, investing seriously in human, financial and technological capacities. The purpose of this investment is to use the extensive statistical information in the field of economy, finance, demography, etc. to provide a more comprehensive understanding of conceptual and empirical fundamentals that affect price stability and financial stability in the economy.

The First Deputy Governor highlighted that the conclusions and results of the scientific

research in macro and microeconomic level are generally related to the effects of the domestic economic and financial developments on monetary policy, monetary operations, financial stability policies or banking supervision. In conclusion, she noted that scientific research at the Bank of Albania will stir up the interest of the academia and researchers to further fill the missing links, by inviting all interested parties to engage in the discussion of academic and scientific works.

SOUTH-EASTERN EUROPEAN ECONOMIC RESEARCH WORKSHOP

4-5 December, Bank of Albania, Tirana

On 4-5 December 2017, the Bank of Albania organized the 11th SEE Economic Research Workshop. The seminar aimed at encouraging discussion and promotion of economic research, as well as regional co-operation in South-east Europe.

Representatives from the European and regional central banks, academics from universities and international financial institutions and experts from the Bank of Albania attended the workshop. During the two-day proceedings, participants presented 29 research works, of which 13 were presented by Bank of Albania researchers.





In his speech, Governor Sejko stated that from a strategically point of view, the main goal of economic research is to provide a strong conceptual and empirical basis for policy-making. He highlighted that, like in other European central banks, economic research at the Bank of Albania is an important function in its overall activity, which has proved to be successful in supporting the policy formulation and implementation processes. In more concrete terms, economic research has contributed by providing new methodologies based on empirical models, which have been adopted as standard tools of analysis and policy forecasts by other Departments (e.g. monetary policy, financial stability, banking supervision, etc.).

SIGNING THE MEMORANDUM OF UNDERSTANDING IN THE FIELD OF REMITTANCES.

**11 December, Bank of Albania,
Tirana**

On 11 December 2017, at the premises of the Bank of Albania, a high - level meeting was held between the Bank of Albania, the Minister of State for Diaspora, the commercial banks and money transfer non-bank financial institutions operating in Albania, in order to foster co-operation and enhance inter-institutional coordination regarding remittances. This meeting is the first of a series of joint endeavours by Albanian institutions in an effort to give its due place to the financial



contribution by Albanian emigrants to the welfare of their families at home.

The ceremony started with the welcoming speech of the Governor of the Bank of Albania, Mr Gent Sejko, and the Minister of State for the Diaspora, Mr Pandeli Majko, and continued with the signing of the Memorandum of Understanding between the Bank of Albania, the Minister of State for the Diaspora and the Ministry of Finance and Economy. This memorandum aims at raising the awareness, facilitating dialogue and promoting effective cooperation between the parties on issues related to the contribution of remittances by Albanian emigrants to the development of the economy. Governor Sejko added that the Bank of Albania has been engaged in concrete projects related to remittances and financial inclusion for the past two years in order to increase the number of households or enterprises that have bank accounts or payment accounts to conduct various transactions, as well as to increase market efficiency for remittances and raise the awareness on financial education.

Concluding, the Governor urged all representatives of the banking industry and other actors in the financial system that were present at this ceremony to play a special role in efficiently mobilizing remittances and to contribute to this initiative with concrete vision and products. He assured them that there will be continuous dialogue to facilitate any relevant undertaking in this aspect.



GOVERNOR SEJKO AT THE END OF YEAR MEETING WITH THE MEDIA

15 December, Bank of Albania,
Tirana

On 15 December 2017, on the occasion of the year's end, the Governor of the Bank of Albania, Mr Gent Sejko, received journalists of the print and electronic media, economic analysts, executives and other representatives of the media in Albania in the traditional end-of-year meeting.



Governor Sejko thanked the media representatives for the support provided to the Bank of Albania throughout 2017, in covering the economic and financial developments in Albania. Governor Sejko guaranteed that the Bank of Albania's doors will be always open to consult and share opinions about current discussions, with the aim to increase the clarity and understanding of the phenomena of the banking and finance domain.

Concluding, Governor Sejko affirmed his confidence on further enhancing cooperation and better understanding in 2018, and wished the guests a successful and prosperous new year. During the end-of-year event, the three winners of the Governor's Award for the Best Diploma Thesis 2017 were announced.

This annual event is dedicated to Albanian students graduated this year in Albania and abroad, for scientific research on issues related to international monetary economics, price and financial stability, economic integration, etc.

GOVERNOR SEJKO PRESENTS THE ACTIVITY OF THE BANK OF ALBANIA DURING 2017

20 December, Bank of Albania, Tirana

On 20 December 2017, Gent Sejko, at the last press conference on monetary policy regarding decision-making, presented to the public the activity of the Bank of Albania for 2017 in a summarized way.

In more concrete terms:

- Activity of the Supervisory Council: 15 meetings, 69 decisions, 53 new adopted acts and 16 amendments or supplements to existing acts - in particular, decisions on the creation of the Resolution Department and the adoption of the Macro-prudential Policy Strategy.
- Monetary policy: an important role of monetary policy in supporting and revitalizing the economic activity of the country, as well as the improvement of the



monetary policy implementation process.

- Banking supervision and financial stability: Strengthening of banking supervision and guaranteeing financial stability, the new role of the Bank of Albania as the Resolution Authority in the country, the continuous decline of the non-performing loans ratio, coordinated efforts for de-euroization of the domestic economy, the approximation of the supervisory and regulatory framework with European directives and Standards of the Basel Committee.
- Financial management: Improvement of financial and material management of the institution, through the application of the new accounting standard IFRS (SNRF) 9, which enters into force on 1 January 2018.
- Payment system: progress towards the drafting of the necessary primary legislation for payment services in accordance with the EU Directive and the promotion of remittances channeling in the financial system.
- Research: research available to decision-makers at the Bank of Albania.
- Financial education: implementation of projects to increase the financial education of the public, in order to better recognize

and manage their individual finances, as well as numerous visits to the Bank of Albania Museum that turned the Bank into the House of Money.

- Money Issuance: Review of the current series of banknotes, aiming at the functional and graphical improvement and most importantly, improvement of security features.
- Financial statistics: Methodological approximation of financial statistics with international standards and harmonization with the EU standards.
- Information Technology: a number of important projects such as the adaptation of the AFISaR system to expand the use of the registry of non-resident securities and improve the reporting system of on-line statistics from the banking system to the BoA.
- Public Communication: Institutional Transparency and Inclusion of Different Interest Groups.
- Inter-institutional cooperation: 3 memoranda for increasing the use of national currency, for experience exchange in the field of central banking with the Central Bank of the Republic of Turkey, as well as in the field of remittances.



- International cooperation: Continuous exchange of opinions with institutions such as the IMF, the World Bank, the European Central Bank and the European Commission, as well as the joint activities with a positive impact on the country's economy and finances.

Concluding, governor Sejko underlined that in 2017, the Bank of Albania made further steps forward for accomplishing the strategic objective to approximate the central bank model to that of the European System of Central Banks. Knowing first hand the spirit and seriousness that characterises the Bank of Albania, Governor Sejko was optimistic that BoA will successfully accomplish its mission to guarantee macroeconomic and financial stability, as a necessary condition for supporting sustainable economic growth for Albania in the years ahead.

GOVERNOR SEJKO AT THE END OF YEAR MEETING ORGANIZED BY THE ALBANIAN ASSOCIATION OF BANKS

21 December, Tirana

On 21 December 2017, the Governor of the Bank of Albania, Mr Gent Sejko, attended the activity organized by the Albanian Association of Banks on the occasion of year-end holidays.

Governor Sejko briefly highlighted the main global and Albanian economic developments, and the performance of the banking system in addition to the challenges faced in 2017.



Governor Sejko said that during 2017, the banking sector had a positive trend regarding its expansion and soundness of its activity. One of the highlights of this end of year is the reduction of non-performing loans ratio at 14.4%, compared with 18.23% at the end of the previous year. He stressed that a great deal of work has been done in terms of repayment and restructuring of non-performing loans.

At the end of his speech, the Governor mentioned some of the priorities of the Bank of Albania for 2018, highlighting that 2018 is a challenging year, to further boost economic recovery and strengthen the financial stability in Albania.

OTHER

"MUSEUM NIGHTS"

30 October and 20 November, Bank of Albania, Tirana

On 30 October 2017, on the occasion of the second anniversary of the opening of the Museum of the Bank of Albania (2015), which coincides also with the 79th anniversary of the inauguration of the then National Bank of Albania (1938), and the second anniversary of the inauguration of its renovated building, the Bank of Albania launched Museum Nights, a cycle of lectures.

The Museum Nights aim to coordinate and integrate information on the currency exhibited at the Museum of the Bank of Albania with information available in archives, libraries, private collections as well as that shown through architecture, visual arts, and photographs in other museums.

The First Deputy Governor of the Bank of Albania, Ms Elisabeta Gjoni, pointed out that the Museum renders the Bank of Albania



an institution that is closer and more open to the public. For this reason, the Museum of the Bank of Albania is committed, through Museum Night lectures to introduce various perspectives from outstanding personalities in the fields of numismatics, banking and economics history, financial education as well as other disciplines such as philately, art and architecture, providing the opportunity to visitors to listen to interesting lectures, visit the Museum after the Bank's working hours, and benefit from the knowledge and expertise of the invited lecturers.



The first lecture was presented by Mr Artan Lame, one of the most renowned collectors who has extensive knowledge and understanding of Albanian and Ottoman numismatics and medals, and of the Albanian history. His is also a civil society activist for the preservation of the cultural heritage of Albania.

The lecture addressed the Ottoman currency, from its introduction in the XIVth cent. until the Tanzimat Reforms in the XIXth cent., the characteristics and types of the currencies that were in circulation in Albanian territories. It also focused on the circulation of European currencies circulating in Albanian territories before and during the use of the Ottoman currency.

The second lecture on "Archives: The Bank of memory" with lecturer Prof. Dr. Nevila Nika, a historian and an expert of the General Directorate of Archives. In her lecture, Ms. Nika presented the importance and the role played by the archives in the development of societies overall, highlighting the mission and the function of the central archive of the Albanian state, as the highest authority of the national archive web. Then Ms Nika said that "... archives are a unique and irreplaceable heritage that passes from one generation to the next. They play an essential role in the development of societies, as they preserve and contribute to the individual and collective memory. "

THE BANK OF ALBANIA COMMUNICATES THE 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 2017 H2, the Governor appeared in five press conferences on this decision-making, respectively on: 5 July, 2 August, 3 October, 1 November and 20 December 2017.

During these conferences, Governor Sejko communicated to the general public the decisions of the Supervisory Council of the Bank of Albania regarding the unchanged key interest rate at 1.25%, the overnight deposit interest rate at 0.25%, and the rate of the overnight loan interest rate at 2.25%.

The Governor has also communicated the Bank of Albania's expectations for the future, saying "... Our future projections aim to further improve the economic activity in the medium term. The expansion of the economic activity will enable a further employment gains and will contribute to faster growth in wages and production costs. These developments will be underpinned, among others, by favourable financing conditions and a better outlook for crediting. The further decline in the NPL ratio, which recorded 14.3% in November, shows that the balance sheets of the banking system are improving and that the credit risk is trending downward."

FRIDAY SEMINARS

Bank of Albania regularly organizes 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. Two papers were presented during the second half of the year: 1 by the Bank of Albania and 1 by the Bank of Italy.

The first paper on "Understanding the monetary policy and low interest rates at zero bound through a Bayesian model" was presented by Mr. Marco Taboga, from the Bank of Italy, on 25 August 2017. The second paper on "Competition and banking



stability: evidence from the Albanian banking sector" was presented by Mr. Gerti Shijaku, a researcher at the Bank of Albania, on 22 September 2017.

BANK OF ALBANIA PRESENTS THE PERIODICAL REPORTS 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.

Based on the publication calendar of periodic reports published on the Bank of Albania website, at the beginning of 2017, for the media were conducted three off-the-record presentations during the second half of the year:

1. Quarterly Monetary Policy Report 2017/ III, on 10 August 2017, at the premises of the Bank of Albania;



2. Financial Stability Report 2017 H1, on 20 September 2017, at the premises of the Bank of Albania;
3. Quarterly Monetary Policy Report 2017/IV, on 11 November 2017, at the premises of the Bank of Albania.

These meetings are organized on the day of the publication of relevant reports on the website. These meetings aim to direct the media toward a correct understanding of the decision-making of the Bank of Albania and are seen as effective means of communication with the public.

BANK OF ALBANIA PUTS IN CIRCULATION THE 500 LEK NOMINAL VALUE LEGAL TENDER BANKNOTE ISSUE OF 2015

The Bank of Albania informs the public that as of 10 November 2017, the 500 lek nominal value legal tender banknote, issue of 2015, will be put in circulation.

The 500 lek nominal value banknote, issue of 2015, has the same composition, design, and dimensions as the 500 lek nominal value banknote, issue of 2007. The changes from the last issue consist in the year of the issue, "2015" printed on the body of the banknote; the signature of the Governor of the Bank of Albania and that of the Head of the Issue Department; the thickness of the security thread, from 1.5 mm to 2 mm; as well as the spelling of the words "SHQIPËRISË" (Eng: Albania) and "PESËQIND LEKË" (Eng: five hundred lek).

CELEBRATION OF SKANDERBEG'S YEAR

In the framework of the 550th anniversary of the death of our National Hero Gjergj Kastrioti Skanderbeg, the Bank of Albania decided to approve the minting of a series of commemorative coins with the theme "550 years in memoriam Gjergj Kastrioti Skanderbeg (1468-2018)". The series will be



issued during 2018, and will consist of three coins with nominal value: 200 Lekë in gold, 100 Lekë in silver and 50 Lekë in plain metal. Also, in the framework of this year's celebration, on 28-29 November 2017, on the facade of its building the Bank of Albania projected some images to commemorate the 105th anniversary of the Declaration of Independence and the 574th anniversary of Skanderbeg's entry to Kruja. This projection served as a form of communication with the public, to raise national awareness of historical figures and their reflection in the Albanian currency.

SOCIAL ACTIVITIES OF THE BANK OF ALBANIA'S EMPLOYEES

On 14 December 2017, the employees of the Bank of Albania bought 577 greeting cards with children's drawing printed on them for year-end holidays and also bought Christmas Flower (poinsettia) in the framework of a humanitarian activity organized by the "SOS" village and the "Down Syndrome Albania" Foundation. The fund collected from the sale was sent to children of "SOS" village and also to provide free therapy for the children of "Down Syndrome Albania" Foundation.



