

CENTRAL BANKING

**BANK OF ALBANIA
HIGHLIGHTS**
January - June 2019



NEWS AND EVENTS

No. 05





Gent Sejko, Governor of the Bank of Albania

EDITORIAL

Dear Reader,

I have the pleasure to present the fifth edition of our half-yearly magazine "Central Banking: Bank of Albania highlights" for 2019 H1.

This magazine presents a chronological overview of the activity of the Bank of Albania over the past six months. It shows the steps the Bank of Albania has taken toward its main objectives, to support the country's economic development and the improvement of the overall welfare of the Albanian citizens. To this end, bank lending plays a unique and notable role in advancing development and improving welfare.

Lending is an instrument that "translates" savings into available funds for financing the economy. It plays a primary role in the business cycle and economic performance of a country. As an economic environment improves, firms and customers are more willing to invest and spend and, in turn, demand for credit grows. This completes the cycle: economic growth - development projects - higher credit demand - higher income.

In Albania, the banking sector is the backbone of the financial system and an avant-garde contributor to the country's sustainable and steady economic development. At present, the sector administers around 2.4 million bank accounts held by households and provides loans to around 327 thousand households and enterprises of varying sizes, and to a number of other public or private entities. In macroeconomic terms, the volume of credit

granted by the banking sector to the economy amounts to around 35% of the GDP.

Presently, business prospects are positive and show that the Albanian economy has a high crediting potential and reduced credit risk. Meanwhile, in the face of a complex and dynamic environment, often combined with challenges arising from unpredictable developments, domestically and internationally, it is the duty of actors and regulators of the banking sector to respond in a timely and decisive fashion, to enhance the stability and resilience of the sector against potential challenges and to turn the already identified challenges into development opportunities.

On its part, the Bank of Albania has taken concrete actions through its instruments and has taken relevant measures for creating the premises for favourable financing conditions.

Credit recovery and growth has been at the focus of the objectives and the activity of the Bank of Albania in recent years. Lately, it has been engaged in a plan of measures for credit growth and a sound lending process in Albania. The plan of measures has been sent to commercial banks to solicit their opinions, in order for all market stakeholders to be able to provide their contribution to credit recovery and growth.

The Bank of Albania stands ready to continue providing its support to the further growth of credit, development of the economy and improvement of the citizens' welfare.

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

15-16 January, Vienna, Austria

The Central and Eastern European Forum (CEE) was held on 15-16 January 2019, in Vienna, Austria. It is an annual Euromoney event that brings together renowned figures

of politics, economy and finance from 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 European countries and beyond. The panel of central bank governors from CEE countries on monetary policy was of particular importance.

Governor Sejko presented an overview of the Albanian economic and financial situation. He



stressed that Albania is experiencing a stable cyclical recovery, recording accelerated growth over the last three years and bringing the domestic economy closer to equilibrium. The Governor also underlined the importance of continuing the efforts for a faster integration of Western Balkan countries into the European Union, in order to accelerate the pace of economic growth, enhance social welfare, and better anchor the country's long-term prospects.

The conference proceedings focused on Bali's agenda regarding financial technology, dubbed as Fintech in the financial world. This agenda was launched at the annual meetings of the International Monetary Fund and the World Bank in Bali in October 2018 to promote technological innovation in the financial services sector.

The conference was organised in sessions. Of particular interest to Albania was the session on: "Financial Inclusion, Development and Inclusive Growth".

SECOND DEPUTY GOVERNOR AHMETAJ: ADDRESS TO THE CONFERENCE ON "BALANCING FINTECH OPPORTUNITIES AND RISKS: IMPLEMENTING THE BALI FINTECH AGENDA"

28-29 January, Vienna, Austria

On 28-29 January 2019, the Second Deputy Governor of the Bank of Albania, Ms Natasha Ahmetaj, participated at the conference on "Balancing Fintech Opportunities and Risks: Implementing the Bali Fintech Agenda" in Vienna, Austria.



During her address, the Second Deputy Governor Ahmetaj said that the Bali Agenda generates a matrix of objectives and a guideline for enhancing the potential of our economies and as such, it is an international standard to be implemented at the national level. But, for the implementation to be effective, each of the standards should be adapted to reflect the priorities of each country. In this context, the Second Deputy Governor focused on the case of Albania, where formalisation of remittances and financial inclusion constitute two elements that require special attention in order for them to further improve. Related to these elements, Ms Ahmetaj presented all the initiatives and steps the Bank of Albania has undertaken to improve the regulatory framework and the development of technological infrastructure.

GOVERNOR SEJKO ATTENDS THE INTERNATIONAL MONETARY FUND/WORLD BANK CONSTITUENCY MEETING

15 February 2019, Valletta, Malta

On 15 February 2019, the Governor of the Bank of Albania, Mr Gent Sejko, attended the meeting of the constituency in the International Monetary Fund/World Bank Group, in Valletta, Malta. 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.

The Bank of Albania was represented in this Meeting by the Governor of the Bank of Albania, Mr Governor Sejko who presented

an overview on the latest economic developments in Albania, highlighting the important role of the Bank of Albania in the economic development of the country. The accommodative monetary policy stance implemented by the Bank of Albania has played a positive role in this regard.

Governor Sejko also shared the views of the Bank of Albania on the main topics discussed over the course of the meeting. He highlighted that the Bank of Albania welcomes the periodic reviews of quotas





provide a thorough analysis on the monetary and financial systems, narrated in the form of a historical journey from antiquity to modern days.

This book is a historic and economic journey of the monetary systems that have dominated and have administered the global and Albanian economic and financial life. The book was nominated by the Academy of Sciences of Albania for the award "Petril Radovicka".

and capital increase, aimed at fulfilling the institutional objectives of the Fund. The Governor focused also on the priorities of the IMF and the WBG and the important role of these two institutions in promoting sustainable and long-term growth in developing countries.

PROMOTION OF THE BOOK: "MONEY, BANKS AND SOCIETY - A HISTORIC JOURNEY, FROM GENESIS TO MODERN DAYS"

22 February 2019, Tirana, Albania

On 22 February 2019, a ceremony to promote "Money, banks and society a historic journey, from genesis to modern days", a book co-authored by Prof. Dr. Aristotel Pano and Acad. Prof. Dr. Anastas Angjeli was organized at the premises of the Bank of Albania.

In his address at the ceremony, Governor Sejko congratulated professors Pano and Angjeli for their valuable work. Through a simple and clear language, the co-authors



BANK OF ALBANIA AND THE SWISS SECRETARIAT FOR ECONOMIC AFFAIRS (SECO) SIGN A MEMORANDUM OF UNDERSTANDING

1 March 2019, Tirana, Albania

On 1 March 2019, the Swiss Secretariat for Economic Affairs (SECO) and the Bank of Albania signed a Memorandum of Understanding on the implementation of the second phase of the Bilateral Assistance and Capacity Building Program for central banks for 2018-2022, at the premises of the Bank of Albania. The Memorandum was signed by the Governor of the Bank of Albania, Mr Sejko, and H.E. Swiss Ambassador in Albania, Mr Adrian Maître.



In his speech, Governor Sejko said that the signing of this agreement follows the conclusion of a very successful cooperation in the period 2013-2018, which improved significantly the Bank of Albania's analytical, research and technical capacities. In this context, the Governor highlighted that the results of this cooperation project were fruitful in the field of monetary policy implementation, banking supervision, financial stability and payment systems.

BANK OF ALBANIA ATTENDS THE ACTIVITIES OF THE SECOND SUMMIT OF THE ALBANIAN DIASPORA

28 February - 2 March 2019, Tirana

The Second Summit of the Albanian Diaspora was held from 28 February – 2 March 2019. The Summit was organized by the Albanian Government and was attended by prominent Albanian personalities from business, science, art and culture communities abroad.

On 1 March 2019, at the invitation of the organizers, the First Deputy Governor of the Bank of Albania, Ms Luljeta Minxhozi, delivered a speech in the panel on "Sustainable



economic development – the Home country and the Diaspora”. In her address, Ms Minxhozi said that the Albanian Diaspora is characterized by a strong connection with the home country and a significant contribution it gives to its economic growth. In this context, she emphasized the important role of remittances in Albania’s economy, and the measures the Bank of Albania is undertaking for promoting and facilitating the transferring remittances to the domestic economy.



At the fair organized in Tirana, on 1 March 2019, the Bank of Albania had a dedicated booth and presented periodic and non-periodic publications of the Bank, numismatic materials, as well as two documentaries on: “The role and functions of the Bank of Albania” and “Highlights in the history of banking and of the Albanian lek over 100 years”. Also, a sculpture in the form of a coin dedicated to the theme of the Diaspora was presented. The messages of the obverse and reverse are complementary: the obverse depicts the drama of departing from the homeland; meanwhile, the reverse shows the return of the emigrants, an idealistic return, filled with the love for the country, the desire to contribute to the home country, and characterised by a legacy of values.

On 2 March 2019, the Bank of Albania presented these items in a dedicated booth at the library of Lezha, on the occasion activities commemorating the 575th anniversary of the League of Lezha.



GOVERNOR SEJKO ATTENDS GOVERNORS' CLUB OF CENTRAL ASIA, BLACK SEA REGION AND BALKAN COUNTRIES

25 - 26 March 2019, Istanbul, Turkey

On 25-26 March 2019, the Governor of the Bank of Albania, Mr Gent Sejko attended the 41st Meeting of the Central Bank Governors' Club of the Central Asia, Black Sea Region and Balkan Countries.

The meeting was 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 (BIS) as well as prominent academics. The Governor of the Central Bank of the Republic of Turkey, Mr Murat Çetinkaya welcomed and opened the proceedings of the meeting.

In this activity, Governor Sejko, delivered a presentation on: "Central Bank Communication on Increasing Policy Efficiency: Strengthening Knowledge and Building Trust".





He stressed that building public confidence in the central bank institution is a long and difficult process, but increasing transparency and continuous communication are key factors for the success of this process. In this context, the Bank of Albania attaches special importance to its communication with the public, not only to maximize its accountability as an independent institution, but also as a tool for increasing the effectiveness of the policies undertaken by it.



GOVERNOR SEJKO ATTENDS IADI'S ERC REGIONAL COMMITTEE MEETING

4 April 2019, Tirana, Albania

On 4 April 2019, the Governor of the Bank of Albania, Mr Gent Sejko attended the meeting of the Europe Regional Committee (ERC). This meeting was jointly organised by the Albanian Deposit Insurance Agency

(ADIA) and the International Association of Deposit Insurers (IADI), at the premises of the Bank of Albania.





The meeting was attended by representatives from: the Bank of Albania; the Insurance Deposits Agency in Albania; the International Association of Deposit Insurers, and insurers from different regional countries. The discussions in this meeting focused on the role of the Europe Regional Committee regarding the strategic objectives of the International

Association of Deposit Insurers and in finding new financing options.

In his address to this meeting, Governor Sejko highlighted the role of the Insurance Deposit Agency for the development of a stable and safe banking system. The Bank of Albania is by law the supervisory authority of the Insurance Deposit Agency, and has also helped in the establishment of this agency, aiming at enhancing public confidence in the banking system. Referring to the global financial crisis, the Governor pointed out the important role played by deposit insurers in crisis prevention and management. A well-designed deposit guarantee scheme largely supports financial stability and financial crisis resolution by mitigating the respective negative effects, as already proved by the experience during the last global financial crisis.



GOVERNOR SEJKO MEETS THE WORLD BANK DELEGATION

8 April and 19 June 2019, Tirana

On 8 April 2019, the Governor of the Bank of Albania, Mr Gent Sejko, met with a World Bank delegation, chaired by Ms Maryam Salim, Country Manager of the World Bank for Albania. This meeting was held within the framework of the "Development Policy Loan", an instrument that supports the Bank of Albania on a draft of the law "On payment services" and the development of regulatory aspects for out-of-court settlement of non-performing loans.

During the meeting, Governor Sejko presented an overview on the latest economic developments in Albania and highlighted the important contribution of the Bank of Albania in further developing the economy of the country. In this aspect, one of the issues discussed was the development of the underlying regulatory framework for out-of-court settlement in the case of non-performing borrowers exposed to several banks. In addition, Mr Sejko informed the delegation on the work carried out by the Bank of Albania on preparing the draft-law "On payment services", which aims to approximate an important EU directive in the field of payments.

Also, on 19 June 2019, Governor Sejko held another meeting with the World Bank Mission to Support of Macro-fiscal Policies. During this meeting, the representatives of the WBG focused the discussions in the field of fiscal policies, in the framework of the budget support programme and financial system development.

Governor Sejko highlighted that the Bank of Albania has and continues to support fiscal consolidation. This process helps increasing



the country's economic and financial sustainability. Also, the Governor emphasised the positive role of monetary and fiscal policies coordination in enhancing the effectiveness and establishing the preconditions for the stable and long-term development of the country.

At the conclusion of the meeting, the participants identified several potential areas of future cooperation such as improving collateral valuation policies and possible World Bank programs on reducing credit risk in the country.

MEETING OF THE FINANCIAL STABILITY ADVISORY GROUP

9 April 2019, Tirana, Albania

The Financial Stability Advisory Group (FSAG) met on 9 April 2019. The meeting was chaired by the Minister of Finance and Economy, and was attended by Governor of the Bank of Albania (BoA), Chair of the Board of the Financial Supervisory Authority (FSA), Executive Director General of the Financial Supervisory Authority, Director General of the Deposit Insurance Agency (DIA), as well as other representatives from these institutions.



GOVERNOR SEJKO ATTENDS IMF AND WBG SPRING MEETINGS 2019 12- 14 April 2019, Washington, USA

On 12-14 April 2019, 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 met with renowned

The presentation by the Bank of Albania focused on the assessment of the banking system's financial situation and highlighted that, overall, developments were positive in 2018. Financial markets functioned normally, while volume of transactions remained stable and interest rates low. The banking sector expanded its activity, notwithstanding the reducing statistical effect from the exchange rate appreciation of the Albanian lek (ALL). The banking sector's exposure to the activity risks was contained. The non-performing loans fell by around ALL 15 billion, driving the non-performing loans ratio down at 11.1%. The contribution of repayments to the fall of non-performing loans increased; thus, enhancing the steadiness of the downward trend of non-performing loans.

Further, the FSAG members discussed on the need for identifying actions to gradually enhance the use of domestic currency in the real sector of the economy. The discussion emphasised the importance of this step for successfully achieving the objective for the overall increase of the use of ALL in the financial system and Albanian economy. In compliance with the relevant inter-institutional strategy, representatives of the Ministry of Finance and Economy committed to address this issue with priority.





and prominent personalities in the field of international finance.

Governor Sejko informed the interlocutors on the latest developments in the Albanian economy, focusing on the outlook of economic growth, as well as on banking sector developments. The economic growth in Albania continued its positive development trajectory, underpinned by the accommodative monetary policy implemented by the Bank of Albania. This policy stimulus - transmitted through the low interest rates and the forward guidance tool - has been adequate for fostering the development of the economy, the stability of markets, and the return of inflation to target.

Regarding the developments in banking system in Albania, Governor Sejko presented an overview on the measures taken by the Bank of Albania to guarantee a stable, liquid and well-capitalised sector. Lately, this sector has been subject to restructuring, with the entrance of new actors and the merger of some banks. The Governor emphasised that these changes are made in compliance with the applicable legal framework and the Bank of Albania remains committed to exercising a prudential supervision for a sound banking activity. Banking sector restructuring is a positive development, which is expected to increase competition and establish the necessary conditions for boosting lending in Albania.



At the conclusion of these meetings, the representatives of the international institutions commended the Bank of Albania for its contribution in the macro-economic development of the country and its financial stability. They highlighted that the Bank of Albania should continue with the steps undertaken for reducing non-performing loans, boosting lending and encouraging the use of the national currency.



Also, IMF and WBG representatives pointed out the importance of the continued coordination of monetary policy with fiscal policy. This coordination strengthens the macroeconomic stability of Albania and the long-term economic growth.



GOVERNOR SEJKO PRESENTS THE ANNUAL REPORT OF THE BANK OF ALBANIA FOR 2018

23 April 2019, Tirana, Albania

On 23 April 2019, the Governor of the Bank of Albania, Mr Gent Sejko, presented the Annual Report of the Bank

of Albania for 2018 to the Parliamentary Committee on Economy and Finance. Whereas on 8 May 2018, the Governor presented this report to the Assembly of Albania. Reporting to the Parliament is the main instrument of accountability for the Bank of Albania as an independent institution.

During his speech, Governor Sejko presented an overview of the latest developments in

the country highlighting that the Albanian economy and financial situation marked progress during 2018. 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, which boosted economic growth and contributed to the return of inflation to target and has helped improve the balance of business, households, public sector and financial institutions in the country;
- strengthening and improving the policy, regulatory and operational framework of the banking sector supervision, while simultaneously taking care of the administration of its consolidation process as well as the increase of the security of the banking system, through the establishment of specialized structures to manage necessary interventions and restructuring of insolvent banks;
- creating incentives for the development of the payment system and expansion and deepening of the financial market.

Moreover, Governor Sejko stated that, the Bank of Albania has worked intensively for adopting best central banking practices and standards, marking significant progress on statistics, research, compliance with EU integration criteria, strengthening the governance; etc.



Concluding, Governor Sejko reassured that the Bank of Albania will continue to be committed to complying with its legal objectives.

GOVERNOR SEJKO MEETS REPRESENTATIVES OF THE INTERNATIONAL MONETARY FUND MISSION 25 April 2019, Tirana

On 25 April 2019, the Governor of the Bank of Albania, Mr Gent Sejko, met with the International Monetary Fund (IMF) Mission team, led by Mr Jan Kees Martijn, Mission Chief for Albania. This meeting was held in the framework of Article IV discussions with the IMF mission in our country.



Issues discussed during this meeting were: macroeconomic developments; outlook for 2019 and the medium-term horizon; economic growth drivers; inflation and forecasts for the return of inflation to target; exchange rate and its performance; financial markets; banking system, its consolidation and financial indicators, banking supervision; credit performance and forecasts for 2019; non-performing loans, implementation of the inter-institutional plan for their reduction and the measures that are being undertaken in this regard, expectations for 2019; de-euroisation package and the relevant measures; and, modernization of payment systems.

attended the third conference of the Albanian Association of Banks (AAB) on: "Banks for Sustainable Development", on the occasion of the 20th anniversary of AAB in Albania.



GOVERNOR SEJKO AT THE 3RD CONFERENCE OF THE ALBANIAN ASSOCIATION OF BANKS

14 May 2019, Tirana, Albania

On 14 May 2019, the Governor of the Bank of Albania, Mr Gent Sejko

In his address, Governor Sejko expressed his appreciation for the role of the AAB as a coordinator in the banking industry and for the considerable progress of the banking system over the last two decades. He highlighted that the development of the banking sector and of the financial system in general has constantly faced challenges of different forms and types. These challenges have required prudence as well as active, intelligent and courageous decision-making.





Concluding, Governor Sejko said that he is confident that the banking sector will know to rise to these challenges and that the conclusions of the conference will serve as a first stepping stone in this regard.

BANK OF ALBANIA TO BENEFIT UNDER THE TECHNICAL ASSISTANCE PROGRAMME WITH CENTRAL BANKS OF THE EUROPEAN SYSTEM OF CENTRAL BANKS

17 May 2019, Tirana, Albania

Over the next two years, the Bank of Albania will be part of the technical assistance programme launched by the Deutsche Bundesbank together with 17 national central banks of the European System of Central Banks (ESCB) and the European Central Bank (ECB), for central banks and banking supervisory institutions in EU candidate countries and potential candidates from the Western Balkans. This programme will be implemented with funds under EU's Instrument for Pre-Accession Assistance (IPA II).

The Bank of Albania will receive technical assistance together with the Central Bank of

Bosnia and Herzegovina, the Banking Agency of the Federation of Bosnia and Herzegovina, the Banking Agency of the Republic Srpska, the Central Bank of the Republic of Kosovo, the Central Bank of Montenegro, the National Bank of the Republic of North Macedonia and the National Bank of Serbia.

The aim of the program is to further strengthen the institutional capacities of beneficiary institutions, notably by further enhancing their analytical and policy tools and by transferring the best international and European standards into national practices.

INTERVIEW WITH GENT SEJKO, GOVERNOR OF THE BANK OF ALBANIA. MONITOR MAGAZINE

20 May 2019, Tirana, Albania

In an interview for the economic magazine Monitor, the Governor of the Bank of Albania, Mr Gent Sejko, based on the available information, analysis and forecast models, states that the Albanian economy is expected to continue to grow in the medium and long-term horizons.

During the interview, Governor Sejko commented on the de-euroization policy, pointing out that, overall, the values of the euro currency usage indicators diverge from the average values of the indicators for countries with similar economies to that of Albania. Therefore, we all have to be aware that the efforts to increase the use of national currency in the financial system and the economy represents a long-term process that needs to be worked out in a coordinated and ongoing manner.

Moreover, Governor Sejko said that the Bank of Albania is aware that these important

developments may present challenges, have implications in the structure of the banking system, its competitiveness, and the ownership profile of new banks. The mergers and absorptions occurred between the existing banks, where medium-sized banks are notably dominant, we think, that they do promise for an increased competitiveness in the market, improvement of the banking activity and consequently higher quality in banking services and products.



Concluding, Mr Sejko added that the ongoing consolidation in the banking system is a positive step in the history of the Albanian banking system and shows, at the same time, there is interest from various actors in the domestic market.

GOVERNOR SEJKO MEETS WITH BANKING SECTOR 29 May 2019, Tirana, Albania

On 29 May 2019, the Bank of Albania met with the banking sector to discuss on: "Role of the banking industry in the future development of Albania". This meeting, as an established tradition already, aims at further strengthening the collaboration of the Bank of Albania with the banking system. The meeting, organised upon the initiative and chaired by the Governor of the Bank of Albania, Mr Gent Sejko, was attended by senior officials from the Bank of Albania, executives of commercial

banks (general directors and their deputies), and representatives from the International Monetary Fund and World Bank Group.

Regarding the banking sector performance, Governor Sejko underlined its valuable contribution to Albania's development, where the volume of financial savings administered by the banking sector accounts for around 70% of the GDP, whereas the volume of credit accounts for around 35% of the GDP. The Bank of Albania deems that the banking sector is the backbone of the financial system and the most professionally avant-garde segment of the Albanian economy.



Concluding, Governor Sejko stated that the banking sector has an essential role to play in providing payment services to the economy. In this vein, to improve the retail payment market, the Bank of Albania has finalised the draft law on "Payment services". The approval of this draft-law would provide the preconditions for promoting innovative technological solutions, and introducing more efficient and less-costly



instruments, which foster competition in the market, and ensure transparency and overall consumer protection.

GOVERNOR SEJKO ATTENDS THE REGIONAL SUMMIT

13-15 June 2019, Bečići, Montenegro

On 13-15 June 2019, the Governor of the Bank of Albania, Mr Sejko attended the annual regional summit in Becici, Montenegro. This summit was attended by governors and senior representatives of central banks of Montenegro, North Macedonia, Bosnia & Herzegovina, Croatia, Kosovo, Serbia, as well as ministers of finance and tax directors from the region. In this year's summit on "Financial and Monetary Stability in the region in a climate of slower growth in the eurozone", participants discussed the latest economic developments in the countries of the region.

At the invitation of the organizers, the Governor of the Bank of Albania, Mr Gent Sejko, delivered a speech at the panel of governors, on "Monetary policy and the stability of the banking system in conditions of low inflation and interest rates". Governor Sejko stressed the importance of harmonizing fiscal

policy with monetary policy as a necessary prerequisite for the country's economic and financial stability, as well as of enhancing the effectiveness of these policies.

Moreover, the Governor presented an overview of the new challenges that central banks are faced with; the most significant one is the supporting the European Union integration process through the approximation of policies and internal policies with the those of the European System of Central Banks (ESCB).



GOVERNOR SEJKO PARTICIPATES IN THE 8-TH ECB CONFERENCE ON CENTRAL, EASTERN AND SOUTH-EASTERN EUROPEAN (CESEE) COUNTRIES

12 June 2019, Frankfurt, Germany

Earlier, on 12 June 2019, Governor Sejko attended the 8th ECB Conference on Central and South-Eastern European (CESEE) countries on “Resilience to global headwinds. CESEE responses to a changing trade and financial landscape”, in Frankfurt, Germany. Organised in two sessions and attended by senior representatives of the ECB, governors of central banks of CESEE countries, as well as experts of the banking and financial sector, the conference addressed the challenges of this region in response to trade shocks and the responses to monetary policy and financial shocks.

During the conference’s discussions, Governor Sejko, in his word regarding Albania’s experience against current challenges, stressed the importance of lending to the economy, a process that should be supported

by the banking sector. The positive results of the inter-institutional plan for the reduction of non-performing loans and the consolidation of the banking sector are significant factors that give the necessary space to the financial intermediation of the economy.

OTHER

THE BANK OF ALBANIA COMMUNICATES TO THE PUBLIC THE MONETARY POLICY DECISION-MAKING

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 2019, three press conferences of the Governor were held on this decision-making, respectively: 6 February, 28 March, and 8 May.

In these conferences, Governor Sejko communicates to the general public the decision of the Supervisory Council of the Bank of Albania on maintaining unchanged the key interest rate at 1.00%, the overnight deposit interest rate at 0.10%, and overnight loan interest rate at 1.90%.

In his speech, the Governor stated also the forthcoming monetary policy stance, saying that “...The Supervisory Council deems that the monetary policy will remain accommodative in the medium-term horizon. In any case, the intensity of the stimulus will be adjusted for the speed and steadiness of the economic activity





improvement, and the Bank of Albania stands ready to respond to potential shocks.”

The Bank of Albania remains ready to respond to potential shocks in order to ensure achieving the inflation target.

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. Based on the publication calendar of periodic reports published on the Bank of Albania’s website at the beginning of the year, during the first half of this year, four presentations were held off-the-record with the media:

- The presentation of the Quarterly Monetary Policy Report 2019 Q1, dated 14 February 2019, at the premises of the Bank of Albania
- The presentation of the Financial Stability Report 2019 H2, dated 26 April 2018, at the premises of the Bank of Albania;



- The presentation of the Quarterly Monetary Policy Report 2019 Q2, dated 16 May 2019, at the premises of the Bank of Albania;



- The presentation of the Annual Supervision Report 2018, dated 20 June 2019, at the premises of the Bank of Albania;



THE BANK OF ALBANIA PUTS IN CIRCULATION THE 10 LEK LEGAL TENDER COIN, ISSUE OF 2018

As of 25 June 2019, the Bank of Albania will put in circulation the Albanian coin with nominal value of 10 lek, legal tender, issue of 2018.

The new 10 lek coin, issue of 2018, has the same alloy composition, design, dimensions and weight as the 10 LEKË coin, issue of 2013. Differences from the latter issue consist in the year of issue printed on the coin, i.e. the year "2018", as well as the spelling of the words "LEKË" and "SHQIPËRIË".

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 a research activity called "Friday Seminars". This initiative invites 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 these papers were presented:

- What drives the lek-euro exchange rate? By Mr Altin Tanku and Mr Ilir Vika, on 19 April 2019.
- "Sectoral accounts and balance sheets: policy uses of sectoral accounts", by Mr John Joyce, IMF expert, on 26 April 2019;
- "The effect of net income shocks on firm behaviour: A variance decomposition approach to firm level data", by these authors: Indrit Hoxha, Edward Hoang (University of Colorado, Colorado Springs), on 30 May 2019.

ACTIVITIES OF THE BANK OF ALBANIA

GLOBAL MONEY WEEK 26 March 2019, Tirana, Albania

On 25 - 31 March 2019, the Bank of Albania, in cooperation with the Albanian Association of Banks, and the support of the Ministry of Education, Sports and Youth, and other partners, held for the fifth consecutive year the Global Money Week.

Global Money Week is a global celebration of money, which aims at raising the awareness of the younger generation to be financially responsible and capable adults in the future.



The First Deputy Governor of the Bank of Albania, Ms Minxhozi highlighted that year 2019 marks the 12th year the Bank of Albania



engages in financial education efforts for the public in general, with a particular focus on the young generation. The First Deputy Governor added that this commitment is fully in line with the spirit of transparency toward the public and raising its awareness on economic and



financial issues, which have an impact on the day-to-day living for each and every one of us.

Ms Minxhozi also stressed the motto of the activity "Too young to speak in old lek"!, addressing a specific issue for Albania, such as the use for more than five decades of the outdated terms "new lek" - "old lek" in our day-to-day financial interactions.

The ceremony continued with the awards for the winners of the three contests organized by the Bank of Albania and the Albanian



Association of Banks on the occasion of the Money Week, with the participation of around 340 pupils from 40 primary and high schools.



GOVERNOR SEJKO: OPEN LECTURE AT “ALEKSANDËR MOISIU” UNIVERSITY, DURRËS IN THE FRAMEWORK OF “GLOBAL MONEY WEEK”

29 March 2019, Tirana, Albania

On 29 March 2019, the Governor of the Bank of Albania, Mr Gent Sejko, invited by the “Aleksandër Moisiu” University, Durrës, delivered an open lecture for a wide audience of students on “The role of the Bank of Albania in the sustainable and long-term development of the country - financial stability an indispensable precondition for economic development”.



This lecture was organised in the framework of Global Money Week 2019, during which the Bank of Albania holds a series of educational activities for pupils and students throughout the country.

The Governor shared with the students how the Bank of Albania, in addition to its main objective - maintaining price stability through the implementation of the monetary policy - has also prioritized objectives related with financial stability, by strengthening the traditional supervision process of the banking activity and undertaking a primary role in the implementation of macro-prudential policy.

The lecture closed with a question and answer session where the Governor responded to the student's interest on central banking and other banking-related matters.



SOCIAL ACTIVITIES OF THE BANK OF ALBANIA

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





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

On the occasion of 1 June, the International Children's Day, Bank of Albania employee

helped the children with disabilities of the "Qendra Lira", in Berat. The employees of the Bank of Albania provided their voluntary contribution, donating various items, children's books, toys and other contributions, including monetary contributions, to help the institutions in providing better care and well-being and education to these children.



