

CENTRAL BANKING

**BANK OF ALBANIA
HIGHLIGHTS**
July - December 2019



NEWS AND EVENTS

No. 06





Gent Sejko, Governor of the Bank of Albania

EDITORIAL

Dear Reader,

I have the pleasure to present the sixth edition of our half-yearly magazine "Central Banking: Bank of Albania highlights" for 2019 H2. This magazine presents a chronological overview of the activity of the Bank of Albania over the past six months. It shows the steps that the Bank of Albania has taken toward its main objectives, to support the country's economic development and the improvement of the overall welfare. One of the main objectives of the Bank of Albania is to issue national banknotes and coins that are legal tender, and serve as a means of payment that is safe and enjoys public trust. A qualitative banknote, with high integrity and reliability, comparable to modern standards, has been the focus of the Bank of Albania's work during the realization of the new series of banknotes.

More than 20 years after the launching of the current series of lek banknotes, the Bank of Albania introduced the new and improved series of Albanian banknotes, legal tender and put in circulation two banknotes from this new series, in September 2019.

The banknote is the silent history of a state, and we invite you to examine, discern and be inspired by the events and personalities that have left their marks on it. As a reflection of history, the new series, just like the current one, embodies in its design the portraits of the most prominent national personalities, by evoking notable episodes in the history of Albania and its endeavours for freedom and prosperity. The themes lead us on a journey through historical eras, starting from Antiquity, moving through the Middle Ages, the National Awakening, the Independence of Albania, and concluding with the symbols of the national flag and anthem on the latest and largest denomination, the 10.000 Lekë banknote. These symbols have been chosen as representative and unifying elements for every Albanian.

This particular dimension of our national identity, intertwined with a range of accompanying elements, brings to life a piece of "art", whose "colours" enrich our portfolio.

The banknote is also the "invisible reflection" of a state, reflecting all the economic, political, cultural, linguistic and technological developments of the era when it is printed. Through it, one can judge on the strength of a state and its investment in having a secure banknote. This series' design is reconfigured through the application of modern technologies in banknote production, with enhanced security features, thus making them safer against counterfeiting. A special novelty is the issuance for the very first time of an Albanian banknote - the 200 Lekë denomination - in polymer, a plastic material, to give it a longer life span, since it is the most used banknote.

Above all, a banknote is a valuable note, which is used by all of us in our financial daily life. As such, it must fulfil its primary mission: a trusted and safe means of payment.

With the new series, the Bank of Albania has aimed at creating a simple, modern, most of all, a tougher and longer-lasting banknote.

The presentation of the new series demonstrates the continued commitment of the Bank of Albania to further enhance the quality and security of the banknotes in circulation. Both these attributes, quality and security, guarantee the inviolable integrity of our banknote to the public and represent with dignity the Bank of Albania and the Albanian state itself. The new series, with a fresher look and improved security features, makes Albanians feel absolutely proud and confident in saying that our new banknote is safer and modern.

GOVERNOR SEJKO ATTENDS THE HIGH-LEVEL CONFERENCE ORGANIZED BY THE NATIONAL BANK OF CROATIA AND THE IMF 15 July 2019, Dubrovnik, Croatia

On 15 July 2019, Governor of the Bank of Albania, Mr Gent Sejko attended the second high level conference on "Demographics, Jobs and Economic Growth: Navigating the Future in Central, Eastern and Southeastern Europe, organized by the National Bank of Croatia and the International Monetary Fund (IMF) in Dubrovnik, Croatia.

During the conference, Governor Sejko was part of the round table chaired by the Deputy Managing Director of the International Monetary Fund, Tao Zhang. In line with the conference topics, this round table focused on addressing the demographic challenges of common interest and the reforms to address them. Mitigation of emigration, increase

of employment and education are present challenges of the economies in our countries; the respective governments have therefore set priorities to address them.

In his address, Governor Sejko pointed out that these phenomena have been noted also in Albania and are being closely monitored. Albanian institutions are engaged in development programs that increase labour productivity and slow down skilled emigration. The goal is to increase the productivity of the professional workforce in the country, and to provide job opportunities in different sectors of the economy for talented youth, so that they





can invest their know-how in the economic development of their country.

GOVERNANCE AND ASSET MANAGEMENT

15 July 2019, Tirana

On 15-19 July 2019, the Bank of Albania co-organised with the World Bank Treasury the Workshop on Legal Aspects of Governance and Asset Management. This workshop focused on dealing with legal issues related with the foreign exchange reserve management. In capacity of the authority responsible to hold and manage the international reserve of Albania, the Bank of Albania employs its best possibilities to maintain a certain level of foreign exchange reserve that guaranties the financial stability of the country.

This event brought together representatives from the World Bank Group, the Bank of Albania, central banks from 28 countries and representatives from financial institutions.

The workshop started with the greeting speech of the First Deputy Governor of the Bank of

BANK OF ALBANIA AND THE WORLD BANK CO-ORGANISE THE WORKSHOP ON "LEGAL ASPECTS OF



Albania, Ms Luljeta Minxhozi. In her address, Ms Minxhozi stated that the Bank of Albania, pays a particular attention to the holding and management of foreign reserve portfolio. The well-functioning of this process poses the need that the Bank of Albania's employees either working or monitoring this process do enhance their professional capacities.

For this purposes, the Bank of Albania has been engaged in the Reserves Advisory and Management Program (RAMP) with the World Bank Treasury since 2005. After successfully completing the first phase of the program in August 2010, the Bank of Albania entered the Graduate Program, which is still ongoing. It provides the the Bank of Albania's staff the possibility to receive a training and technical expertise at a more advanced professional level.



The First Deputy Governor Minxhozi emphasised that currently the most important challenge for central banks is being informed on legal aspects of investment processes of foreign reserve portfolio in international markets.

The themes in this workshop were presented by representatives of the World Bank's Legal Department.

GOVERNOR SEJKO HOLDS MEETING WITH THE EXECUTIVE COMMITTEE OF THE ALBANIAN ASSOCIATION OF BANKS

24 July 2019, Tirana

On 24 July 2019, the Governor of the Bank of Albania, Mr Gent Sejko, held a meeting with the members and the chairman of the Executive Committee of the Albanian Association of Banks (AAB), chaired by Silvio Pedrazzi.

During the meeting, Governor Sejko focused on the main economic developments in Albania in the first half of the year, especially on the performance of the banking sector. He highlighted that the latest data show the activity of this sector has improved in terms of lending, and that non-performing loans have decreased. The Chairman of AAB, Mr Pedrazzi on his part, informed the Governor



on the work done so far by the AAB on setting up a Credit Bureau. The creation and operation of the Bureau is an added value for the banking sector, thanks to the role it will play for assessing borrowers by risk level.

The Regulation on the out-of-court solution for borrowers facing financial difficulties - adopted at the last meeting of the Supervisory Council, also known as "Tirana Approach" - was another important topic discussed at the meeting. It is drafted in the framework of fulfilling the commitments by the Bank of Albania for the Inter-institutional Action Plan for Reducing Non-performing Loans. The AAB Executive Committee members showed optimism with regard to the adoption of this Regulation and the positive impact it is expected to have on reducing non-performing loans.



Another issue addressed during the meeting was the Draft Law "On payment services" and the innovations that it introduces in the banking market. Governor Sejko pointed out that the adoption of this Draft Law will help create favourable conditions for promoting technological innovations, and foster competition in the market. Also, during this meeting initiatives by the Bank of Albania to create a system for clearing euro payments domestically were discussed. This will help reduce costs for consumers and shorten the time for processing these payments.

GENT SEJKO MEETS REPRESENTATIVES OF THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

9 September 2019, Tirana

On 9 September 2019, the Governor of the Bank of Albania, Mr Sejko met with representatives of the European Bank for Reconstruction and Development (EBRD), Ms Zsuzsanna Hargitai, Director for the Western Balkans, Matteo Colangeli, Head of EBRD operations in Albania.

Discussions focused on the project for Albania's Development Strategy for 2020-2025. This document outlines the priorities, objectives and support programs that the EBRD plans to implement in Albania over this time horizon. Following the consultation with relevant public and private stakeholders in the country, this draft-strategy will be adopted and implemented by the EBRD over the next five years. In this context, the EBRD representatives presented a brief overview, highlighting the main objectives. In particular, the EBRD representatives focused on the current and future support that the EBRD will offer for the development of the Albanian financial system and banking sector. They were also interested to hear about the Bank of Albania's view on the presented issues.





Governor Sejko thanked the EBRD for the continuous support to Albania, during its transition period and in the EU integration process, noting in particular the positive role of the EBRD programs in developing the financial system in Albania and in strengthening Bank of Albania's institutional capacities.

In the framework of concrete measures and instruments, Governor Sejko highlighted the positive impact of EBRD programs on the financial sector, such as programs on credit risk management, improvement of management skills in banks and non-bank financial institutions, and direct support with capital for specific segments or institutions in the financial sector.

BANK OF ALBANIA LAUNCHES NEW BANKNOTE SERIES 12 September 2019, Tirana

On 12 September 2019, the Bank of Albania launched a new series of banknotes, in a ceremony organised for this occasion. The presentation of this series is a very significant event, not only for the Bank of Albania, but for the entire country.

The Second Deputy Governor of the Bank of Albania, Ms Natasha Ahmetaj opened the speech and said that the current series dates back from 1996 and its theme evokes the history of our nation, through prominent personalities that have left a legacy in our national memory. The Bank of Albania decided to retain this theme in the new series, which is practically an evolution and upgrade of the existing series. Moreover, Ms Ahmetaj also emphasized the novelty of the new series, which is the introduction for the first time ever to the Albanian public of a polymer banknote.



Later on, Governor Sejko said that the new series of Albanian banknotes combines the maximum security, the modern look, the artistic communication of historical message and durability. The new Albanian banknote series consists of six denominations: 200 lek, 500 lekë, 1000 lekë, 2000 lekë, 5000 lekë and 10000 lekë which testify the the Bank of Albania's commitment to continuously enhance the quality and security



of banknotes in circulation. Governor Sejko added that the combination and cooperation of specialists from various fields of expertise, along with the latest technological innovation in banknote printing, enabled the refinement and presentation of a new series of banknotes simple to use, contemporary and based on a balance between innovation and current tradition.

In conclusion, Governor Sejko presented the look of the new series of banknotes and signed them symbolically, thus paving the journey for the two first banknotes of this series. The two new banknotes were issued in circulation on 30 September 2019.



FIFTH MEETING OF THE NATIONAL PAYMENT SYSTEMS COMMITTEE

1 October 2019, Tirana

On 1 October 2019, the National Payment Systems Committee (NPSC) held its fifth meeting, chaired by Ms Luljeta



Minxhozi, First Deputy Governor of the Bank of Albania. In addition to NPSC members, like the Chair of the Albanian Association of Banks (AAB) and the Chair of the AAB's Payments Committee, the meeting was also attended by representatives of the Ministry of Finance and Economy, the Albanian Financial Supervisory Authority, the General Directorate of Taxes, the National Agency for Information Society (NAIS), as well as representatives of the World Bank and other international institutions.



The meeting began with opening addresses by the Governor of the Bank of Albania, Mr Gent Sejko and the Minister of Finance and Economy, Ms Anila Denaj. In his address, Governor Sejko stressed the importance of the reforms undertaken in the payment systems area and their role for the development of the country's economy. Governor Sejko focused on the results of the NPSC up to date, most notably the approval of the National Retail Payments Strategy. Another important initiative in this area is the promotion of the process of digitalization of payment services. Regarding this, the Bank of Albania had prepared the draft-law "On payment services", which aims at promoting the use of electronic payment instruments by the public, decreasing their cost and consequently decreasing the use of cash in the economy.

In conclusion, Governor Sejko said that the implementation of these important initiatives also required a well-informed public. For this

purpose, the Bank of Albania considers the drafting of a National Strategy for Financial Education as indispensable. It is estimated to bring numerous benefits in terms of expanding financial inclusion and deepening financial education.



GOVERNOR SEJKO MEETS WITH A WORLD BANK DELEGATION

8 October 2019, Tirana

On 8 October 2019, the Governor of the Bank of Albania, Mr Gent Sejko, met with a World Bank Group delegation, chaired by Ms Maryam Salim, Country Manager of the World Bank for Albania and Mr Mario Guadamillas Practice Manager, Europe and Central Asia in the Finance, Competitiveness & Innovation Global Practice. This meeting was held in the framework of joint projects that Bank of Albania has with the World Bank Group, part of Development Policy Loan" instrument.

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. The accommodative monetary policy implemented by the Bank of Albania has contributed to creating favourable conditions in the economy and the necessary stimulus in the financial markets. In particular, credit to private sector continued to accelerate the growth pace, at an average rate of 7.4% in the first two months of the third quarter. The development of financial technologies, globally known as Fintech was another aspect discussed in this meeting. Their development has a huge potential in Albania, always through an effective implementation that guarantees safeguarding of financial stability.

The World Bank Group representatives commended Governor Sejko and the Bank of Albania on the achieved success of joint projects, as the Bank of Albania has provided maximum commitment in this regard. They discussed on the efforts of the Bank of Albania to mitigate the supply and demand gap for credit, as a possibility to boost lending



potential in Albania. The implementation of the Regulation on the out-of-court treatment of borrowers in several banks, who are facing financial difficulties, labelled as "Tirana Approach", is expected to provide a new stimulus in this regard.

ANNUAL CONFERENCE OF THE BANK OF ALBANIA 11 October 2019, Tirana

The Bank of Albania co-organised with the London School of Economics and Political Science (LSE) the annual conference: "A Brave New World? The Future of Banking in Emerging Europe: Rethinking Size, Structure, Ownership, Policies and Incentives". The purpose of the conference was to assess the ongoing shifts in the banking systems and more broadly in financial sectors in terms of size, origin, ownership and incentives globally and regionally, and the implications for the Albanian banking sector and the Southern-Eastern Europe (SEE) region.

The conference started with a closed-doors roundtable on: "Global and EU-wide trends affecting the landscape for Southern-Eastern Europe", preceded the Conference. Chaired by the Governor of the Bank of Albania, Mr Gent Sejko, the round table focused on the new global and European trends, and their



impact on the economic development in Albania, the region, and globally. One of the main conclusions of this round table was that all national institutions need to commit themselves to continuing and intensifying structural reforms for EU convergence, and cooperate and coordinate their efforts with international, and mainly EU institutions, as a key anchor for Albania.

This conference was organised under the auspices of the Governor of the Bank of Albania, Mr Gent Sejko, and was attended by the President of the Republic of Albania, H.E. Mr. Ilir Meta, the Minister of Finance and Economy, Ms Anila Denaj, the Chair of the Parliamentary Committee on Economy and Finance, Arben Ahmetaj, ministers of the Government and members of the Albanian Parliament. The attendees in this Conference were also senior representatives of the central banks of the region, representatives of international organisation and financial institutions in Albania; the business community as well as representatives of the academia.



The first session of the conference addressed the continuously changing context the banking industry faces due to the restructuring, technological change, evolving regulatory environment and the monetary policy context. During the second session the discussions investigated how banks in the SEE and



in particular in Albania, deal with new challenges that arise both from regulators and non-bank financial entities. The third session, the Governors panel, addressed the future of banking and financial services. The discussion focused on policy and regulatory choices and incentives to boost financial intermediation in Albania, the SEE region and beyond.

At the conclusion of the conference, the Panel of Governors conveyed a roundtable to reach the conclusions. In his input, Governor Sejko emphasised that central banks face a set of new challenges arising from new economic and technological developments. Therefore, it is necessary for central banks to attentively analyse these phenomena, by taking into



account both the economic and financial developments of the country, human capital development and its financial inclusion, etc. At the conclusion of the panel session, all participants concurred that both technological changes and innovation will require important structural and regulatory changes, which need better coordination and collaboration among all the interested parties.

GOVERNOR SEJKO ATTENDS IMF AND WBG ANNUAL MEETINGS 20 October 2019, Washington, USA

On 18-20 October 2019, 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. A joint delegation of the Bank of Albania and the Ministry of Finance and Economy represented Albania in the Annual Meetings of the IMF and the WBG. The Bank of Albania was represented by Governor Sejko.

During the meetings, Governor Sejko presented an overview of the economic and financial situation in Albania, pointing out that the Albania's economy and development

remain on a positive trend and that economic activity has made progress toward sustainable and long-term growth. He also presented the measures undertaken by the Bank of Albania for the implementation of a modern framework for the formulation and implementation of the monetary policy, while maintaining an accommodative stance, in order to enable a financial environment with low interest rates, ample liquidity and increasing stability of the exchange rate.

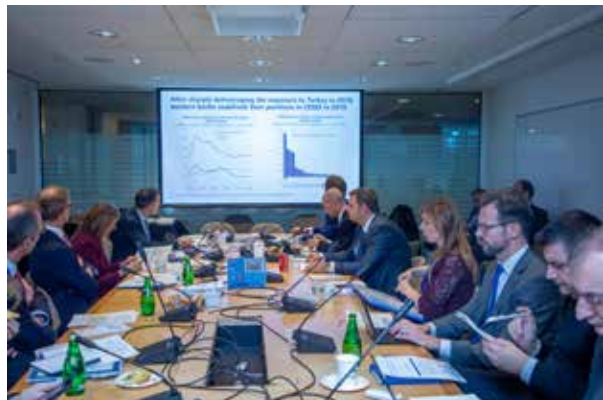


The governor highlighted that Bank of Albania focusing in the strengthening of



macroeconomic stability and long-term economic growth, is committed to continue to provide the appropriate support through the continuation of monetary stimulus, to boost economic activity and the inflation converge to target. At the conclusion, Governor Sejko stated that Bank of Albania will remain focused in further boosting sound lending from banking sector, as a rather important contributor for a sustainable and long-term economic growth of Albania.

The IMF and WBB representatives assessed positively the policy implemented by the Bank of Albania, which has contributed in reducing non-performing loans, improving lending environment and supervisory and regulatory framework, and its alignment with the best international standards. In this regard, they commended the important role of the Bank of Albania in safeguarding the macro-economic stability of the country, and expressed their readiness to continue to provide technical assistance to the Bank of Albania.



GOVERNOR SEJKO MEETS REPRESENTATIVES OF THE INTERNATIONAL MONETARY FUND MISSION

13 November 2019, Tirana

On 13 November 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 in Albania.

Discussions in the meeting focused around the macroeconomic developments in Albania during 2019 and the outlook on: economic growth; inflation; exchange rate; developments in the banking system; lending; and non-performing loans. Governor Sejko stated that the economic growth has been trending upward, although at a slower pace. However, the economic growth pace will be improving in the next two years, enabling inflation to converge to target in the medium term. He pointed out that the domestic financial environment appears stimulating and the exchange rate appears relatively stabilised. The ALL/EUR exchange rate is closer to the equilibrium, while its fluctuations are dictated by seasonal factors.



Regarding developments in the banking system in Albania, Governor Sejko highlighted

that the banking sector appears stable, with indicators showing a financial environment ready to further support the economic growth of Albania. Credit to private sector grew 7.5% on average in 2019 Q3. Credit growth accelerated owing to both the expansion of demand and the improvement of supply for bank credit.



THIRD CONFERENCE OF THE MUSEUM OF THE BANK OF ALBANIA

15 November 2019, Tirana

On 15 November, the Bank of Albania organised the Third Conference of the Museum of the Bank of Albania on: "Museums and education in the future" The Conference brought together museum staff, experts, researchers in the field of museology and education, to present and discuss their



research findings or experiences in this field, focusing on the role that museums and education may have in the future on the culture and progress of Albania.

The proceedings of the Third Conference of the Museum of the Bank of Albania were opened by the First Deputy Governor of the Bank of Albania, Ms Luljeta Minxhozi and by the Minister of Culture, Ms Elva Margariti.

Ms Minxhozi said that the Museum of the Bank of Albania, in view of its educational objective, combines the numismatic and historical dimensions with banking and financial education. She also emphasized that the Bank of Albania - having been in public financial education for more than a decade - is now part of international networks in the field of education, as well as those of money museums or banks, thus enabling the exchange of experiences and best practices.



The Minister of Culture, Mr Elva Margariti, welcomed and praised the Bank of Albania's educational role through its Money Museum. Introducing the latest initiatives of the Ministry in the field of museums, Minister Margariti focused on the role of memory sites, which represent a value added in recognizing the history of Albania, since they promote education and help the younger generations to know them better, and remember the past. The Minister said that these new forms to attract the public remain of particular importance in evoking history and tradition.

PLATFORM FOR REVITALIZING LENDING IN ALBANIA

18 November 2019, Tirana

On 29 May 2019, Governor Sejko met with commercial banks to discuss on "Role of the banking sector in the future development of Albania". Following the guidelines of this table, a joint effort with the Albanian Association of Banks was organized to draft a platform which has as the main concrete objective the revitalisation of lending to the Albanian economy in the medium term.

The product of this work was a joint action plan that commits the Bank of Albania and the banking system with regulatory improvements and concrete initiatives in order to promote lending as an irreplaceable source for economic growth and financial intermediation. This platform touches on banks' lending policies, payment systems and financial education, but is not limited to them and does not exclude other supportive actions. The implementation of the actions included in this platform would require the improvement of legal and sub-legal acts and effective cooperation between public institutions.

GOVERNOR SEJKO ATTENDS HIGH-LEVEL CONFERENCE ORGANISED BY THE CENTRAL BANK OF THE REPUBLIC OF KOSOVO

**19 November 2019, Pristina,
Kosovo**

On 19 November 2019, the Governor of the Bank of Albania, Mr Gent Sejko,

attended the high-level Conference on: “the risks and opportunities in a continuous evolving financial landscape - The way forward”, organised by the Central Bank of Kosovo” on the occasion of its 20th anniversary. Discussions of the conference focused mainly on the impact of global and European factors on the regional financial sector, including the evolving process that the traditional banking is experiencing, the future challenges imposed by technological innovation and the way how regional regulators may respond to these developments.

Invited as a speaker for the second session of the conference, Governor Sejko shared with the attendees the Bank of Albania’s view on the topic. He focused on the progress made in the financial sector and the contribution given by market actors and regulatory authorities in the regional economies and expectations for the future. In this framework, He added, that the measures undertaken by the Bank of Albania, in capacity of supervisory and regulatory authority, and the mechanisms to simulate economy, have provided the foundation of a favourable environment to boost sound lending.



system, as rather crucial in ensuring a system that is resilient to risks, and provides assess and adequate protection to financial services’ consumers.



Concluding, Mr Sejko pointed out the importance and assessed the collaboration among supervisory authorities of the financial

GOVERNOR SEJKO ATTENDS THE CENTRAL BANK GOVERNORS’ CLUB OF THE CENTRAL ASIA, BLACK SEA REGION AND BALKAN COUNTRIES 20-22 November 2019, Czech Republic

On 20-22 November 2019, the Governor of the Bank of Albania, Mr Gent Sejko,

attended the 42nd Meeting of the Central Bank Governors' Club of the Central Asia, Black Sea Region and Balkan Countries. The meeting was held in Prague and was attended by Governors of the central banks of Club's members. The Governor of the National Bank of the Czech Republic, Mr Jiří Rusnok welcomed and opened the proceedings of the meeting.

During the meetings, Governor Sejko presented an overview of the economic and financial situation in Albania, pointing out that the Albania's economy and development remain on a positive trend and that economic activity has made progress toward a sustainable and long-term growth. In addition, the Governor focused in his discussion on the sustainability of the tools and instruments of monetary policy employed/applied by central banks, in order to maintain financial stability, for the return of inflation to target and for the creating of favourable financing conditions.



The Governor emphasized that thanks to the continuous work of the institution that he represents and the exercise of his role, the financial sector is stable, the domestic financial markets operate smoothly, with low interest rates, low risk premiums and increased exchange rate stability. These indicators show an environment ready to further support the country's economic development.



GOVERNOR SEJKO MEETS WITH COMMERCIAL BANKS CEOs

3 December 2019, Tirana

On 3 December 2019, the Governor of the Bank of Albania, Mr Gent Sejko

invited the CEOs of commercial banks operating in Albania and representatives from the Albanian Association of Banks to discuss together the implications of the earthquake on the Albanian economy and the financial system, as well as relevant measures to be taken by the banking system.

The meeting was initiated and organized under the auspices of the Governor Sejko at the premises of the Bank of Albania. It focused on potential implications from the earthquake that hit Albania on 26 November 2019 and their treatment by the banking system, as well as on relevant actions that may be taken in the future.

Governor Sejko emphasized that in this moment it is necessary for all stakeholders to cooperate closely in order to harmonize and coordinate the measures that will be taken with a view to maximizing the efficiency

of all actions to overcome this situation. Furthermore, he invited banks to help their clients affected by this natural disaster offering them all possible facilitations, both by reviewing the terms of their existing agreements and by treating carefully their requests in the future. In this regard, he praised the initiative undertaken by commercial banks to waive commissions and fees on all expected donation transfers.



BANK OF ALBANIA ORGANISES 13TH SEE ECONOMIC RESEARCH WORKSHOP

5-6 December 2019, Tirana

On 5-6 December 2019, the Bank of Albania organized the 13th SEE Economic Research Workshop. This year's workshop focused on the developments of the external sector and financial stability, as well as on their implications for central banks and the economy.



The workshop proceedings were opened by Gent Sejko, the Governor of the Bank of Albania, and the Swiss Ambassador in Albania, H.E. Adrian Maître. Governor Sejko said that all the topics that would be discussed during the two days of the workshop such as the monetary policy, financial stability and new methodologies in these areas are all very present in the daily activity of the central bank and are designed to help the analysis, decision making and implementation of the monetary policy and financial stability.

He emphasized that this workshop has become a cherished tradition for the Bank of Albania and central banks of the SEE region and it continues to generate interest beyond the SEE region and central banking community. This year, the list of participants had expanded to include speakers from central banks, academic and financial institutions, national and international, in the EU, the US and South-Eastern Asia.



GOVERNOR SEJKO ADDRESSES END-OF- YEAR MEETING WITH JOURNALISTS AND MEDIA REPRESENTATIVES AND

GOVERNOR'S AWARD CEREMONY

13 December 2019, Tirana

On 13 December 2019, the Governor of the Bank of Albania, Mr Gent Sejko met with renowned publicists, experts of politics and economics, and journalists of print and electronic media in Albania.



In his opening address, Governor Sejko thanked the media representatives for the solidarity and the unique role in promoting solidarity and alleviating the pain caused by the natural disaster that struck Albania.

The Governor said that during 2019, the media has helped ensure that the decisions of the BoA are conveyed in a timely fashion and use a simple and easy-to-assimilate language, not only by market actors, but also



by the general public. The Governor praised the media as a unique ally in enhancing the

effectiveness of decision making, thanking them for their work filled with passion and dedication during this year.

By the end of this activity, as it is already a tradition, the three winners of the "Governor's Award for the Best Diploma Thesis 2019" were announced. This annual event is dedicated to Albanian students graduated in Albania and abroad, for scientific research on issues related to the integration, international monetary and economic developments, price and financial stability, financial literacy etc.



TWINNING PROJECT "ENHANCING BANK OF ALBANIA'S ALIGNMENT WITH EU ACQUIS"

19 December 2019, Tirana

On 19 December 2019, a ceremony was organised at the Bank of Albania to launch the Twinning Project "Enhancing Bank of Albania's alignment with EU Acquis".

The project is implemented with funds allocated and monitored by the European Union, in the framework of the IPA 2015 EU funds, following recommendations from a program designed and led by the European Central Bank. The project was implemented



by the Bank of Albania, Banka d' Italia and Deutsche Bundesbank. Meanwhile, certain components will be implemented by Banque de France and National Bank of Romania. Its primary goal is the improvement of work practices at the Bank of Albania and their alignment with the practices of the European System of Central Banks (ESCB). It aims at bringing the EU expertise and the experience of central banks of two EU founder countries to contribute to the Albanian banking system, thus helping the economic integration of Albania with the EU.



This project will be implemented for a one-year period and a Resident Twinning Advisor will be instated at the Bank of Albania. Also, 110 missions and 12 study visits were foreseen to take place, in which experts from the above-mentioned banks will share their experiences.

OTHER

BANK OF ALBANIA ISSUES THE NEW BANKNOTES, 200 LEKË AND 5000 LEKË **30 September 2019, Tirana**

On 30 September 2019, the Bank of Albania put in circulation two new banknotes from the new series, namely, 200 Lekë and 5000 Lekë.

In this context, the Bank of Albania organized an educational event in the exhibition area dedicated to the launch of the new series' banknotes, at Tirana Fortress. This activity was attended by the Second Deputy Governor of the Bank of Albania, Ms Natasha Ahmetaj, representatives from the Issue Department, as well as students and teachers of one secondary school in Tirana. The event began with a speech by the Second Deputy Governor



of the Bank of Albania, who stated that the presence of children was the most beautiful way to start an event.

She emphasized that the 200 Lekë and 5000 Lekë denominations, which were being put into circulation for the first time, were more than just a medium of exchange. The Second Deputy Governor encouraged the attendees to welcome and take good care of the new as well as of the existing banknotes, since banknotes bear also artistic and symbolic value of the nation and of its history.



The Bank of Albania organized exhibitions and trainings on the introduction of new banknotes in circulation

In the framework of the presentation of the new series and the launch of two new banknotes, the Bank of Albania organized several exhibitions in different cities of the country, in order to inform the public on the new look and security elements of the two denominations : 200 Lekë and 5000 Lekë, which were put into circulation on 30 September 2019. In the exhibitions organized in: Tirana, Kukes, Shkodra, Korça, Gjirokastra and Vlora; the public was introduced to the look, prominent personalities and security elements of the new series of banknotes, in particular those of 200 Lekë and 5000 Lekë, which were put into circulation on 30 September 2019. These exhibitions had a large audience,

but those who were more interested were the students of secondary schools and high schools. For the kids of kindergarten, the Bank of Albania provided an interactive corner, where the kids were told curiosities on money and they had fun through playing different games/puzzles.

In addition, the Bank of Albania organized a specific training aiming to acquaint the employees of the commercial banks and other institutions that collect cash with the security elements of banknotes. This training was organized in: Tirana, Kukes, Shkodra, Korça, Gjirokastra, Vlora and Berat.





INTERVIEW WITH GENT SEJKO, GOVERNOR OF THE BANK OF ALBANIA, NEWS24

The Governor of the Bank of Albania, Gent Sejko was interviewed by Tv Klan and News 24 in the framework of the presentation of the new series of Albanian banknotes legal tender, which was launched on 12 September 2019.

During these interviews, Governor Sejko stated that the Bank of Albania has been working for almost four years on this project. This series has some substantial changes from the previous series, but it retains the same theme, the same historical figures as the old series, which is widely accepted and recognized by the Albanian public. Generally, every 20 years, central banks put into circulation a new series of banknotes. The governor highlighted that it had been 23 years since the banknotes last changed, so it was the time to introduce the new series with some new security features.

Moreover, Governor said that it is very important that we have modern, secure banknotes, which are difficult to counterfeit. Although the old series did not have a high level of counterfeiting, it was time to add more security, so our banknotes are of the same calibre as the banknotes of other countries.

The governor also mentioned the dimensions of the banknotes. "The new denomination that will be launched into circulation next year, the 10000 Lekë denomination, since it is the denomination with the highest nominal value, will have the largest size. This denomination will have almost the same dimensions of the highest denomination that we have today, which is the 5000 Lekë. Whereas, the size of the other denominations will go down." -said the governor in one of the interviews.

The governor's answer to the question: "Why did the Bank of Albania choose a completely new banknote to launch into the market?" - was: "Economic conditions have matured, prompting for a denomination with a higher nominal value, which will be the 10000 Lekë banknote. This will also create practical opportunities for users, since it is the highest denomination. Of course, we want to decrease the use of cash in the economy and we have many plans for the digitalisation of the banking system, the modernisation of the payment system. But cash is inevitable in an economy like ours and will continue to be in circulation."

During these interviews, the Governor emphasized that the existing banknotes will continue to circulate alongside the new banknotes. There is a number of banknotes in circulation, which will continue to be used by the public, and gradually, the Bank of Albania will withdraw these banknotes from circulation gradually, putting into circulation the new banknotes.

Toward the end of the interview, governor Sejko was asked on the exchange rate. Although it does not pose a problem for the inflation level, even though we have had deflationary pressures during last month, as the inflation rate remains far from the target of the Bank of Albania. "As a matter of fact, the inflation level actually reflects the exchange rate behaviour during the previous quarter. The forecast of the Monetary Policy Department is lower than the level that calls for an intervention; therefore, we haven't intervened. But we will monitor the situation and see how the exchange rate will behave and we will look at its effects not only on inflation but also on the overall macroeconomic parameters." - said the governor.

After being asked a question regarding the IMF appeal for new actors to enter the banking system, Governor Sejko said: that

with the structural changes that happened, we have achieved the consolidation of the banking system, have maintained the quality of the banks, have made possible that banks continue to operate and secure to the market the financial products. "Of course we will continue to monitor and supervise the market after the structural changes and this is one of the recommendations of the Monetary Fund. But, even in absence of this recommendation, we would do it anyway." - said Governor Sejko.

GOVERNOR SEJKO ATTENDS THE GRADUATION CEREMONY OF THE STUDENTS OF FACULTY OF ECONOMICS, UNIVERSITY OF TIRANA

7 November 2019, Tirana

On 7 November 2019, the Governor of the Bank of Albania, Mr Gent Sejko attended the graduation ceremony of the students of economics, University of Tirana.

In his address, governor Sejko congratulated all the students and wished them success in the long and challenging journey of post-university life. "The need for education is unavoidable and it will accompany you throughout your career, notwithstanding your specific engagement. No matter if you will be part of academic world, private sector or part of important public or international institutions. To be on the top list, you should always update your knowledge on the most recent theories, trends and findings, which explain the most basic laws and functioning of markets and economy." -said Governor Sejko.

At the end of his address, the governor advised the students to never give up on their ambitions and dreams, but to make them come true instead, by working tirelessly, with confidence, integrity and professionalism.

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. During the second six months of 2019, five press conferences of the Governor were held on this decision making, respectively on: 3 July, 7 August, 2 October, 6 November, 18 December.

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%.

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 second half of this year, three presentations were held off-the-record with the media:



1. The presentation of the Monetary Policy Report/III 2019, dated 15 August 2019;
2. The presentation of the Financial Stability Report 2019 H1, dated 9 October 2019;
3. The presentation of the Monetary Policy Report/IV 2019, dated 14 November 2019.



These releases are organised on the day of publication of the relevant report on the website. They aim to direct the media toward a correct understanding of the decision-making of the Bank of Albania and are seen as an effective means of communication with the public.

- "Financial literacy in Austria: a survey of recent research results", by Ms Maria Silgoner, Chief Economist at the Bank of Austria's Foreign Research Sector, on 22 November 2019;
 - "Key risks to Cyber Security", by Xhilda Kanini, Information Technology Department, on 13 December 2019.
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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 second half-year these papers were presented:

- "The Albanian Medium Term Projection Model"- by Mr Olti Mitre and Mr Eglent Kika, on 20 September 2019;

SOCIAL ACTIVITIES OF THE BANK OF ALBANIA

Every end-of-year, the Bank of Albania organizes various social activities in which employees solidarize with the individuals with special needs. This year, the employees of the Bank of Albania, on the occasion of the earthquake of 26 November, solidarized with the families affected by this tragedy, collecting a monetary donation in the amount of 1,001,500 lekë.