

# CENTRAL BANKING

**BANK OF ALBANIA  
HIGHLIGHTS**  
July-December 2022



## NEWS AND EVENTS

No. 12







*Gent Sejko, Governor of the Bank of Albania*

## EDITORIAL

### *National Strategy for Financial Education and Inclusion in Albania*

Dear reader,

I have the pleasure to present you our periodic publication "Central Banking Magazine: highlights for 2022 H2". This magazine presents a chronological overview of the activity of the Bank of Albania over the past six months. It shows the steps we have taken toward our main objectives, to support the country's economic development and overall welfare.

In years, financial education, considered as a necessity to build financially-aware citizens, has been among the main long-term priorities of the Bank of Albania. For more than a decade, the Bank of Albania has been involved with this initiative, as an effort to enhance financial literacy in Albania, and help the citizens understand the role of the central bank and the more-often-than-not challenging decisions adopted by the BoA.

In addition to the Bank of Albania, several other Albanian institutions have played an active role in designing and developing educational programs, created to address the needs of special interest groups, fully aware that the financial literacy of the public, constitutes, among other, a significant tool to protect consumers and boost the development of the financial market.

This is the right moment to embark on a joint initiative in the field of financial education and inclusion, through drafting and implementing a National Strategy for Financial Education and Inclusion in Albania. Therefore, aiming to draft a unified national strategy, the Bank of Albania has undertaken to gather under one banner the main institutions involved in this field, such as: the Ministry of Finance and Economy, the Ministry of Education and Sports, the Albanian Financial Supervisory Authority, the Albanian Association of Banks, etc.

This strategy will enable various actors to act in a unified and coordinated manner, in order to

increase the efficiency of objectives achievement, by avoiding overlapping of resources and efforts.

Its aim is to create a governing structure and adopt clear decision-making processes; identify the priorities of the policies; as well as determine the assessment framework, with the purpose of enriching the financial literacy of the Albanian citizens, and consequently their well-being. The strategy will embody an institutional framework which will guide the actions of interested stakeholders over the next five years.

The drafting stage will be supported by the Bank of Albania's multi-year work on measuring and studying the financial literacy in Albania, its successful experiences in drafting educational programs, best international practices, the OECD/INFE recommendations, and the advices of the World Bank.

The approval of this strategic document comes at a stage when individuals and families need financial education in order to successfully overcome these demanding times and to build the foundations for a more stable financial future. The implementation of the strategy will help people establish sound financial habits at a very early stage in their lives; effectively manage their income and well-being; use banking and financial instruments to their benefit; and plan their pensions as best as possible starting early.

Over the long term, financial education should be considered a public good, such as education in general. Thus, the adoption of the National Strategy for Financial Education and Inclusion in Albania is a significant step in this regard. Financial inclusion is a national and multidimensional challenge, where the coordinated contribution of the involved institutions is magnified and translated into a better use of resources, consumer protection, and awareness-raising of our taxpayers.

## **GOVERNOR SEJKO RECEIVES THE NEW AMBASSADOR OF SPAIN IN ALBANIA, H. E. MR. ÁLVARO RENEDO ZALBA**

**13 July 2022, Tirana**

On 13 July 2022, the Governor of the Bank of Albania, Mr Gent Sejko received in a cordial meeting the new Ambassador of Spain in Tirana, H.E. Mr. Álvaro Renedo Zalba. Governor Sejko referred to the Ambassador his thankfulness for the very good relationships between the two countries, by appraising the trade exchanges with Spain, and the gratitude for the continuous support that Spain provides in the framework of the EU integration process of Albania.



At the beginning of the meeting, Governor Sejko presented an overview of the economic

developments in Albania highlighting that its performance appears challenging in this period. Surging prices in international markets, the expected economic slowdown in the Euro Area, coupled with lower household purchasing power, are expected to weigh on both inflation rates and economic growth in Albania.

H.E. Ambassador Álvaro Renedo Zalba appraised the work of the Bank of Albania for preserving and guaranteeing the financial stability of Albania, particularly throughout this difficult period. He highlighted the progress done in Albania in the framework of the European Union integration process and re-affirmed the full support of Spain in this regard.



## **FIRST DEPUTY GOVERNOR MINXHOZI AT THE PUBLIC CONSULTATIVE MEETING IN THE FRAMEWORK OF THE DRAFT-LAW "ON FISCAL AMNESTY"**

**15 July 2022, Tirana**

On 15 July 2022, the First Deputy Governor, Ms Luljeta Minxhozi, participated at the public consultative meeting in the framework of the draft-law "On Fiscal Amnesty". In her





speech, First Deputy Governor Minxhozi highlighted the importance of discussing this rather concerning phenomenon, which has continuously received the attention of the Bank of Albania, also of a number of other institutions, such are: currency outside banks, and informal economy.



Ms Minxhozi brought to attention the fact that the Bank of Albania has for years been engaged in encouraging and promoting the use of formal and secure channels for money transactions. She emphasized that Albania was the first country in the region to transpose the European directive PSD2 into its legislation, in the approved Law on Payment Services, reducing the costs of payment services, as well as increasing the financial inclusion of the population. On the other hand, "Fin Tech" implementation and progress of innovative payment institutions support the increase of competitiveness and efficiency, coupled with the reduction of costs.



In this perspective, the First Deputy Governor Minxhozi declared that the Bank of Albania considers the draft-law "On amnesty" as a government initiative which aims, first of all, to: increase the formalization of the economy; reduce cash in the economy; and, further, strengthen capitalization in the real sector and of liquidity in the financial sector, although the latter currently enjoys a high degree of liquidity, which enables it to better perform the role of financial intermediary. On the other hand, the fiscal amnesty must avoid the penetration of money originating from crime and corruption, in order neither allowing their laundering nor increasing the reputational risk for the Albanian economy. In parallel with the implementation of the amnesty, all public institutions must tighten fiscal rules to minimize fiscal evasion after the amnesty, to make it more efficient and with as few consequences and market distortions as possible.

## EU HELD THE FIRST INTERGOVERNMENTAL CONFERENCE WITH ALBANIA

### 19 July 2022, Brussels

On 19 July 2022, the EU held the first Intergovernmental conference (IGC) with Albania in Brussels. This marks a historical

event for Albania in the road to the EU integration, and a step closer in realizing the aspiration of the Albanian people to become part of the European family. The delegation of Albanian consisted of 25 high-ranking officials as part of the Negotiating Group. The Second Deputy Governor, Ms Natasha Ahmetaj, member of the Negotiating Group, was also part of this delegation representing the Bank of Albania.



Albania received the status of a candidate country in 2014, and the First Intergovernmental Conference held yesterday in Brussels, marks a new phase in the accession process to the EU. The President of the European Commission, Ms Ursula von der Leyen, highlighted the fact that the governments of Albania and North Macedonia have adopted the required reforms, not just in the view of the EU membership, but also for the well-being of their people and to increase the quality of life in both these countries. Meanwhile, the Prime Minister Edi Rama stressed out that: "The opening of accession negotiations is only the



end of the beginning to the EU membership" and "We need to build a democratic and European Albania."

Currently, the Bank of Albania contributes to a series of chapters as part of the inter-institutional groups established for each of the 35 Chapters. The Second Deputy Governor, Ms Natasha Ahmetaj was appointed as the negotiator of Chapter 17 on Economic and Monetary Policy, as well as the Chair of the interinstitutional group for Chapter 4 on Free movement of capital. The Bank of Albania has a main contributing role in Chapter 9 on Financial Services, Chapter 32 on Financial Control, and Chapter 18 on Statistic, as well. In addition to these chapters, the Bank of Albania contributes to Chapter 3, 20, 28, and 24.

## GOVERNOR SEJKO RECEIVES THE IMF'S DEPUTY MANAGING DIRECTOR 19 September 2022, Tirana

On 19 September 2022, the Governor of the Bank of Albania, Mr Gent Sejko met with the IMF's Deputy Managing Director, Mr Bo Li. Governor Sejko presented Mr Li an overview of the recent macro-economic developments in Albania: inflation performance and the measures undertaken by the Bank of Albania to keep it under control; lending in Albania; banking system consolidation; and the







work carried out by the Bank of Albania in this regard. In full compliance with its legal mandate, the Bank of Albania has continued the normalisation of monetary policy, by increasing the policy rate three times in 2022, aiming at controlling inflationary pressure and for inflation returning to the target within a medium-term horizon.

The Deputy Managing Director of the IMF, Mr Bo Li, highlighted that in the last years, Albania has dealt with three subsequent shocks: the devastating earthquake of November 2019; the global pandemic; and



the sharp surge in prices of foods and energy due to the war in Ukraine. Despite that, the country has continued to progress thanks to the supportive measures and the relevant coordination between the main authorities of Albania to curb in a timely manner the impact of these shocks.

The Deputy Managing Director Li pointed out that, despite the global challenges and their local effects, Albania should continue the path for further reforms in order to converge to EU living standards. Strengthening institutions, improving governance, and complying with international best standards are crucial in this regard.

The Bank of Albania has played a crucial role in this regard. It has successfully implemented its monetary policy, by providing contribution for a sound macroeconomic environment and ensuring a consolidated banking market in Albania. The Deputy Managing Director

Li pointed out that, despite the global challenges and their local effects, Albania should continue the path for further reforms in order to converge to EU living standards.

## GOVERNOR SEJKO MEETS WITH THE VICE PRESIDENT OF EBRD

20 September 2022, Tirana

On 20 September 2022, Governor Sejko met at the premises of the Bank of Albania with the Vice President of the European Bank for Reconstruction and Development (EBRD), Mr Mark Bowman, who was accompanied by Ms Charlotte Ruhe, the Director of EBRD for Central and South Eastern Europe and Ms Ekaterina Solovova, Representative Resident of EBRD in Albania.



At the beginning of the meeting, Governor Sejko presented the Vice President, Mr



Bowman, and the other EBRD representatives with the main economic and financial developments in Albania. Forecasts of the Bank of Albania predict that the Albanian economy will grow in the medium-term horizon, despite the challenging external environment and its effects, said the Governor. As regards the banking sector, Governor Sejko highlighted that this sector is assessed as resilient, while liquidity is good and the banking activity is profitable and well-capitalised.

During the meeting, special focus was put on the policies undertaken by the Bank of Albania in the field of deeuroisation, the reduction of non-performing loans, and the digitalisation of payment systems, aiming to enhance the efficiency of the monetary policy and the payments systems for citizens and businesses. The Governor added that the Bank of Albania has appraised and encouraged the adoption of information technology and the digitalisation of the financial system. The improvement, development and safety of sustainable information system received special attention.



The Vice President of the ERBD commended the cooperation with the Bank of Albania, particularly with the banking system in the country, by bringing to life quite successful projects, with an added value for Albania.

## GOVERNOR SEJKO ATTENDS THE CONFERENCE ON "IS INFLATION BACK, AND IN WHICH FORM?" 23 September 2022, Geneva

On 22-23 September 2022, the Governor of the Bank of Albania, Mr Gent Sejko, attended the International Conference on: "Is inflation back, and in which form?", organised at the Graduate Institute of International and Development Studies, in Geneva, Switzerland. The conference, organised for the 10th year in a row, in the framework of the BBC (Bilateral Assistance & Capacity Building for Central Banks) programme funded by SECO, aims the sharing of experiences and knowledge



among participants, who represent the central banks in partner countries of this programme.

In this Conference, Governor Sejko was invited to share the views in the panel on "How global is inflation?" Governor Sejko presented an overview of developments in the Albanian economy. The economy recovered



swiftly from the negative shock arisen from the disruptions and economic restrictions related to the pandemic, in place in Albania and globally. While, the Russia - Ukraine war fundamentally changed the expectations of the Bank of Albania and the economic prospects, and caused inflation to rise faster than forecasted.

The Bank of Albania has reacted through monetary policy, by increasing the policy rate three times in 2022, from the lowest level of 0.5% in February 2022 to 1.75% in August 2022, to orientate inflationary expectations



and ensure inflation converge towards the target within a medium term horizon. Concluding, Governor Sejko highlighted that the Bank of Albania will continue to be attentive to the soundness of the banking and financial system, while focusing on banking supervision and committed in undertaking proactive policies.

## GOVERNOR SEJKO MEETS REPRESENTATIVES OF THE INTERNATIONAL MONETARY FUND MISSION

27 September 2022, Tirana

On 27 September 2022, the Governor of the Bank of Albania, Mr Gent Sejko, met with the International Monetary Fund (IMF) Mission



team, led by Ms Yan Sun, the IMF Mission Chief for Albania. The reason of this meeting is to discuss with the Albanian authorities issues related to the Article IV.

At the beginning, Governor Sejko highlighted that despite the high inflation rate, the economic growth outlook for Albania remains positive. Aiming to support the Albanian economy, the Bank of Albania has started the normalisation of its monetary policy stance in order to control the inflationary pressures and establish the conditions for inflation to converge towards the target within a medium-term horizon. Mr Sejko, emphasised that the Bank of Albania is willing to take all necessary actions pursuant



to the law, to support the banking activity and contribute to the further development of Albania and the stability of the financial system.

The IMF representatives assessed that the monetary policy stance has been and remains adequate, thus providing a crucial contribution in both the macro-economic environment and the development of the financial system. Next, they stated that the international situation is still unclear and volatile, thus intensifying the uncertainty and the need for carefully monitoring the dynamics of developments in inflation.



In this framework, participants concurred on the key importance to continuously monitor the situations and coordinate the policies from the Albanian authorities, by taking the right measures in a timely manner and providing the necessary stimuli for the long term growth of the economy.

## GOVERNOR SEJKO ATTENDS THE REGIONAL SUMMIT ON “MONETARY POLICY IN AN INFLATIONARY ENVIRONMENT”

1 October 2022, Becic

On 1 October 2022, the Governor of the Bank of Albania, Mr Gent Sejko, attended the annual regional summit held in Bečići, Montenegro. This year's summit on “Monetary policy in an inflationary environment” discussed the latest developments in the economies of the region and the current challenges they



are tackling due to the upsurge in prices in global markets. This shock has not spared any economy, both at the European and global levels.



Governor Sejko was invited to address the summit in the Governor's Panel, focusing on monetary policy stance pursued by the central banks of the region, as well as the orientation of economic policies on the preservation of price stability, as a precondition for the financial stability of the countries. At the beginning of his speech, in this panel, Governor Sejko pointed out that the Albanian economy has suffered successive shocks in recent years. However, it has succeeded to continue to expand at a good pace. Despite the considerable challenges that lie ahead, the expectations are positive and the economic growth is foreseen to range around 4% in 2022, while it is expected to slow down to 2-3% in the coming years.

In terms of monetary policy stance in regional countries, the Governor emphasised that it





is somewhat affected by the stance pursued from both the European Central Bank and the Federal Reserve. Regional countries, likewise across the world, are facing the threat of high inflation. He stated that central banks, can effectively anchor inflation expectations by communicating clearly their decisions, by leveraging on their credible monetary policy frameworks, and by protecting their independence.

Next, Governor Sejko responded to questions from participants, who were interest on the exchange rate issue in Albania and the performance of the national currency. In this regard, the Governor, first, pointed out that the Bank of Albania operates under a free-floating exchange rate regime, which is fully determined by the demand and supply in the market.

## **GOVERNOR SEJKO ATTENDS THE 2022 ANNUAL MEETINGS OF THE IMF AND THE WBG 12-16 October 2022, Washington**

On 12-16 October 2022, the Governor of the Bank of Albania, Mr Gent Sejko, attended the Annual Meetings of the International Monetary Fund (IMF) and the World Bank Group (WB), in Washington, DC. These meetings are a high-level forum bringing together top level decision-makers in the IMF and the WBG, central bankers and ministers of finance of respective member countries, to discuss the latest developments in the global economy. During the Annual Meetings, Governor Sejko had several important meetings with prominent personalities of international finance.





During these meetings, Mr Sejko presented an overview of the Albanian economic and financial situation. Next, Governor Sejko pointed out that inflation continues to remain the main challenge to the macroeconomic stability, as well as to the sustainable and long-term economic growth of Albania,

notwithstanding the Albanian economy will continue to grow. Inflation has increased considerably and is expected to decrease during 2023. The Bank of Albania is mainly focusing on the mitigation and the return of inflation to its target. In this context, the Governor stated that the beginning of







monetary policy normalisation has been necessary to mitigate this indicator, while increased diligence is being paid on higher interest rate to safeguard financial stability.

The IMF and the WBG representatives supported the change of the monetary policy stance undertaken by the Bank of Albania, and emphasised that the monetary conditions are still accommodative, notwithstanding the successive rise of the key interest rate. During the discussions, the interlocutors underlined

that the addressing of the main challenges faced by the Albanian economy, such as, inflation, energy crisis, etc., triggers many duties to be considered by the authorities.

The IMF and WBG representatives added that the continuous investment in reforms which bolster and encourage the macroeconomic stability of Albania, the improvement of business climate, the increase of efficiency and competitiveness, the strengthening of human and institutional capacities, and the comprehensive development of infrastructure, is the only path towards a more rapid economic and social progress.

In this view, the Governor pointed out that the Bank of Albania supports and encourages the attention towards the structural reforms. The agenda of reforms, has already turned into a strong anchor in the negotiations process that Albania is performing in the framework of the European Union membership.





## GOVERNOR SEJKO RECEIVES THE NEW AMBASSADOR OF SWITZERLAND

24 October 2022, Tirana

On 24 October 2022, the Governor of the Bank of Albania, Mr Gent Sejko, received the new H.E. Ambassador of Switzerland in Tirana, Ms. Ruth Huber. At the beginning of the meeting, Governor Sejko referred to Ambassador Huber and the Swiss state his thankfulness for the support and the successful collaboration between the countries, and stated his positive assessments about the projects and activities organised in the framework of this cooperation.

During this meeting, Governor Sejko presented Ambassador Huber with an overview of the economic developments in Albania and emphasised that the economic growth in this period of time appears challenging. The soaring prices in global markets, the expected slowdown in the euro area economy, and the reduced purchasing power of consumers, will affect the performance of inflation and economic developments in Albania. He highlighted that the rapid upsurge in prices have heightened uncertainties in, and have triggered new supply chain bottlenecks.

The Ambassador of Switzerland in Albania, Ms Ruth Huber commented the good work of



the Bank of Albania, in terms of safeguarding the financial stability in Albania, especially during these tough times. The Ambassador also highlighted the progress Albania has made in the framework of the integration process in the European Union, and expressed the Swiss full support in this regard.

The two interlocutors discussed also about the future cooperation and the possibilities for undertaking new projects, in key areas of the Bank of Albania' activity.

## **BANK OF ALBANIA ORGANISES THE ANNUAL CONFERENCE "INFLATION IS BACK: HOW TO DEAL WITH IT UNDER HEIGHTENED UNCERTAINTIES?" 27 October 2022, Tirana**

On 27 October 2022, the Bank of Albania co-organises with the London School of Economics and Political Science (LSE) the Annual Conference: "Inflation is Back: How to Deal with It Under Heightened Uncertainties?". This conference is organised under the auspices of the Governor of the Bank of Albania, Mr Gent Sejko, and is attended by the Minister of Finance and Economy, Ms Delina Ibrahimaj, representatives from the Albanian Government and members of the Albanian Parliament. The conference is also attended by high-level representatives from other central banks, diplomatic corps in Albania, international financial institutions - such as the International Monetary Fund, the World Bank, the European Bank for Reconstruction and Development, representatives from the academia, the banking and financial systems, the media, and staff members of the Bank of Albania.

This is the 16th Annual Conference of the Bank of Albania and the third one co-organised with the London School of Economics and Political Sciences (LSE), among the top 10 universities



in the world in the field of social, economic, political and international studies.

Organised in three sessions, conference proceedings were opened by the Governor of the Bank of Albania, Mr Gent Sejko; the Director of LSE's Research on South East Europe, Professor Vassilis Monastiriotis; and the Minister of Finance and Economy, Ms Delina Ibrahimaj.

In his address, Governor Sejko presented the view of the Bank of Albania on the challenges





that soaring inflation has on: the Albanian economy; economic actors; society; and on the decision makers. The Governor stated that the rapid hiking inflation originates from foreign supply-side shock, but it has already begun to be transmitted into the cost structure of the Albanian economy and in the inflation expectations in the Albanian economy. Based on these considerations, the Bank of Albania has embarked on a normalisation of its monetary policy stance. This normalisation is indispensable to



safeguard the price stability and benefits both the economy and society in the medium and long term.

Mr Sejko highlighted that in parallel with inflation control, the monetary policy normalisation will not affect the economic growth perspectives. Though economic growth is expected to decelerate somewhat in the short-term horizon, it will stay in positive territory, and return back to its normal trend over the medium and long term.



## GOVERNOR SEJKO PRESENTS BOA'S OPINION ON THE DRAFT BUDGET 2023 TO THE PARLIAMENTARY COMMITTEE ON ECONOMY AND FINANCE

4 November 2022, Tirana

On 4 November 2022, the Governor of the Bank of Albania, Mr Gent Sejko, was invited to present to the Committee on Economy and Finance the opinion of the Bank of Albania on the 2023 Draft Budget. At the beginning of the speech, Governor Sejko declared that Bank of Albania judges that the macroeconomic framework forecasted in the draft budget is real and consistent, regarding both the current domestic trends of development and the expected monetary and fiscal policy stance. However, given the importance of the fiscal consolidation and the additional uncertainties predicted, the Bank of Albania deems that this process should be monitored on ongoing basis and should be protected from risk scenarios. This was followed by suggestions of the Bank of Albania.

In the framework of the analysis on increasing efficiency and maintaining the flexibility of public finances, Governor Sejko declared



that both the tax framework and the spending structure of the budget and their rate of realisation throughout the year, are of primary importance. In this regard, the Bank of Albania has continuously emphasized that it needs to increase its sustainability and predictability.

Governor Sejko stated that the Bank of Albania considers it necessary to emphasise the importance of maintaining the current space for public investments in the Budget's structure. This requires attentiveness to current expenses in both the medium and long term, by increasing them in line with the structural improvements on the basis of public revenues and the war against informality.

The Governor asserted that the long-term sustainability of public finances serves as a final guarantee to the economic and financial stability of Albania. It drives the economic risk premia and affects the financing costs of the private and public sector. In this context, Governor Sejko added that Bank of Albania



assesses that the forecasted reduction of public debt in the 2023 draft budget, from 68.8% of GDP expected in 2022, to 65.7% of GDP in 2023, is positive. He also asserted that adopting an additional provision in the Organic Budget Law is also positive. This provision requires that a positive primary balance is maintained in every fiscal year, as a guarantee for the sustainable reduction of public debt.

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## 8<sup>TH</sup> MEETING OF THE NATIONAL PAYMENT SYSTEMS COMMITTEE 9 November 2022, Tirana

On 9 November 2022, the National Payment Systems Committee (NPSC) held its eighth meeting chaired by Ms Luljeta Minxhozi, First Deputy Governor of the Bank of Albania. Ms Minxhozi, opened the proceedings of this meeting, while the Governor of the Bank of Albania, Mr Gent Sejko, and the Minister of Finance and Economy, Ms Delina Ibrahimaj addressed the participants in this event.

In his welcome remarks, Governor Sejko highlighted that the Bank of Albania, as the monetary, regulatory and supervisory authority, deems both financial inclusion and





At the beginning, our objective was the financial inclusion of 70% of the population. We assess, this level will be exceeded in the short run, thus achieving a considerable approximate with the Balkans and the European Union countries” – commented the Governor.

education, as two rather crucial strategic objectives for the monetary and financial stability, in turn for the formalisation and sustainable growth of the economy. In this regard, insofar implemented measures have reflected quite positive developments in the market, thus enabling the meeting of the targeted quantitative objectives in almost half of path of the National Retail Payment Strategy Action Plan.

Governor Sejko added that the use of electronic payments reached at 12.5 cashless payments per capita in 2021, by exceeding the targeted objective in the Strategy of 10 payments per capital till the end of 2023. The volume of card payments cards have considerably edged up, particularly in the last five years (2018-2022) marking an average growth trend of around 40% per year. In addition, POS terminals have increased considerably in the same period, by 78%.



## THE FIRST DEPUTY GOVERNOR OF THE BANK OF ALBANIA ATTENDS THE INTERNATIONAL CONFERENCE: "GREEN FINANCE - POSSIBILITIES FOR THE FINANCIAL SECTOR IN ALBANIA" 16 November 2022, Tirana

On 16 November 2022, the Financial Supervisory Authority (FSA) co-organised with the World Bank and the Swiss State Secretariat for Economic Affairs (SECO), the International Conference on "Green Finance - Possibilities for the financial sector in Albania." The conference convened high-level executives of the Albanian government, international financial institutions, regulators, and financial market stakeholders. In this activity, the Bank of Albania was represented by the first Deputy Governor, Ms Luljeta Minxhozi. The Deputy Governor addressed the panel focused on "The outlook of Albanian institutions on green finances."



In her remarks, Ms Minxhozi emphasized that the Bank of Albania's strategy on climate changes is expected to evolve with time, as the available data expands and the necessary models to comprehend risks related to climate, improve. Meanwhile, after enrolling in the

Network for Green Financial System, the Bank of Albania is actively working to integrate the various climate issues within its mandate.



## GOVERNOR SEJKO AT THE GENERAL ASSEMBLY OF THE AMERICAN CHAMBER OF COMMERCE

17 November 2022, Tirana

On 17 November 2022, the Governor of the Bank of Albania, Mr Gent Sejko was invited at the General Assembly of the American Chamber of Commerce. In his speech, Governor Sejko extended his consideration for the American Chamber of Commerce, as one of the most important business communities in Albania.

Then, Governor Sejko stated the importance of this collaboration, today, when businesses,





in both sides of the ocean, are tackling complex and unprecedented challenges. He added that after two years in the grip of the pandemic, the military aggression in Ukraine triggered a new economic reality. In addition to substantial loss of human life, this conflict caused headwinds in global markets of goods and in global supply chains. As a result, inflation and uncertainty picked up sharply across the globe, weighing heavily on those in needs, and brought about negative consequences on global growth.

Forward looking, Governor Sejko added that projections in the baseline scenario suggest inflation will reduce in the course of the next year, and return to our 3% target in 2024. He also asserted that these forecasts show that the Albanian economy will continue to grow in the coming years. In addition, these forecasts suggest that financial markets will continue to be calm, the foreign exchange rate relatively stable, and the soundness of financial intermediaries, including the banking sector, will not be jeopardised

To conclude, the Governor highlighted that our prior task, as public decision makers, is to take the adequate measures to restrain the supply-side shock in causing long-term consequences in the soundness of the Albanian economy. In this context, I assure you that the Bank of Albania will continue to be entirely devoted to guarantee the price stability and financial stability of Albania.



## GOVERNOR SEJKO ATTENDS THE CONFERENCE ON EUROPEAN ECONOMIC INTEGRATION 2022, ORGANISED BY OESTERREICHISCHE NATIONALBANK 21 November 2022, Vienna

On 21 November 2022, the Governor of the Bank of Albania, Mr Gent Sejko, upon the invitation of the Governor of the Oesterreichische Nationalbank (National Bank of Austria), Mr Robert Holzmann, attended the European Economic Integration Conference 2022 on: "Economic and monetary policy under wartime conditions - implications for CESEE" held in Vienna. The aim of this conference was to analyse the impact of these transformational crises - the war in Ukraine, the effects of the COVID-19 pandemic, and climate changes



- on the economies of Central, Eastern and Southeastern Europe (CESSE). While differing in nature, these crises all have a decisive effect on economic and monetary policy.



Governor Sejko was invited to speak in the panel: "The central bankers' views on monetary policy in changing times." In this context, the Governor focused on the inflation issue in Albania and the reasons why this indicator is relatively lower compared with the regional countries. He emphasized that akin to other countries, Albania is also being affected by a rising inflation, which reached at 8.3% in October. However, inflation rate is among the lowest in the region, whereas the other part of the Western Balkan countries record an average inflation rate of around 16%.

Faced with strong and persistent inflationary pressures, Governor Sejko highlighted that the monetary policy should be steered toward preserving price stability, as a precondition for the financial stability and the stable economic growth in Albania, over the long run. Also, Mr Governor explained that projections in the baseline scenario suggest that the Albanian economy will continue to grow and the domestic financial stability will remain unscathed, even as the normalisation of the monetary policy stance is underway.

## **BANK OF ALBANIA ORGANISES THE 16TH SEE ECONOMIC RESEARCH WORKSHOP**

**5-6 December 2022, Tirana**

On 5-6 December 2022, the Bank of Albania organizes the 16th SEE Economic Research Workshop. This workshop aims at providing a discussion forum on the research conducted at the Bank of Albania in 2022, and promoting the exchange of views among researchers from the Bank of Albania, other central bankers, academia and scholars, as well as with policy-makers in the region and beyond. It also addresses the results of scientific research on issues related to the activity of central banks.

In addition to the traditional issues of monetary policy and central banking, this year's conference paid exceptional attention to climate-change related risks and green





finance - which have turned into the “leitmotiv” in the communications of many central banks, and European and international institutions, - digitalization of financial services and technological improvements, and their implications for central bank objectives.

During the two-day proceedings, there will be 35 research works presented, 11 of which are authored from Bank of Albania’s researchers.

The Governor of the Bank of Albania, Mr Gent Sejko and the Ambassador of Switzerland in Albania H.E. Ms Ruth Huber greeted the proceedings of this workshop.



## THE END-OF-YEAR MEETING OF GOVERNOR SEJKO WITH MEDIA REPRESENTATIVES

20 December 2022, Tirana

On 20 December 2022, the Governor of the Bank of Albania, Mr Gent Sejko, received renowned publicists, experts, and journalists of print and electronic media in Albania, on the occasion of the traditional end-of-year meeting. In the opening address Governor Sejko thanked the media representatives for their presence, as well as for conveying the communication of the Bank of Albania to the public in professional manner and with integrity shown throughout 2022.



Governor Sejko re-affirmed that the Bank of Albania will continue to be a transparent institution, ready to provide opinions and assessments as necessary in all public



debates, related to the performance of the country's economy and financial markets in the up-coming year. The Bank of Albania welcomes the opinions and suggestions of the media representatives and is opened to further consolidate their mutual cooperation in the future.



During the end-of-year event, the three winners of the traditional competition "Governor's Award for the Best Diploma Thesis 2022", were announced". This annual event is dedicated to Albanian students graduated in Albania and abroad, for scientific research on issues related to integration, international monetary and economic developments, price and financial stability, financial literacy etc.

## OTHER

### GOVERNOR SEJKO AT THE PROMOTION OF THE BOOK "TOWARDS A NEW CRISIS" BY A. ANGJELI, A. CIVICI 5 July 2022, Tirana

On 5 July 2022, Governor Sejko was invited at the promotion of the book titled "Towards a new crisis", by A. Angjeli, A. Civici. In his speech held during this ceremony, Governor

Sejko was pleased to hold this book in his hands, the third in the volumes series by two prominent authors, Professor Angjeli and Professor Civici. In this recent publication, the authors shared their opinions, assessments, reflections, questions and suggestions on the successive and multi-faceted crises encountered so far. The book addresses a long list of issues and challenges that are faced by both the global and Albanian economies.

Governor Sejko emphasized that the suggestions provided on the economic and financial policies in the case of Albania are in line with the current orientation of the Albanian authorities. Then, the Governor thanked the authors for their assessment of the monetary policy when they state in their book that: "The prudential monetary policy of the Bank of Albania in implementing a prudent policy of interest rate increase, in addition to safeguarding the stability of foreign currencies exchange rate, is a valuable support in this regard. It restricts the impact of stagflation (of the euro area) on the Albanian economy."







In conclusion, the Governor stated that this book is a must-read, as it opens a window of knowledge to see where we are going, and what will happen to the economy, in Albania and globally, over the coming years.

## GOVERNOR SEJKO RECEIVES THE "APPRECIATION AWARD" GIVEN BY THE FACULTY OF ECONOMICS, BUSINESS AND DEVELOPMENT, EUROPEAN UNIVERSITY OF TIRANA

6 October 2022, Tirana

On 6 October 2022, the Governor of the Bank of Albania, Mr. Gent Sejko, was invited to the European University of Tirana by the Faculty of Economics, Business and Development, in the ceremony of the "Appreciation Award" for the most distinguished figures in the field of economics and finance in Albania. In this ceremony, the faculty awarded Governor Sejko with the "Appreciation Award" for the continuous support of qualitative scientific research and the promotion of young researchers in the field of economics and finance in Albania". The award was presented to the Governor by the Dean, Mr. Elvin Meka.

On this occasion, Governor Sejko held a speech for the attendees. Firstly, he thanked



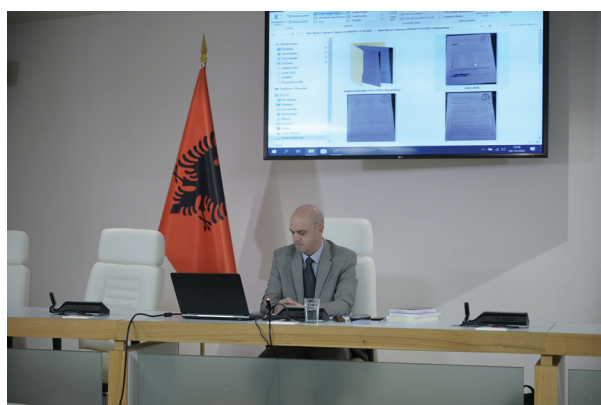
and congratulated all the academic staff and heads of the European University of Tirana, for their work and commitment during almost two decades in regard to the education of the younger generations and preparing them for the labour market. "The education of the youth is very important and serves as a prerequisite for having successful and stable macroeconomic and financial policies, not only in Albania, but everywhere in the world," said the Governor.



# THE MUSEUM OF THE BANK OF ALBANIA ORGANIZES THE CYCLE OF LECTURES "MUSEUM NIGHTS"

October 2022, Tirana

The month of October marked the 84th anniversary of the inauguration of the headquarters of the National Bank of Albania in 1938, and the 7th anniversary of the inauguration of the reconstructed building and the opening of the Museum of the Bank of Albania in 2015. In this regards, during this month, the Museum of the Bank of Albania organised three lectures as part of the cycle "Museum Nights".



On 6 October 2022, PhD. Gjon Boriçi, a researcher at the Institute of History associated to the Academy of Albanological Studies (ASA), Department of Contemporary History, presented the first lecture. The topic of Mr Boriçi's lecture was "The economic relationship between Albania and China, loans granted to Albania from the Asian giant, and the perspective of the relationship." The lecture included transactions related to the economic aid and loans granted to Albania over 24 years (1954-1978), from the People's Republic of China, which, as previously mentioned, were essential to the communist regime in Albania.



On 13 October 2022, the second lecture was presented by Mr Bajram Peçi, a publisher and collector of philatelic and numismatics, currently the editor-in-chief of "Coalitionist" Magazine, a press release of the Association of Albanian Collectors. Mr Peçi presented the topic "Venetian Empire, coins enscripted with "DALMATIA ET ALBANIA" and the medals of the Republic for Skanderbeg."



On 31 October 2022, the third lecture was presented by Mr Artan Lame, a publicist, renowned collector of Albanian and Ottoman numismatics and medals, deputy chair of the Association of Albanian Collectors, researcher of Albanian history, activist of civil society for the protection of the Albanian cultural heritage. Mr Lame's presentation was on the topic of "The Circulation of the ottoman coin in the Albanian territory, from the Tanzimat Reform to the beginning of the 20th century." This topic was preceded by his other lecture held at the "Nights of Museum" in 2017, therefore, this presentation started with a summary of the history of "The monetisation



in Albanian territories during the Ottoman Period,” gradually leading to the monetisation in 1839-1876, during two Tanzimat Reforms.

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## BANK OF ALBANIA AND EUROPEAN CENTRAL BANK AGREE TO EXTEND THE EURO LIQUIDITY LINE TO JANUARY 2024

### December 2022

Under the existing repo line agreement of 2020 and its renewal in 2021, which enables the Bank of Albania with a euro liquidity line amounting to €400 million, the European Central Bank and the Bank of Albania have agreed to extend its maturity until 15 January 2024. Although this collateralized credit line has not been used so far, the Bank of Albania considers that this back-up instrument is supportive to the monetary and financial stability of Albania in view of uncertainties in global economy and financial markets stemming from Russia’s ongoing war in Ukraine.

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## 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 2022, there were five press conferences of

the Governor related to the decision-making, respectively: 6 July, 3 August, 5 October, 2 November, and 21 December.



In these conferences, Governor Sejko communicated to the general public the decision of the Supervisory Council of the Bank of Albania on: increasing the key interest rate, the overnight deposit interest rate, and the overnight loan interest rate. During the period, the key interest rate increased to 2.75% from 1.00%, rising consecutively in July, August, October and November, meanwhile in December it remained unchanged.



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## 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



## SOCIAL ACTIVITIES OF THE BANK OF ALBANIA'S EMPLOYEES

On 15 December 2022, a humanitarian activity was organised at the premises of the Bank of Albania from "SOS" village and "Down Syndrome Albania". In this activity, the employees of the Bank of Albania purchased New Year's postcards designed with children's drawings, as well as Christmas flowers. The funds collected will go to the children living at "SOS" village and toward free therapies for those affected with the Down syndrome.

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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 in the second half of 2022, there were three presentations held off-the-records for the media, which due to the situation created by Covid-19, were held online:

1. Presentation of the Monetary Policy Report 2022/III, on 11 August 2022;
2. Presentation of the Financial Stability Report 2022 H1, on 29 September 2022;
3. Presentation of the Monetary Policy Report 2022/IV, on 10 November 2022.



These meetings are organised in the publication day of the relevant reports on the Bank's website. Their aim is to guide the media in the correct interpretation of the decision-making of the Bank of Albania, and they are an efficient method of communication.

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