Gent Sejko, Governor of the Bank of Albania
Dear Reader,

It is my pleasure to share with you the following edition of our half-yearly magazine “Central Banking: Bank of Albania highlights” for 2021 H1. 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.

The digital transformation that our economy is undergoing is having an ever-increasing impact on payment system developments. The Bank of Albania, pursuant to its legal mandate, guarantees the supply and distribution of currency, as well as the functioning of payment systems. Both challenges - ensuring the supply with cash; and promoting the smooth running of payment systems - go in parallel with each other, given that the alternative methods and instruments of payments fulfil the various needs of our citizens by following the speed and preferences of each one.

Cashless payments are gaining more traction, but this has not put a damper on the importance of cash. Cash is used and valued for various reasons, and not solely due to force of habit or the hesitation to adopt new technologies; banknotes and coins represent the most tangible form of physical money and are at the service of all the Albanian citizens.

The Bank of Albania, having the sole power of issuing currency in the country, is constantly engaged in maintaining the public trust in our currency. In this framework, it enriched its new series of banknotes with another note in the value of 10000 Lekë, which is the highest denomination in this series.

Putting a new banknote into circulation does not represent just a simple change in the number of banknote denominations. A decision taken almost 10 years ago, which reflects the existing demand of the economy for physical cash, brought to life – after a period of hard-working research, efforts and challenges – this banknote. It will enable a better and more efficient circulation of cash, responding to the latest economic developments by supporting the structure of currency in circulation, lowering the cost of production, storage and distribution in order to enhance the efficiency of the Bank of Albania in managing cash distribution and issuance.

Selecting the theme of this banknote was particularly challenging for the Bank of Albania, since it is the highest denomination in circulation. In this light, the Bank of Albania cooperated with various institutions, academics and experts in order to “harvest” the most ripened opinion from the historical and artistic perspective in relation to the themes of the coins and banknotes found in the wallets of each Albanian citizen.

In the view of the professional consultations, the theme of the national anthem and the flag symbol were designated on the 10000 Lekë banknote, giving the highest regard to the main symbols of our national identity. Now, it stands as a worthy representative of our nation, collecting all the efforts of those who contributed and will continue to do so for our future prosperity.

This banknote is in circulation since 30 June 2021, together with the 1000 Lekë denomination. The two new banknotes – like all the new denominations of the series – contain advanced security elements, produced with cutting-edge technology, personalised for each banknote.

We are aware that we must be one step ahead, so we continuously improve the quality of the banknote in circulation in order to protect its integrity. The hitherto experience has shown that it has always been up to par by always bringing the most pertinent and efficient innovations in the field, and offering to each Albanian citizen the security needed for the present and the future.
On 12-14 January 2021, the Governor of the Bank of the Bank of Albania attended the Central and Eastern European Forum (CEE). It is an annual Euromoney event that brings together renowned figures of politics, economy and finance from CEE countries. The proceedings of this forum took place virtually due to Covid-19 pandemic.

Governor Sejko was invited to deliver a speech in the panel on monetary policy, together with other central banks’ governors. The discussions of this panel were greeted by Mr Alfred Kammer, Director of the European Department, International Monetary Fund (IMF). The governors discussed on the crucial role of central banks and their responses to the situation posed by pandemic; the support these institutions have provided to overcome the economic difficulties in the respective countries, throughout this period; as well as, the policy-making strategies to ensure and support the return of economic growth in the years to come.

In his remarks, Governor Sejko discussed on the latest developments in the Albanian economy and the impacts of pandemic. Mr Sejko highlighted that the measures taken throughout this period by the Bank of Albania and the Government focused on cushioning the business, households and the financial system from the negative effects of the crisis. These measures aimed at avoiding this inevitable short-term shock would not turn into a long-term crisis. The contribution of the Bank of Albania and the well-coordinated macroeconomic policies succeeded in this regard. The economic activity is expected to improve during this year, which has just started, after the sharp fall marked in 2020.

Mr Sejko explained more specifically, the measures undertaken by the Bank of Albania in response to the situation created, such are: lowering the policy rate and ramping up liquidity injections; temporary regulatory facilitation of payment deferrals and loan restructuring; freezing the dividend payments in the banking sector; as well as, removing the fees on interbank transactions in the payment systems operated by BoA.
On 18 January 2021, it was held virtually the closing ceremony of the Twinning Project “Enhancing Bank of Albania’s alignment with EU Acquis”. This project was launched on December 2019, and financed with funds allocated by the European Union, in the framework of the IPA 2015 EU funds, following the completion of a previous project. The project was implemented by the Bank of Albania, Banca d’Italia and Deutsche Bundesbank. Meanwhile, certain components were implemented by Banque de France and National Bank of Romania.

The closing ceremony of this project started with the opening addresses by the Governor of the Bank of Albania, Mr Gent Sejko, the EU Ambassador in Tirana, H.E. Luigi Soreca; the Deputy Governor of Banca d’Italia, Mr Daniele Franco; the Ambassador of Italy in Tirana, H.E. Fabrizio Bucci; and the Ambassador of Germany in Tirana, H.E. Peter Zingraf.

In his address, Governor Sejko stated that, notwithstanding the unprecedented situation due to COVID-19 pandemic in the first half of 2020, through adapting to the new way of “remote working”, we managed to complete the project successfully and on time. The Governor provided an overview of the Twinning Project, while emphasising that it involved eight departments at the Bank of Albania, which addressed important issues, pooled into five components, as: banking supervision and financial stability; monetary policy and statistics; internal audit; payment systems; and other central banking functions such as human resources and European integration. Throughout the implementation of the project, 105 missions took place, which involved 73 experts from the EU central banks, and a considerable number of experts from eight departments of the Bank of Albania.

Mr Sejko added that undertaking such projects clearly highlights the mutual engagement of the EU and Albania with regard to deepening integration processes of our country, with the main objective the approximation of the legal, regulatory and operational frameworks to that of the European System of Central Banks.
The Ambassadors appraised the work of the Bank of Albania for preserving and guaranteeing the financial stability of Albania, especially during these difficult times caused by Covid-19 pandemic.

During the meeting, Governor Sejko presented Ambassador Del Monaco with an overview of the financial developments in Albania, focusing on the situation created by COVID-19 pandemic and its effects on the Albanian economy. The Governor stated that due to the safety measures implemented to contain the spread of pandemic, during 2020, the Albanian economy recorded a fall, but thanks to the contribution of the Bank of Albania and the well-coordinated macroeconomic policies, the economic activity is expected to gradually recover during 2021. Related to the situation of the banking system in Albania, Governor Sejko highlighted that this system is well-capitalized, solid and with good liquidity and financial soundness indicators. This sector has continued its normal activity, with no interruptions, and remains ready to provide the
Ambassador Del Monaco commended the work of the Bank of Albania for implementing the economic, structural and sectorial reforms and appraised the significant contribution that Bank of Albania provides to the EU integration process of the country, through the approximation of the regulatory framework and work practices with the directives and standards of the European Union.

In his speech, Governor Sejko stated that the Covid-19 pandemic caused an unprecedented negative shock, which required an out-of-the-ordinary response from the monetary and financial authorities around the globe. Faced with this blow, central banks have stepped out of the traditional frames, by adopting an expansionary monetary policy based on the expansion of central bank’s balance sheet.

The Bank of Albania deems that the pandemic has caused a considerable blow on the economic activity, employment and investments, putting enterprises and households under great strain to fulfill financial needs and obligations. In comparison with central banks of advanced countries, the Bank of Albania has not applied unconventional monetary policy measures in order to expand its balance sheet, since the monetary policy has had the adequate space for the monetary expansion through the cut of the interest rate in its own conventional form; the structure of

GOVERNOR SEJKO ATTENDS THE SCIENTIFIC CONFERENCE ON:
“PANDEMIC AND RECOVERY – THE COPING STRATEGIES AND EXPECTATIONS”
09 February 2021, Tirana

On 9 February 2021, the Governor of the Bank of Albania, Gent Sejko, attended the Scientific Conference on “Pandemic and recovery – the coping strategies and expectations”, organised by the Assembly and the Academy of Sciences of Albania.
capital market in Albania is quite limited and debt and mortgage-backed securities of the private sector are almost non-existent.

GOVERNOR SEJKO WITH THE IMF MISSION IN ALBANIA
10 March 2021, online event

On 9 March 2021, the Governor of the Bank of Albania, Mr Gent Sejko and other representatives from the Bank of Albania had virtually the concluding meeting with the International Monetary Fund (IMF) Mission team, led by Ms Yan Sun, Mission Chief for Albania, in the framework of the post-program monitoring.

Discussions in the meeting focused on the progress of the Albanian economy, the views on macro-economic perspectives, financial system developments and banking system issues, the impact of the pandemic on economic progress, and the response of regulatory authorities in this regard, as well as expectations for the economic recovery in the future.

Governor Sejko stated that although the Albanian economy was strongly affected by the pandemic in the first half of 2020 and the unfavourable external environment, the economic activity in Albania has shown recovery trends in the second half of year. The Governor emphasized that the banking system in the country is well-capitalized, solid, liquid and financially sound.

In addition, Mr Sejko stated that in response to the crises created by the pandemic and to alleviate its negative effects, all public actors in the country have taken coordinated economic measures, in fiscal, monetary and macro-prudential terms. The fiscal stimulus transmitted throughout 2020 and the stimulating monetary and fiscal policies implemented by the Bank
of Albania have underpinned the economic recovery. The Bank of Albania undertook immediate measures: lowering the policy rate and ramping up liquidity injections; temporary regulatory facilitation of payment deferrals and loan restructuring; freezing the dividend payments in the banking sector; as well as, forfeiting the fees on interbank transactions fees in the payment systems operated by the Bank of Albania.

The International Monetary Fund representatives assess that the monetary policy stance has been and remains adequate, providing the necessary stimuli to the economic growth. Also, the contribution given by the Albanian authorities in the economy to manage the pandemic shock, especially through the harmonisation of the fiscal and monetary policies, has helped in preserving the macroeconomic stability in Albania and establishing the conditions for the economic recovery restarting.

THE GLOBAL MONEY WEEK
23 March 2021, online event

On 23 March 2021, it was organised the opening ceremony of Global Money Week 2021, where students participating in competitions of this event were awarded with prizes. For more than one decade, the Bank of Albania has been engaged in this world-wide movement, in organising educational and awareness activities dedicated to children, young people and students. The opening event of the Global Money Week 2021 was saluted by the Governor of the Bank of Albania, Mr Gent Sejko, Minister of Education, Youth and Sports, Ms. Evis Kushi and the Chairman of the Albanian Association of Banks, Mr Silvio Pedrazzi.

In his speech, Governor Sejko highlighted that through these educational activities, we aim at approaching the young generation to the complicated world of finance and banking; to introduce and pass through knowledge on possibilities; the risks that both financial and banking products have; as well as introduce the young public to the necessary information on borrowing and savings.

In her speech, the Minister of Education, Youth and Sports, Ms Evis Kushi, thanked the Bank of Albania and the Albanian Association of Banks for organising this meaningful activity, a campaign that encourages children and students to acquire more knowledge on money
in order to become more responsible citizens and more skilled in the field of finance.

In this context, there were four competitions organised this year under the theme “Take care of yourself, take care of your money”. The first competition was for “The best drawing” for 5th graders; the second was “The best meme” for 7th and 8th graders, the third competition was “The best video” for secondary schools; while the fourth competition was the best Facebook post on the “Covid-19 impact on the economy and the taking care of personal finances during the pandemic”, designated for university students of the Economics and Banking Finance degree.
Also, in the framework of the Global Money Week 2021, on 25 March, the European Money Quiz was organised for the third time to improve the financial literacy of youngsters aged 13-15 (grade 9), despite the school subjects which they follow.

GOVERNOR SEJKO RECEIVES THE AMBASSADOR OF JAPAN IN TIRANA
26 march 2021, Tirana

On 26 March 2021, the Governor of the Bank of Albania, Mr Gent Sejko, had the first official meeting with the new Ambassador of Japan in Tirana, H.E. Mr. TAKADA Mitsuyuki.

During the meeting, Governor Sejko extended his appreciations to H.E. Ambassador TAKADA Mitsuyuki, for the exceptional relationship between our two countries. They discussed about the potential perspectives of economic cooperation in the future in areas as: trade exchanges, information technology developments, infrastructure, etc.

The discussion focused on the situation created by the Covid-19 pandemic and its effects, not solely on the economies of both countries, also at a global scale. The Governor stated that due to the preventative measures applied to contain the spread of the pandemic, the Albanian economy recorded a fall in 2020, but thanks to the contribution of the Bank of Albania and the well-coordinated macro-economic policies, the economic activity during 2021 is expected to recover.

The Ambassador of Japan in Tirana, H.E. Mr TAKADA Mitsuyuki, commended the work of the Bank of Albania for safeguarding and guaranteeing the financial system in Albania, particularly in these difficult times with extreme measures and various uncertainties. He emphasized that the measures taken by the Bank of Albania have aimed at cushioning the negative effects and have established the premises for a rapid recovery of the economy in the following period.
On 2-12 April 2021, Mr Gent Sejko, Governor of the Bank of Albania, attended online the Spring Meetings of the International Monetary Fund (IMF) and the World Bank Group (WBG). Each year, the Spring Meetings bring together central bank governors, ministers of finance of member states and senior officials of international financial institutions.

In the meetings organised by the IMF and WBG, Albania was represented by a joint delegation of the Bank of Albania - represented by Governor of the Bank of Albania, Mr Gent Sejko, the First Deputy Governor, Luljeta Minxhozi and other BoA senior officials; the Ministry of Finance and Economy - represented by the Minister of Finance and Economy, Ms Anila Denaj, Deputy Ministers, Ms Adela Xhemali and Ms Vasilika Vjero and other MoFE officials.

During the IMF-WBG Spring Meetings, Governor Sejko had several important meetings with prominent personalities of international finance. Amongst others, from the IMF: Mr Alfred Kammer, Managing Director of the IMF for Europe; Mr Domenico Fanizza, Executive Director for Albania; Ms Yan Sun, head of the IMF mission in Albania; and representatives of the Monetary and Capital Markets Department. From the World Bank Group, Governor Sejko met with: Ms Anna Bjerde, Vice President for Europe and Central Asia and Mr Matteo Bugamelli, Executive Director for Albania. In the framework of these Meetings, Governor Sejko also participated in the plenary session of the IMF’s International Monetary and Financial Committee and the meeting of minister of finances and central bank governors of Central, Eastern and South Eastern Europe (CESEE). The main topic of discussion was the impact of the pandemic on the progress of the Albanian economy, developments on the financial and banking system, as well as expectations related to economic indicators in the future.
The IMF and WBG representatives assessed that the stance of monetary policy has been adequate, providing the necessary stimuli to encourage economic growth. Also the contribution of the Albanian authorities in managing the pandemic shock on the economy, in particular through the harmonisation of both the fiscal and monetary policy, has preserved the macroeconomic stability in Albania and has created the conditions to restart the economic recovery.

Furthermore, the joint delegation of Albania commended in particular the Rapid Financial Instrument, as a valuable opportunity offered to Albania at the right time, in order to address the various needs that could arise in this situation. This instrument underpinned the fiscal stimulus, accommodated its impact on the domestic financial markets and signalled the ability of Albania to access alternative financial sources.

**GOVERNOR SEJKO MEETS THE AMBASSADOR OF UKRAINE**  
15 April 2021, Tirana

On 15 April 2021, the Governor of the Bank of Albania, Mr Gent Sejko met with the first Ambassador of Ukraine resident in Tirana, H.E. Mr. Volodymyr Shkurov. During the meeting, Governor Sejko presented Ambassador Shkurov with an overview of the financial developments in Albania, focusing on the situation created by the COVID-19 pandemic and its effects on the Albanian economy.

Governor Sejko presented Ambassador Shkurov with the measures taken by the Bank of Albania in response to this situation, like: the cut of policy rate at a new historical low of 0.5%; supply with liquidity to the banking system, by removing the quantitative limits; forfeiting any charges on using electronic
payment systems; uninterrupted supply with cash to economy; a two-quarter moratorium on credit repayments to enterprises and households facing financial difficulties; as well as other regulatory amendments.

In addition, the Governor emphasised that the Bank of Albania carries out regular analyses of the situation and remains ready to use all the necessary legal and regulatory instruments which are available, in cooperation with all authorities in Albania, with the aim at overcoming this situation and establishing the premises for a rapid recovery of the economy and for safeguarding macroeconomic parameters, price and financial stability in Albania.

The Ambassador of Ukraine, H.E. Mr. Volodymyr Shkurov commended the role that the Bank of Albania and the banking system have played and the support they have provided for overcoming the situation and minimising the negative effects on the economy. Ambassador Shkurov and Governor Sejko concurred on their willingness to advance the collaboration between the Bank of Albania and the National Bank of Ukraine, mainly in the field of the financial system.

GOVERNOR SEJKO PRESENTS BOA’S ANNUAL REPORT 2020
20 April and 27 May 2021

On 20 April 2021, the Governor of the Bank of Albania, Mr Gent Sejko, through an on-line communication, presented the Annual Report of the Bank of Albania for 2020 to the Parliamentary Committee on Economy and Finance. While, on 27 May, the Governor presented this reports to the MPs in the Parliament of Albania. Reporting to the
Parliament is a legal obligation through which is fulfilled the institution’s accountability and transparency process on its work and results during the year.

The Governor highlighted that COVID-19 pandemic has been the most serious economic challenge that we have faced in the last two decades. In these circumstances, it was necessary for the public authorities to intervene with stimulating extraordinary measures, not just to mitigate the immediate negative effects of the crises, but to also curb its long-term impact on the economy.

The Governor said that in coordination with the fiscal stimulus, the Bank of Albania implemented a complete set of monetary, macro-prudential and operational measures, which aimed at maintaining liquidity in the financial markets, reducing the cost of borrowing, continuous lending and maintaining the uninterrupted flow of financial services. Consequently, the impact of the crises on the economy was lower than expected, providing evidence to the positive effects of the measures undertaken by public authorities, as well as the flexibility and resilience of our economic and financial system.

Meanwhile, the Bank of Albania has also paid constant attention to other areas of its activity, which have directly contributed to financial market developments and the economic life of Albania.

GOVERNOR SEJKO ATTENDS THE CONFERENCE ON “NEW NORMAL: CHALLENGES AND OPPORTUNITIES” AT THE EUROPEAN UNIVERSITY OF TIRANA
30 April 2021, Tirana

On 29 April 2021, the Governor of the Bank of Albania, Mr Gent Sejko, attended the Conference on “New normal: Challenges & opportunities”, organised by the European University of Tirana. Professors, academics and students attended this Conference. In his address, Governor Sejko thanked the European University of Tirana for the selection of an utmost importance topic, and presented the opinion of the Bank of Albania on this
The Governor, at the beginning, provided a brief summary about the impact of the pandemic on the Albanian economy and the measures taken to minimise its effects; then, he focused on the academic discussion about the “New normal”; and concluding, the Governor highlighted the role that has the institutional flexibility and strength to change, as an instrument for accommodating the new paradigms and adopting the best practices in policy making.

With a view to institutional flexibility for the adoption to the “New normal”, Governor Sejko underscored that the Bank of Albania has shown itself an institution able to be adapted and change to keep up with the times. In addition, to adopt the best international experiences resistant to time, the gradual and thoughtful evolution has always been crucial. These features of development provide the adequate guarantees for countering the challenges of the “New normal”.

INTERVIEW OF GOVERNOR SEJKO FOR SCAN TV
19 May 2021, Tirana

In an interview for Scan TV, Governor Sekjo spoke on the main economic and financial developments in Albania. The Governor highlighted that in contrast with the previous year, the Albanian economy and finance are recovering after the pandemic shock, promising a positive growth of up to 5.3%. “The current year has started with positive indicators regarding consumption, exports and credit growth. Financial markets are stable and the exchange rate is sustainable. As a result, economic growth expectations are more optimistic” – he said.

GOVERNOR SEJKO MEETS THE WORLD BANK DELEGATION
3 June 2021, Tirana

On 3 June 2021, the Governor of the Bank of Albania, Mr Gent Sejko, met with a delegation from the World Bank (WB). The purpose of this meeting was to introduce Mr Emanuel Salinas, the new Chief Resident Representative of the WB in Albania.

At the beginning of the meeting, Governor Sejko thanked Ms Salim for her precious
contribution during these years and for several specific initiatives undertaken in the areas of reformation programme and policies. Governor Sejko expressed special gratitude also to the World Bank for providing technical assistance to the Bank of Albania, particularly in the areas of banking supervision, payment systems and resolution. During the meeting, the Governor presented an overview of the economic developments in Albania, focusing on the impact of the pandemic on the economic performance, developments in the financial and banking sector, as well as expectations on future economic indicators.

The representatives of the World Bank assessed positively the policy implemented by the Bank of Albania, in response to the situation created by the COVID-19 pandemic, and its contribution to reducing non-performing loans, improving the credit environment, the supervisory and regulatory framework, and its alignment with the best international standards. In this regard, they particularly assessed the Bank of Albania’s policy on safeguarding the financial stability and banks’ soundness, despite the challenges and difficulties faced by Albania during the pandemic situation and even earlier. In addition, the delegation commended Governor Sejko regarding the stated commitment throughout the implementation of joint projects, which have come to fruition.

**INTERVIEW WITH GOVERNOR SEJKO FOR “MONITOR” MAGAZINE**

**7 June 2021, Tirana**

In an interview for Monitor Magazine, Governor Sejko declares that Albania has successfully passed the pandemic test, showing admirable stability and flexibility in front of the COVID-19 crises. However, the Governor added that the pandemic continues to remain...
a threat for the economic development in the near future and the economy has not fully recovered to the pre-pandemic period.

The challenges faced by the institutions occupied with the drafting and implementations of economic policies are twofold. “...in the short horizon we must ensure the sustainability of economic growth and the full recovery after the pandemic shock; meanwhile, over the longer-term span, the Albanian economy would benefit from the acceleration of structural reforms, in the direction of increasing the speed and sustainability of economic growth” – said the Governor.

He later remarked that the banking system presented good resilience when faced with the crises, affected also by the regulatory measures. In March 2021, the regulatory easing measures of the Bank of Albania for credit restructuring ended, and its normal addressing is re-established. Next months will show the performance of credit quality. Meanwhile, the Bank of Albania maintains the restrictions on the distribution of banks’ profit as an additional instrument to safeguard the capital position and absorb the eventual additional costs related to credit risk.

GOVERNOR SEJKO WELCOMES THE AGREEMENT BETWEEN THE EBRD AND ADIA
11 June 2021, Tirana

The European Bank for Reconstruction and Development (EBRD) will provide a EUR 100 million stand-by credit line to the Albanian Deposit Insurance Agency (ADIA), to strengthening the stability of the banking sector in Albania and boosting customers’ confidence. The credit line, fully guaranteed by the Government of Albania, will provide back-up liquidity to tackle potential consequences of the Covid-19 pandemic on the economy. The funds will be available - if necessary- to compensate insured depositors, reassuring commercial and private bank clients.

The Governor of the Bank of Albania, Mr Gent Sejko, welcomes this agreement signed between the EBRD and ADIA, as it strengthens the Albanian financial sector in the context of the Covid-19 pandemic situation. The Governor said that the Albanian banking system is liquid and well-capitalised. The enhancement of insurance schemes capacities is a value added in this regard, by increasing the level of depositors’ protection. Mr Sejko underlined that this credit line is an additional security mechanism to the Albanian financial system.

GOVERNOR SEJKO: CLOSING MEETING WITH THE IMF MISSION IN ALBANIA
14 June 2021, online event

On 11 June 2021, the Governor of the Bank of Albania, Mr Gent Sejko, and other representatives of the Bank of Albania had a virtual meeting with the International Monetary Fund (IMF) Mission team, led by Ms Yan Sun, Mission Chief for Albania, in the framework of the IMF concluding staff visit conducted remotely with Albania. The issues discussed during this meeting were: the performance of the Albanian economy; developments in the financial system; impact of the pandemic on the economic growth; and expectations about the economic recovery in the next period.
Governor Sejko stated that despite the Albanian economy still continues to suffer the consequences of the COVID-19 pandemic, and its impact on consumption, investments and public debt, the main economic indicators have already turned improving. Mr Sejko explained that the monetary conditions continue to remain accommodative in financial markets. They operate smoothly; the exchange rate appears stable; while banking sector has continued to lending households and enterprises. These developments reflect both the soundness of the banking sector’s balance sheets and its right reaction to this shock.

The International Monetary Fund assesses that the Bank of Albania’s accommodative monetary policy remains appropriate, for boosting consumption and investments, which in turn will further contribute to the increase of employment and wages, in line with the inflation target determined by the bank.

Then, the Governor and the IMF representatives discussed on the priorities of the economic policies. The interlocutors concurred that monetary and fiscal policies should continue to remain simulating throughout this year, with a view to providing the required support to the economic growth. Fostering the sustainable economic rebound should be accompanied by a higher attention towards the economic and financial stability of Albania, by simultaneously expanding the reaction spaces of policies in face of possible challenges in the future.
On 15 June 2021, the Bank of Albania launched the two next denominations of the new Albanian banknote series, in a ceremony organised for this occasion. The printing and putting into circulation for the first time of the new banknote with the largest value, 10000 lek, represents in itself, the adoption of the banknotes’ structure to the evolution of the structure of prices and wages, the development of the electronic payments, and of the other indicators related to the management of currency.

The presentation and putting into circulation of this note will enable a better and more efficient circulation of cash, by helping the structure of the currency in circulation; reducing the costs of production, storage and distribution; thus enhancing the efficiency of the Bank of Albania in cash management and issuance.

The theme of the 10000 lek banknote are the symbol of flag and national anthem - the main symbols of our national identity - accompanied with the portrait of the
On 16 June 2021, the National Agency of the Diaspora and the Bank of Albania jointly organised the activity “International Day of Family Remittances”, under the auspices of the Minister of State for Diaspora. The First Deputy Governor of the Bank of Albania, Ms Luljeta Minxhozi, addressed to the first panel of the activity on: “Remittances, their impact on the economic and social development of the country”.

Ms Minxhozi stated that remittances account for more than 10% of GDP of Albania. Hence, detailed analyses of their impact on economic life are crucial. In her speech, she provided an analysis of remittances performance over 2020. In more concrete terms, in the first half of 2020, when shock from the pandemic was stronger, remittances fell considerably. However, in the second half of 2020 they jumped rapidly, 9.2%, in annual terms. Also, this increase has continued in 2021 Q1 (the annual growth stood at 10.6%). This fact shows that migrants have increased the amounts of money sent back home to help their families.

distinguished poet of the Albanian National Renaissance, at the same time, author the he “National Anthem”, Aleksandër Stavre Drenova -commonly known by the pen name “Asdreni”. The 1000 lek banknote, part of the new series, has a refreshed design, but it retains the same motives presented in the existing one, embedding changes related to the whole configuration of all added and improved elements.

From 30 June 2021, the banknotes of the new series 1000 lek and 10000 lek will be legal tender in the Republic of Albania and, like all the other denominations of the new series, contain advanced security featured, produced with cutting-edge technologies for banknote printing and personalised by denomination.
which encounter economic difficulties due to the crisis caused by the pandemic.

First Deputy Governor Minxhozi explained that based on the studies and surveys of the Bank of Albania, remittances sent to Albanian families are an important financial source, with a relatively considerable percentage in their monthly income. Nevertheless, the financial inclusion level of households receiving remittances is lower. The shift towards digital transformations and payment system may be one of the deepest and most positive effects for the economic benefit of remittances which will stay with us beyond the pandemic duration. In this regard, she introduced the positive effects arising from the approval of the Law “On payments services” as a whole, and in the field of remittances as well.

Last, the First Deputy Governor pointed out that the expansion of both physical and virtual presence of service providers through promoting the bank which operates with agents, and the digitalisation of services by breaking the geographical barriers, supported also by a prudential framework on consumer protection, will considerably affect the increase of services’ efficiency provided in the of remittance market.

GOVERNOR SEJKO MEETS THE YOUNG PROFESSIONALS OF THE LEAD ALBANIA PROGRAM 2021
23 June 2021, Tirana

On 23 June 2021, the Governor of the Bank of Albania, Mr Gent Sejko, meets with the participants of the LEAD Albania Program 2021* organised by the Albanian-American Development Foundation. The purpose of this program is to provide gifted young Albanian professionals with firsthand experience in the process of governing Albania. Their experience is supported by an educational component whereby participants in the Program are presented with an opportunity to meet high ranking officials of the public and private sector, diplomats etc.

In this meeting, Governor Sejko presented the mission, objectives, vision, values, role and importance of the Bank of Albania as a central bank. He emphasized that the vision of the Bank of Albania is good governance through strengthening independence, enhancing accountability and transparency, with a view to fostering public confidence in the institution.

In addition, the Governor said that as one of the most important institutions in Albania, the
Bank of Albania offers unique opportunities for the professional development of its employees in various aspects of the daily activity, by building their technical capacities, improving the quality of work, as well as perfecting team work. For students and recent graduates the Bank offers internships in specific educational programmes or participation in its special projects.

*The LEAD Albania Program (Leadership Experience and Development) is an initiative of the Albanian-American Development Foundation (AADF). Its purpose is to provide gifted young Albanian professionals with first-hand experience in the process of governing Albania.

BANK OF ALBANIA MEETS AND DISCUSSES WITH THE ALBANIAN ASSOCIATION OF BANKS
29 June 2021, Tirana

On 29 June 2021, the Bank of Albania (BoA) and the Supervisory Board of the Albanian Association of Banks (AAB) had a discussion meeting at the premises of the Bank of Albania. The meeting was organised upon the initiative and was chaired by the Governor of the Bank of Albania, Mr Gent Sejko. The main purpose of this meeting was the intensification of the dialogue and collaboration between the Bank of Albania, the Albanian Association of Banks and commercial banks that conduct their activity in Albania, on issues related in particular to developments in the financial and banking system during the situation created by the COVID-19 pandemic.

The Governor commended the banking system for the appropriate response against the pandemic shock, which continued its activity of financing enterprises and households without any interruption. He emphasised that during the pandemic, banks have shown maximum commitment and goodwill to contribute in creating facilities related to the measures undertaken by the Bank of Albania and the Albanian Government, and they have played an active role in overcoming the situation completely.

They also discussed about increasing joint efforts and institutional cooperation, in the framework of boosting credit to the economy, by identifying potential investments with a view to recover economic activity and
enhance banks’ contribution in Albania. Then, the meeting was focused on the continuous initiative undertaken by the Bank of Albania to further develop the financial market and increase transparency to protect public interests, by improving the regulatory framework of the banking industry, which focuses on lending and transparency of products and services provided by the banking and financial system. The ongoing bilateral consultation has always been positive and oriented toward enhancing best practices.

In conclusion, the Albanian Association of Banks thanked the Bank of Albania on this positive and productive meeting, by particularly welcoming the support provided to the banking system during this challenging period.

OTHERS

BANK OF ALBANIA RANKS FIRST ON ITS TRANSPARENCY AND PUBLIC COMMUNICATION AMONG CENTRAL EASTERN AND SOUTH-EASTERN EUROPEAN COUNTRIES

The National Bank of Austria published the “Focus on the European Economic Integration” report for the second quarter of 2021, which contains economic analysis and viewpoints, as well as analytical studies on macroeconomics and issues of the Central, Eastern and South-eastern Europe (CESEE). One of the special elements studied in this report is the central banks’ transparency and communication with the public for the period 1997-2019.

The Bank of Albania ranked first among all the banks of Central, Eastern and South-eastern countries, for very active public communication. The findings of this study show that the frequency of communication and the number of speeches are not correlated with the size of the economy of the country or its population. The Bank of Albania was assessed as being quite active compared with its counterparts, despite the small size of the population.

While studying the CESEE region, the data show that the Bank of Albania communicates more frequently with the public, while other central banks from the region fall relatively behind.
**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 2021 H1, three press conferences of the Governor were held on this decision-making, respectively on: 3 February, 24 March, and 5 May. In these conferences, Governor Sejko communicates to the general public the decision of the Supervisory Council of the Bank of Albania on maintaining unchanged the key interest rate at 0.5%, the overnight deposit interest rate at 0.1%, and overnight loan interest rate at 0.9%.

Governor Sejko said that “...the Supervisory Council judges that monetary policy stance will continue to remain accommodative throughout the medium-term horizon. Any timely normalisation of monetary policy will be cautious, by neither compromising the stability of economic recovery and nor damaging the prospects for inflation return to target.”

**THE PRESENTATION OF THE 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 2021, during the second half of this year, three presentations were held for the media, respectively:

- the presentation of the Monetary Policy Report/I 2021, dated 11 February 2021 (online);
- the presentation of the Monetary Policy Report/II 2021, dated 12 May 2021 (online);

**ALREG STARTS OPERATING IN THE ALBANIAN INTERBANK PAYMENT SYSTEM - AIPS**

On 1st March 2021, the operator of securities settlement system, ALREG, started to operate through membership in the Albanian Interbank Payment System-AIPS. ALREG sh.a. is jointly licensed by the Bank of Albania, as an operator of the system for the settlement of securities, and by the Albanian Financial Supervisory Authority (AFSA), as a registrar, thus complying with the legal requirements required for being considered a Central Depositor of Securities, pursuant to the stipulations laid down in the applicable legislation.

ALREG, in addition to the Albanian Financial Instrument Settlement and Registration system- AFiSar, operated by the Bank of Albania for the registration and settlement of Government securities, is the first private entity of this type being granted the licence and which starts operating in the Albanian market.