



REPUBLIC OF ALBANIA
BANK OF ALBANIA

PROGRAMME
OF SIXTH MEETING OF NATIONAL PAYMENT SYSTEM COMMITTEE (NPSC)

Virtually held via WEBEX

Thursday, December 17th 2020, from 13:00 till 16:30

On December 17, the sixth meeting of the National Payment System Committee (NPSC) took place. Due to the constraints imposed by the COVID-19 pandemic this meeting took place virtually on the Webex platform. The meeting was chaired by the Chair of this Committee, **Mrs. Luljeta Minxhozi, First Deputy Governor of the Bank of Albania.**

The meeting was attended by members of the National Payment System Committee, as representatives from various Departments of the Bank of Albania, the Secretary General of the Albanian Banking Association and the Chairman of the Payments Committee at this association, representatives from the Prime Minister's office, Ministry of Finance and Economy, Ministry of Interior, Financial Supervision Authority, National Agency for Information Society (NAIS), representatives of non-bank financial institutions and representatives of operators of national payment schemes. Representatives from all banks of the system were also present at the meeting.

In order to fulfill the catalytic role of the Committee, as well as the commitment to expand institutional capacity in the framework of fulfilling the National Retail Payment Strategy, a number of important actors were also invited to the meeting to support the topics developed during the meeting, where we can mention the World Bank and the companies SWIFT, TIETO and CBI S.c.p.a.

The meeting was opened by the Chair of NPSC. In her introductory speech, Ms. Minxhozi thanked the member institutions for their continuous efforts and achievements, as well as the guests at the meeting, who with their presentations would help achieve the objectives of the NPSC. In addition, Ms. Minxhozi made a summary of the achievements so far and stressed the importance of the National Retail Payment Strategy, both at the national level and in the framework of Albania's European integration. The Chair also focused on the need to implement in practice the law "On Payment Services", as one of the main measures and achievements of the strategy. She also noted the need to create and improve infrastructures such as Instant Payment and card processing in-house, as well as promoting financial education as an important mechanism for achieving the objectives of increasing the financial inclusion of the population and expanding the use of electronic payment instruments.

First session: The current realization of the plan of measures envisaged in the National Retail Payment Strategy and needs to review some of the terms and objectives.

In order to continue to meet the common objectives of the participating institutions established through the approval of the National Retail Payment Strategy (2018-2023) the first section of the sixth meeting

began with a presentation by **Ms. Ledia Bregu, Director of the Department of Payment Systems, Accounting and Finance at the Bank of Albania** on the achievements so far, the following priorities and the need to review some deadlines for the measures envisaged in order to create deadlines that enable their implementation. These deadline reviews aim not only to accommodate the time needs for achieving the objectives, but also to increase the transparency and accountability of the NPSC. It is worth mentioning that, from the presentation of Ms. Bregu, it was evidenced that a considerable part of the measures foreseen in the action plan of the strategy have been implemented. However, in the remaining period the need to continue and coordinate efforts remains quite important.

In continuation, and as one of the most important initiatives of this strategy was discussed the implementation of law 55/2020, dated 30.04.2020 "On payment services". In this regard, a presentation was held by **Mr. Deniz Deralla, Director of the Supervision Department at the Bank of Albania** regarding the drafting of bylaws and necessary measures to be taken by the institutions subject to this law, during the transitional period of implementation of the law and bylaws in implementation. In this regard Mr. Derralla devoted special attention in explaining the transitional provisions of Law 55/2020 "On the payment service" and combining with the action plan for the drafting of bylaws.

Following the section, in fulfillment of the catalytic role that NPSC has in the field of payments, introduced the participants with a series of practices and services which will support the implementation of the law in practice.

Invited for this purpose were the representatives of CBI S.c.p.a who presented to the participants the Italian market experience on the development of Open banking and Application Programming Interface (API) in implementation of the obligations arising from Banks for compliance with the Law on Payment Services. More specifically, **Ms. Liliana Fratini Passi, Executive Director of CBI S.c.p.a** stressed the importance of creating centralized infrastructure for this purpose as a result of reducing costs and maximizing effects. Following was a presentation by **Mr. Edgars Bremze representative of TIETO**, who explained their company's experience in various markets on the development of centralized APIs. This section ended with the presentation of **Mr. Eric Weinberger, SWIFT** representative who explained to market players the services provided by this company, which is widely used by the Albanian banking market, regarding the communication needs of banks and non-banks regarding the *Open banking* and *Application programming interface (API)*.

Second Session: E- commerce a priority for the digitalization and formalization of the Albanian economy

In the second section of the meeting, attention was paid to the initiative for the development of e-commerce in Albania, where the order of the Prime Minister established a working group "For drafting the action plan for promoting e-commerce" which is run by the Ministry of Finance and Economy, at the same time a member of NPSC. From the point of view of making payments in e-commerce, the measures envisaged in the action plan in question are closely related to the National Retail Payment Strategy and consequently institutional cooperation and interaction will significantly support the achievement of common objectives. In this context, there was a presentation by Ms. Arjana Dyrmishi, regarding the objectives of the Working Group and their relation to the objectives of the National Retail Payment Strategy of the NPSC. In support of these joint initiatives, a presentation was held by **Mr. Holti Bank and Mr. Hemant Baijal, representatives of the World Bank** regarding Instant payments as one of the necessary infrastructure developments and foreseen in the action plans of the NPSC and the Working Group for the development of e-commerce. In this regard, the World Bank representatives explained developments in the international arena and analyzed the possibilities of implementing this project in Albania, presenting the benefits and problems of four different approaches.

The session continued with a presentation by **Mr. Thomas Ramadan, SWIFT representative** explaining the elements needed to create efficient Instant Payment infrastructures. Also, Mr. Ramadan presented the experience and services provided by the company in relation to these real-time payment services.

Pursuant to discussions on payment card costs, which are estimated to affect the widespread use of e-commerce **Ms. Eneida Thomaj, Executive Director of PAYLINK** gave a presentation on the profitability that the Albanian market can have from the existence of an infrastructure which processes card payments within the country (National SWITCH).

Third Session: Financial Education - Coordinating efforts and drafting a national strategy

Following the meeting, as in the previous meeting, attention was paid to financial education as a very important and necessary mechanism to maximize the effects of measures taken in the framework of innovation and promotion of digital financial instruments. In this regard, **Mr. Altin Tanku, Director of the Research Department of the Bank of Albania** presented the necessary measures and elements to be taken in the framework of creating a national strategy for financial education. The session continued with the presentation of **Mr. Niko Kotonika, Director of Capital Markets and Investment Funds Supervision at the Financial Supervision Authority (FSA)**. In his presentation Mr. Kotonika explained the initiatives of FSA in the promotion of innovation with the main focus on the law "On Financial Markets Based on Distributed Registry Technology" and the need to promote financial education of the public in this regard. The session ended with the presentation of **Mr. Spiro Brumbulli, Secretary General of the Albanian Banking Association (ABA)** regarding the initiatives of the Association for Financial Education. In his presentation Mr. Brumbulli gave a long-term perspective of the initiatives taken by the ABA in this regard focusing mostly on the recently undertaken campaign to promote the use of cards as a means of payment. Mr. Brumbulli stressed that the analysis made by the Association has shown that the general public uses the cards in order to withdraw physical money and in many cases are not aware that they can make online payments even with debit cards.

Fourth Session: Operationalization of the participation of non-bank financial institutions in the AECH system

This session of the meeting focused on the measures taken by the Bank of Albania in relation to "*Operationalization of the participation of non-bank financial institutions in the AECH system*" a measure which is estimated to significantly support the interaction of market actors and in some way create the necessary conditions to minimize the interdependence of non-bank financial institutions for their membership in payment systems. This presentation was held by **Mrs. Marsida Ganaj (Jubica) representative of the Department of Payment Systems Accounting and Finance**. In her presentation Mrs. Ganaj (Jubica) explained the regulatory and technical requirements required for membership in the system.

Regarding this issue, beyond the presentation held by the Bank of Albania, a presentation was held by **Mrs. Judit Baracs SWIFT representative** on the services provided by the company in relation to this category of participants, as the membership of non-bank financial institutions is enabled only by using the SWIFT infrastructure for the communication of participants with the system.

Fifth Session: Measures taken during the pandemic

In the last session of the meeting **Ms. Valentina Semi, representative of the Department of Payment Systems Accounting and Finance**, presented the measures taken to address the movement restriction within the Covid-19 pandemic during 2020 and which indirectly supported the promotion and the use of electronic payments in the Albanian economy, such as the review of commissions borne by customers and banks, the differentiation of electronically initiated and paper payments, the recommendations of the Bank of Albania to banks to facilitate the use of electronic payment instruments and the activation of the necessary elements for the use of debit cards for online purchases, and above all, the monitoring by the Banks of the failure rate of card transactions and taking measures to reduce them. In this session, beyond the presentation on the measures taken by the Bank of Albania, special attention was paid to the developments undertaken by the NAIS during this period and the problems encountered. Presentation of **Mrs. Nevila Repishti, Director of the Government Portal e-Albania** informed the participants about the measures taken in order to digitalize government services with a focus on payments, as well as the needs

for further cooperation with banks. It's worth mentioning that the measures taken so far have contributed to the significant increase of payment flows made through e-Albania, where during 2020 they have reflected an increase of 36% compared to a year ago.

At the end of the meeting, based on the discussions of the meeting, the Chair of the Committee recommended the establishment of several working groups, in order to take concrete measures on the issues raised in the meetings, regarding financial education and card payments in the Albanian market, both from the point of view of reducing the costs borne by merchants as well as in relation to their processing.

Decisions of the sixth meeting of the National Committee of the Payment System

The revision of the deadlines of the action plans still in process or not initiated by the Strategy of National Small Value Payments was approved.

Recommendations of the sixth meeting of the National Payment System Committee

1. Establishment of an inter-institutional working group in order to support the work for drafting acts bylaws pursuant to Law 55/2020 "On Payment Services" which includes banks, non-banks, NAIS and other interested actors.
2. Continuance of work for the creation of a Task Force with a comprehensive composition for the design of a National Strategy for Financial Education.
3. Continuance of work for the analysis of costs borne by businesses that offer card payments through:
 - a) Request from banks to report to the Bank of Albania on the methodology of the determination of these commissions (based on the requirement of the law "On Payments Services" for commissions based on the costs of service providers).
 - b) To systematically collect data on fees charged by cardholders of payments to merchants and to include this data in the BoA database on banking services in an aggregate form.
 - c) Banks and payment service providers in general that are card acceptors to be required by regulations to be transparent about the fees charged to merchants.
 - d) To evaluate the possibility of transposition in the Albanian market of the regulation of the European Union 2015/751 on exchange rates (interchange fee) for payment transactions based on cards.
 - e) Analyze the costs of processing card payments and evaluate the possibilities of their reduction through national platforms which reduce the processing cycle and consequently the costs allowed".
4. Efforts by banks to expand debit cards that can make purchases in internet and reporting these developments to the Bank of Albania periodically (with monthly frequency). This recommendation beyond the objectives of the National Retail Payment Strategy also helps in fulfilling the commitments of the Inter-Institutional Group established by Order of the Prime Minister on the drafting of the action plan for the promotion of e-commerce.
5. Taking measures by banks to minimize failed card transactions through the internet. Monitoring by the Bank of Albania of the supervision process at banks in regarding the problems encountered in processing card payments online.

Attending the meeting:

<i>Guests at the Sixth Meeting of the NPSC</i>	
<i>Institution</i>	<i>The name of representative</i>
SWIFT	Mrs. Judit Baracs
SWIFT	Mr. Eric Weinberger
SWIFT	Mr. Thomas Ramadan
CBI S.c.p.a	Mrs. Liliana Fratini Passi
TIETO	Mr. Edgars Bremze
World Bank	Mr. Holti Banka
World Bank	Mr. Hemant Baijal

<i>Members at the Sixth Meeting of the NPSC</i>			
<i>Institution</i>	<i>Name of the member</i>	<i>The status in NPSC</i>	<i>Others from the same institution</i>
Bank of Albania	Mrs. Luljeta Minxhozi <i>First Deputy Governor</i>	The Chair of the Committee	
Ministry of Finance and Economy	Mrs. Majlinda Demko <i>Advisor to the Minister</i>	Member	<i>Mrs. Arjana Dyrmishi</i> <i>Mrs. Alma Beja</i>
Prime Minister's Office	Mrs. Florenca Haxhi	Member	
NAIS (National Agency for Information Society)	Mrs. Nevila Rrepishti Director e-Albania	Member	
Ministry of the Interior	Mrs. Elora Kokalari	Member	
AFSA (Albanian Financial Supervision Authority)	Mr. Niko Kotonika Director of Supervision of Capital Markets and Investment Funds	Member	
Bank of Albania	Ms. Ledia Bregu, Director of the Department of Payment Systems, Accounting and Finance	Member	<i>Mr. Valer Miho</i> <i>Mrs. Marsida Jubica</i>
Bank of Albania	Mr. Deniz Deralla, director of Supervision Department	Member	
Bank of Albania	Mr. Altin Tanku Director of research Department	Member	
Bank of Albania	Mr. Donald Duraj Chief of Cabinet	Member	

Bank of Albania	Mr. Indrit Xhemali Director of IT Department	Member	
ABA (Albanian Banking Association)	Mr. Spiro Brumbulli General Secretary of ABA	Secretariat	
ABA (Albanian Banking Association)	MRS. Najada Xhaxha The chairwoman of Payment Committee of ABA	Member	
Paylink	Mrs. Eneida Thomai CEO of Paylink	Member	<i>Mrs Irida Huta</i>
Unioni Financiar	Mr. Elton Collaku Ceo of Unioni Financiar	Member	
Easypay	Mrs. Linda Shomo Ceo of Easypay	Member	<i>Mrs. Stela Shkodrani</i>
MPay	Mr. Ludovik Laventure Ceo of Mpay	Member	<i>Mrs. Bora Ferri</i>
Ak-Invest	Mrs. Suzana Adili	Member	<i>Mrs. Odeta Ferro Mr. Geis Ceku</i>
Albanian Post Office	Mr. Dritan Monka	Member	<i>Mr. Taulant Piero</i>
Bank of Albania	Mrs. Valentina Semi DSPKF	Secretariat	
<i>Other Participants</i>			
First Investment Bank	Mrs. Ines Vucini, Mrs. Elona Labinoti, Mr. Erion Maxhari, Mr Roumen Ivanov		
National Commercial Bank	Mr. Denis Hoxha, Mr. Kerem Pamuk, Mrs. Marinela Rapaj, Mrs. Marseda Dumani, Mrs Xhensila Sinjari		
Credins Bank	Mr. Dimitri Toslluku, Mrs. Suela Cela, Mrs. Valbona Dhjaku		
OTP Bank Albania	Mr. Ardian Hasa, Zj. Liljana Shkodra, Mrs. Bertina Hajdini, Mrs Lorina Vangjeli, Mr. Ferid Shijaku		
Raiffeisen Bank	Mr. Gentian Capo, Mr. Almir Zeneli, Mr. Erion Serti		
United Bank of Albania	Mr. Ermal Hushta, Mr. Adrian Guza, Mr. Donald Rrapaj		
Alpha Bank	Mr. Edison Koleta, Mr. Erand Tarka, Mrs .Anisa Jazxhi		
Tirana Bank	Mrs. Eralda Tafaj		
Intesa San Paolo Bank	Mrs. Rudina Lolo, Mr.Sokol Pellumbi, Mrs. Luçi Shiroka, Mrs. Iirjana Myrto, Mrs. Xhilda Shehu		
American Bank of Investments	Mrs Odeta Paloka, Mrs. Brikena Hoxha, Mrs. Majlinda Miho, Mrs. Kristi Bodeci		
Union Bank	Mrs. Suela Bokshi , Mrs Valbona Cucka		