

**Minister Majko: Welcome address at the high-level meeting on the remittances of the Albanian diaspora, 14 December 2018**

Dear ladies and gentlemen,

The Bank of Albania is assuming a central role in what is considered the largest source of income inflows, that is, remittances.

Every year, according to the World Bank's statistics, remittances in the Western Balkans amount to over EUR 10 billion.

Serious reports, such as those from the World Bank, dedicated to the "Economic Implications of Remittances and Migration", show that in many countries, including Albania and Macedonia, remittances are among the most important sources of foreign funding, alongside exports and foreign direct investments.

Like in all the Western Balkans countries, in the case of Albania inflows from remittances are much greater than those from foreign investments.

Today, the Bank of Albania is holding its second annual event on this topic. The signing of a tripartite Memorandum of Understanding with the Ministry of Finance and the Ministry of the Economy has given visible results. In June 2018, on the occasion of the international remittances day, the first Report on remittances by the Bank of Albania was published Today's activity, which will be an annual one, is an expression of the coherent policies as well as of the necessity to respond to a largely significant financial activity in Albania, such as remittances.

Dear ladies and gentlemen,

According to the latest data published by the United Nations, 1,120,000 Albanian citizens, born in Albania, live in other countries. The main destinations are: Italy with 450,000 Albanians, Greece with 440,000 and the United States with 80,000. Germany and Canada have 20,000 each, while the United Kingdom, 10,000. All those who understand the situation of Albanian migration know that these figures should to be taken cautiously. The numbers may be higher as they are subject to change every day.

According to the last INSTAT Census, Albania has around 2.86 million residents. Hence, those that have emigrated account for 40% of those living in the country. Even these figures are somewhat "old" if we consider that, today, the Albanian migration represents the most vibrant process in the social life of the country.

In Albania, according to IFAD data, remittances amounted to around USD 1 billion (a figure much higher than that reported by the Bank of Albania, according to which inflows in 2016 were EUR 615 million), or around 9.1% of the Gross Domestic Product. Compared with 2007, the amount money that Albanian emigrants send to Albania has declined by around 27%.

The down trend of remittances started after 2008. We must emphasize, however, that we are talking only about formal and measurable remittances. There are several reasons for this:

1. First, this process signals the end of a cycle. Those that emigrated for almost 20 years, send less remittances home, among others, due to family reunifications.
2. Second, the financial crisis that hit the West, thereby creating economic problems in the countries hosting large Albanian communities, had its toll. The crisis in Greece also created the phenomenon of a massive return migration to Albania (around 180,000 returnees).
3. The visa liberalisation with the European Union was another factor, creating a barrier-free travel opportunity in the West, which naturally affected the growth of migration among social categories that aspire to have better living conditions in the future.
4. An increasing phenomenon in recent years is the migration of "professionals" to European Union countries, notably in the fields of medicine or information technology.
5. The political crises in the Western Balkans and the uncertainty of the European integration process do not promote the investment of savings earned during migration in the home country. The guarantees enjoyed in the West and the lack of a European legislation that protects investments endorses a conservative psychology in this regard.
6. Another problem is the lack of information among the Albanian communities abroad regarding the latest developments of the banking system in Albania. After communicating with them, we note that part of them lack adequate information on the banking system in Albania, for years.

The channelling of remittances into the domestic economy is of utmost importance. It is a challenge for the future that Albania cannot tackle adequately without a dialogue with the domestic banking system.

We need a common policy on this issue as we will soon be confronted with changes in migration patterns and family reunifications in the medium term. This is expected to affect negatively

consumption and the domestic economy, since the emigrants will not have anyone to send money to the home country.

This will result not only in losses in income but also in country's economic development opportunity as well as on the Albanian banking system.

There is no need for us to re-invent the wheel. There are functional models available from the East and the West. They relate to incentives to formalize transfers, reduce cumbersome bureaucratic and corrupt practices as well as exempting the VAT for bank transfers.

Unfortunately, there is no regional initiative yet on remittances according to the model of the Malaysia Conference. You have to go to Kuala Lumpur to understand that there are examples in the East that make you understand the lost time on this issue.

Ideas require mechanisms, which, in turn, require human will. From my modest experience, I know that if the banking system of a country wants to realize something also in favour of its own economic interest, that thing happens.

The banks should not regard themselves simply as donors supporting diaspora-related projects, but as partners for mutual benefits. The creation of information-sharing platforms for the Albanian communities abroad is both an emergency and an opportunity. We must remove unnecessary distances in the treatment of an operation that is as national as financial.

This second annual meeting testifies to the seriousness and readiness for cooperation. Thanking the Bank of Albania, once again, I wish to underline our commitment for cooperation.

Remittances in Albania may become a story of economic success rather than just migration statistics.

Thank You!