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PRESS RELEASE

Meeting of the Financial Stability Advisory Group

14 June 2016

The Financial Stability Advisory Group (FSAG) held its regular meeting on 14 June 2016. The attendees were the Minister of Finance, Governor of the Bank of Albania, Chair of the Board of the Financial Supervision Authority, Director General of the Deposit Insurance Agency, as well as other representatives from these institutions.

According to the program, representatives of the Bank of Albania, at the beginning of the meeting, presented an assessment of financial performance and risks for the banking sector activity based on the data of March this year. The participants assessed that the financial situation of the banking sector is stable, while credit in the domestic currency and the overall performance of deposits is at good levels. They also analysed the relevant indicators of risks to the banking activity. The analysis showed that the good levels of capitalization and liquidity in the banking sector provide sufficient protection against banking activity risks.

In addition, participants discussed on the need to strengthen the upward trend of using the local currency in the Albanian economy and the financial system, as an instrument which improves the effectiveness of the monetary policy transmission mechanism and reduces risks to financial system stability. Based on the recommendations of the international financial institutions and of European ones, FSAG suggested the review of other countries'

experience in this regard and the assessment on the actions that could be taken in medium term and in reflection of Albanian economy characteristics.

Referring to the discussions and conclusions of the January 2016 meeting, the participants reaffirmed the importance of monitoring the online trading platforms and of the inter-institutional cooperation, in order for the public to know the risks of investing in these platforms and to only accomplish such investments through licensed and supervised entities. Furthermore, the participants assessed some concrete aspects of the financial infrastructure which supports the interactions of banks and non-banks financial institutions according to the legal stipulations.

At the conclusion of discussions in the meeting according to the program, the heads of the participating institutions approved this press release and authorized its publication.