

Tirana, 19.04.2017

PRESS RELEASE

Meeting of the Financial Stability Advisory Group

18 April 2017

The Financial Stability Advisory Group (FSAG) held its regular meeting on 18 April 2017. The attendees were the Minister of Finance, Governor of the Bank of Albania, Chair of the Board of the Financial Supervisory Authority, Executive Director General of the Financial Supervisory Authority, Director General of the Deposit Insurance Agency, as well as other representatives from these institutions.

According to the agenda, representatives of the Bank of Albania presented at the beginning of the meeting an assessment of financial performance and risks for the banking sector's activity, based on more comprehensive data of 2016 Q4. Participants assessed that the banking sector's activity accelerated in 2016. Investments in securities, banking products and lek credit expanded, driven mainly by the good deposits and capital growth. In annual terms, the non-performing loans ratio did not change, while it improved over 2016 H2. Liquidity risk is assessed as low, while banking sector's exposure to market risk is present and should be regularly assessed. Liquidity and capitalisation situation is assessed at good levels for the banking sector and its financial performance remains positive, although at lower levels from the previous year. Stress-test indicators show that banking sector's stability, under normal conditions, is complete and its resilience against assumed shocks is adequate.

Following the discussions in the two previous meetings related to the need to strengthen the use of the domestic currency in both the Albanian economy and the financial system, the participants re-emphasised the importance of this process to enhance the effectiveness of the monetary policy and reduce risks to financial stability and fiscal policy. The complexity of this process requires setting real and long-term objectives, as well as coordination in terms of determining the necessary measures for fulfilling these objectives both in the financial system and in the economy. To affirm the respective institutional commitment in this process, the high-level representatives from the Ministry of Finance, the Bank of Albania and from the Albanian Financial Supervisory Authority, in this meeting, signed the Memorandum of Cooperation. In addition to the commitment, this Memorandum sets forth the general course of action and the minimum indicators to be monitored on a regular basis by each institution, in order to assess the process.

[Memorandum of Cooperation](#)

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