

STRATEGY STATUS REPORT & ALBANIA'S MEASURES UNDER THE REGIONAL PROJECT

9TH MEETING OF NATIONAL PAYMENT SYSTEMS COMMITTEE,
DECEMBER 13, 2023



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Action plans of NRPS during 2018-2023 and its fulfilment



STAKEHOLDER COMMITMENT

- Broaden the membership of the **NPSC**
- A more active and visible role for the NPSC
- Promote involvement of private sector in decisions

100%



REGULATORY ENVIRONMENT FOR RP

- Transposition of EU Directives **PSD2, PAD**
- Strengthening the oversight of PS,
- Protect & Promote user rights, transparency & KYC

100%



IMPROVEMENTS TO INFRASTRUCTURES

- Operationalize “indirect participant” in the AECH.
- Operationalisation of AIPS-EURO system
- Feasibility study for switch/instant payments
- Implementation of the interbank DD scheme
- AIPS & AECH assessment vs the CPMI-IOSCO prsp
- Renovation of smart ID cards

100%



EFFECTIVE BOA'S OVERSIGHT OF THE RETAIL PAYMENTS MARKET

- Revise oversight policy framework & manuals (*to inc. PServices*)
- Combined efforts of oversight with the supervision function
- Measure overarching objectives of NRPS

100%



EXPANSION OF ACCESS POINTS & NETWORKS

- Developing the agent banking model (**PSD2**)
- Maintain a register of the agents & Update (PSD2)

100%



CUSTOMER-CENTRIC PAYMENT SERVICES

- Affordable payment services based on accounts (**PAD**)
- Design of payment products for the unbanked (“**basic account**”) (**PAD**)

90%



LEVERAGING LARGE VOLUME PAYMENTS

- Increase the number & variety of public services (and P2G and B2G pmts) **payable at e-Albania**.
- Disbursement of social packages support via payment accounts (G2P);
- Remittances through formal channels

70%



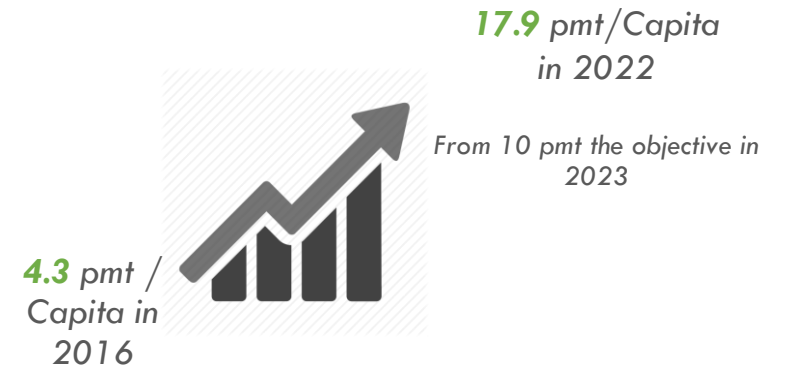
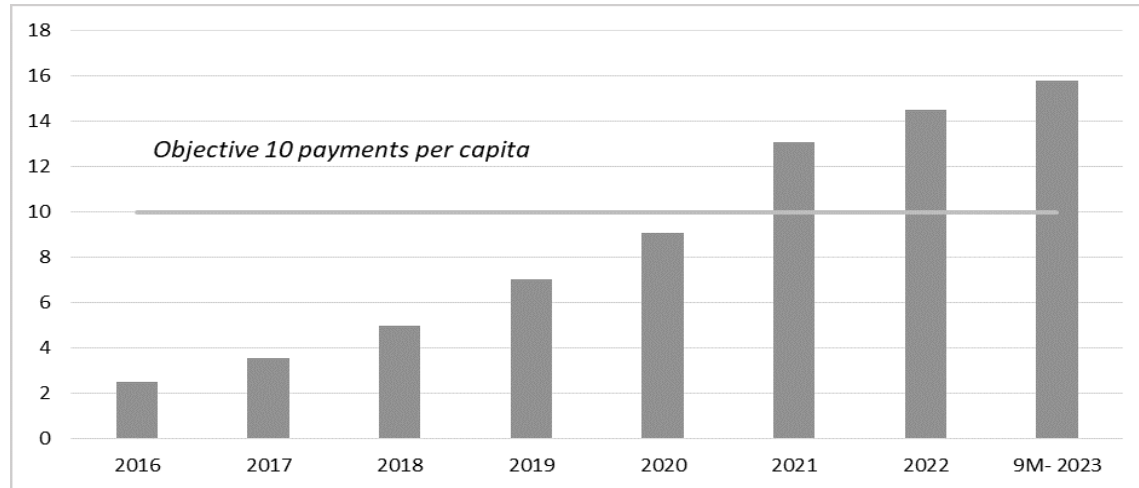
EFFECTIVENESS OF FINANCIAL LITERACY

- Increase public's awareness on NRPS & its benefits
- Educate users on accounts & electronic payment instruments (*National Financial Education Strategy*)

70%

...two overarching objectives set in the strategy for 2023 have been already met on year ahead!

1 Increasing the number of cashless payments per capita



2 Achieving an adult account ownership ratio of 70% by 2023

In 2022 the ratio reached **69.88%** including bank and money accounts.

Law “On payment account with basic features”: will boost further.

The implementation of NRPS and all measures taken during 2018-2022 have produced some positive achievements and advancements in financial inclusion and cashless payments

MONITORING STRATEGY OBJECTIVES

69.8%

of adults in Albania in 2022 own at least one bank/emoney account that can be used for payment services, from 39% that used to be in 2017.



316%

increase of cashless payments per capita per account, from 4.3 baseline in 2018 to 17.9 in 2022



59.7%

of payments instruments used in Albania as of 2022 are cards, surpassing for the third year in a row the paper based credit transfers.



DATA AND STATISTICS ON PAYMENT INSTRUMENTS, ACCESIBILITY AND INSTITUTIONS

120%

growth of online accessible accounts in 4 years, & 177% growth of home-banking transactions

18%

growth of ATM in 4 years now amounting to 855

86%

growth of POS in 4 years now amounting to 16,227

153%

growth of virtual POS (for e-commerce) in 4 years

108%

growth of e-money POS in 4 years

21%

growth of cards in 4 years now amounting to 1.369 mln

7+

new e-money institutions licensed from 2 in the market in 2018

273%

growth of e-money accounts only in the last year (2022)

+10 mln EUR

savings from the first year (2022) of operational AIPS EURO

STRATEGY ACTION PLANS IMPLEMENTED



REVIEW OF AML REGULATION ON PHYSICAL PRESENCE WHEN OPENING AN ACCOUNT
(Consolidation of a Conducive Regulatory Environment for Retail Payments)
GREENBACK ADVISORY COMMITTEE

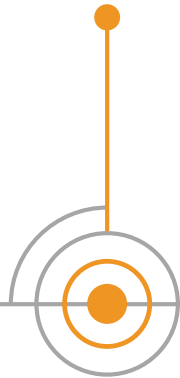
PAYMENT SERVICES LAW (PSD2) FINALIZED & APPROVED *(Conducive Regulatory Environment for RP; Expansion of access Points & Networks for Payments; Competition; Innovation, Transparency, Open Banking, Consumer protection)*

03/2018

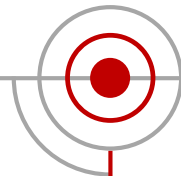


REVIEW OF NPSC REGULATION TO INCLUDE NBFIs AS MEMBERS
(Strengthening Stakeholder Commitment)
GREENBACK FE activities in Pilot City

12/2019

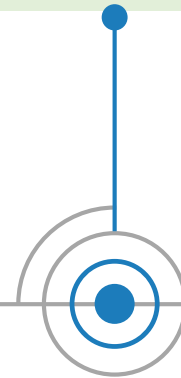


06/2020

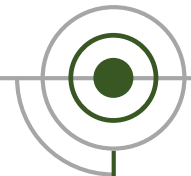


REVIEW OF AIPS & AECH REGULATIONS & SYSTEM ASSESSMENT vs the CPMI-IOSCO Principles *(Improvements to payment and other infrastructure & Effective oversight of Retail Payments Market)*

2019 –
07/2020



2020



RENOVATION OF SMART ID CARDS ISSUED IN 2009
(Improvements to payment and other infrastructure)

STRATEGY ACTION PLANS IMPLEMENTED



AIPS EURO LIVE – SETTLEMENT OF DOMESTIC EURO TRANSACTIONS
(Real time settlement of euro domestic trs through AIPS EURO from all banks)

BYLAWS OF PAYMENT SERVICES LAW (PSD2) FINALIZED & APPROVED
(Completing the regulatory framework, licensing, supervision, technical standards for Open Banking, SCA, API)

2020-21

01 /2022

05/2022

2021–22

2022-23

INDIRECT PARTICIPATION OF NBFII IN PAYMENT SYSTEMS & INTERBANK DIRECT DEBIT SCHEME *(Revision & Approval of new Regulations of PS)*

IBAN REGULATION REVISION *(possibility for Payment Institutions and e-Money Institutions to use IBAN for their payment account)*
PAD TRANSPOSITION *(Law drafted & Regulation on comparability and switch)*

NATIONAL FINANCIAL EDUCATION STRATEGY
(the 1ST institutionally coordinated effort to promote FE)

Western Balkans payment modernization project, a natural extension of the National Retail Payments Strategy 2018-2023



General overview

ENGAGED PARTIES

European Commission
Regional Cooperation Council
The World Bank

COUNTRIES ASSISTED

Western Balkan economies
Albania, Kosovo, Montenegro,
Bosnia & Hercegovina, North
Macedonia, Serbia

MAIN GOAL

To assist the Western Balkan economies **to enhance the responsiveness and relevance of the financial sector, and in particular the payments landscape**, to the digital needs of individuals enterprises, and economies in the region.

EFFORTS DONE SO FAR – REMAINING GAPS

Western Balkan economies (i.p. Albania) have achieved some important milestones:

- adopting legislation consistent with EU standards, PSD2, PAD, AML
- and developing new retail payments infrastructures ACH, DD, ID

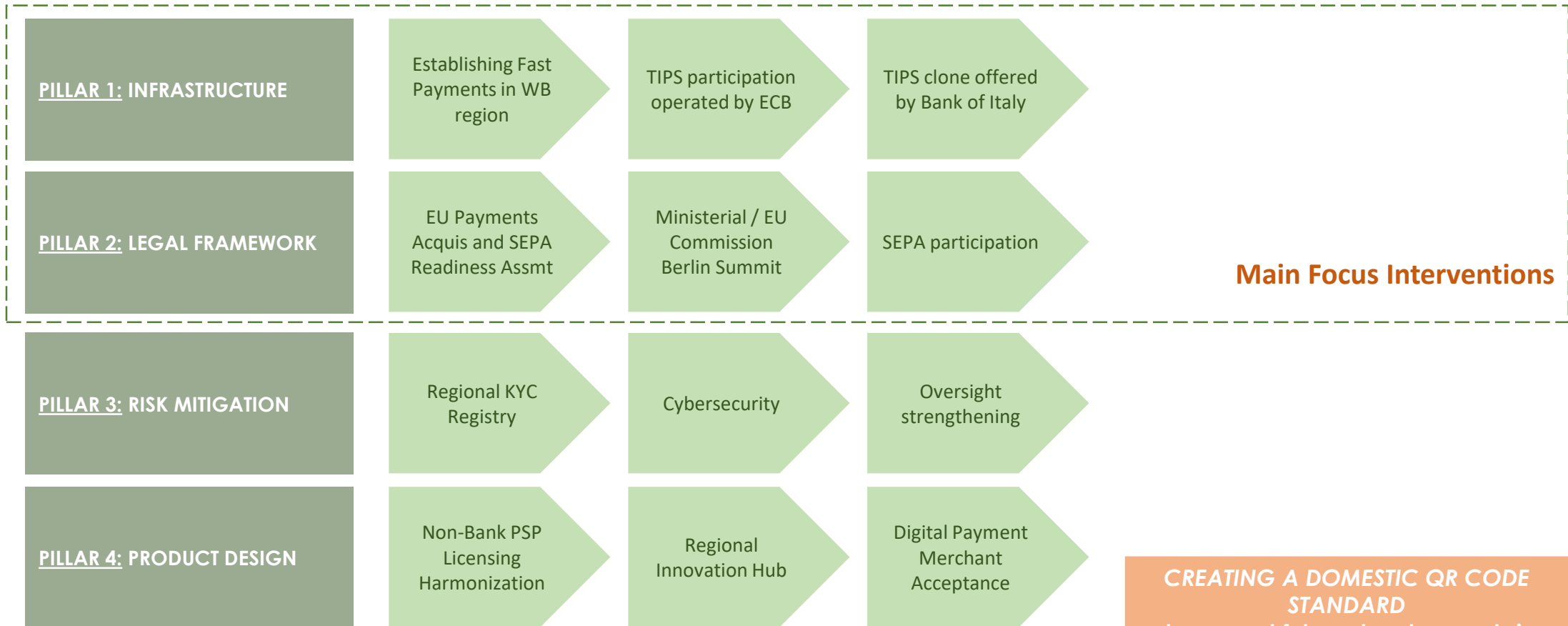
All Western Balkan economies facing similar challenges:

- Limited access to and usage of transaction accounts and digital payments
- Limited availability and usage of modern and innovative payment services
- No new generation retail payment systems like Instant Payment Systems
- expensive cross-border payments

Western Balkans payment modernization project: - main pillars and deliverables



Action plans that will be implemented after the assessment phase



Source: World Bank project reports for Albania

National, Regional & European Union level commitment to

EU & WESTERN BALKANS MINISTERIAL MEETING –
SEPTEMBER 26TH TIRANA

Chair's conclusions:

- Ministers recognise the **critical role of payment systems** for the functioning of markets.
- Ministers recognised the **importance of the European Union's Single Euro Payment Area (SEPA)**.
- Opening **SEPA for non-EU members represents a unique opportunity for the Western Balkans** to significantly reduce costs of payments within the region and with the EU.
- Ministers expressed **full political support** and pledged to prioritise activities aimed at preparing SEPA membership.
- In addition to SEPA membership, the Ministers called for **setting up instant payments** in the region.

BERLIN SUMMIT – OCTOBER 16TH TIRANA

Leaders of the Western Balkans Six conclusions:

- We express our interest to continuing and enhancing **our political and technical collaboration to advance with the fulfilment of the SEPA requirements and join SEPA, in the upcoming year.**

NEW WB GROWTH PLAN – NOVEMBER 8TH

1 of 7 initial priority areas for WB: Access to SEPA:

The European Commission will continue to **support the Western Balkan partners** on their work within the Common Regional Market to **put in place national legislation required by the European Payments Council for participation in SEPA.**

Positive achievements as of today, but what about work in progress? How will we proceed in the near and long term future?...



Regional initiative on PS modernization (2024-2026)

Modernizing payments system in 6 Western Balkan Countries. Working Group on Financial Markets' analysis concluded: (a) Creating an instant payment infrastructure aiming in the future to use **TIPS** facilities. (b) Application for **SEPA** accession of Albania and other Balkan Countries

Open Banking operationalization (2024)

Operationalization of Open Banking standards of exposing data to third Parties, API, SCA within January 2024 in the Albanian payment services market. Support and follow developments of new entrants in the market PISP, AIPSP.

Upgrade of Payment Systems – ISO 20022 (2024)

Technical & functional upgrade of existing payment systems operated by Bank of Albania, RTGS & ACH, in all three modules, to ensure compliance with new standard ISO 20022, SEPA schemes, some new functionalities & security upgrades to ensure safety and continuity.

National Financial Education Strategy implementation

Governance, activities, funding & Monitoring. NEFS initiatives: To enable proper understanding, access, and usage of regulated financial services based on informed decisions. To protect consumers and enterprises from fraudulent practices and innovation risks.

...with the continuous collaboration of all market players!



THANK YOU!