



PAYMENTS MODERNIZATION PROJECT

# PAVING THE WAY TO ALBANIA'S INTEGRATION IN THE SINGLE EURO PAYMENTS AREA

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with funding by the European Union

# WHAT IS SEPA?

- Single Euro Payments Area connected to the euro's introduction in 1999 and the physical euro notes and coins in 2002.
- Driven by EU Policy objectives, supported by legislation, and involving cooperation with the private sector to develop necessary instruments and infrastructures.
- Geographic area in which all euro payments are treated in the same manner from a practical, technical and legal perspective. There is no distinction between domestic and cross-border payments: all euro payments within SEPA are domestic.
- Also regarded in the context of the single payments area or the internal market for payments which cover payments in euro and other EU currencies within the EU (and EEA) with the same policy objective (i.e., all intra EU payments are domestic from a legal perspective).
- Comprising EU and non-EU countries and territories (see map on the right). The EU and EEA Member States are mandated members of SEPA through EU legislation; other countries and territories have been admitted since 2006.

# 27

**Member States of the Union (EU)**

# 3

**Countries of the European Economic Area (EEA)**

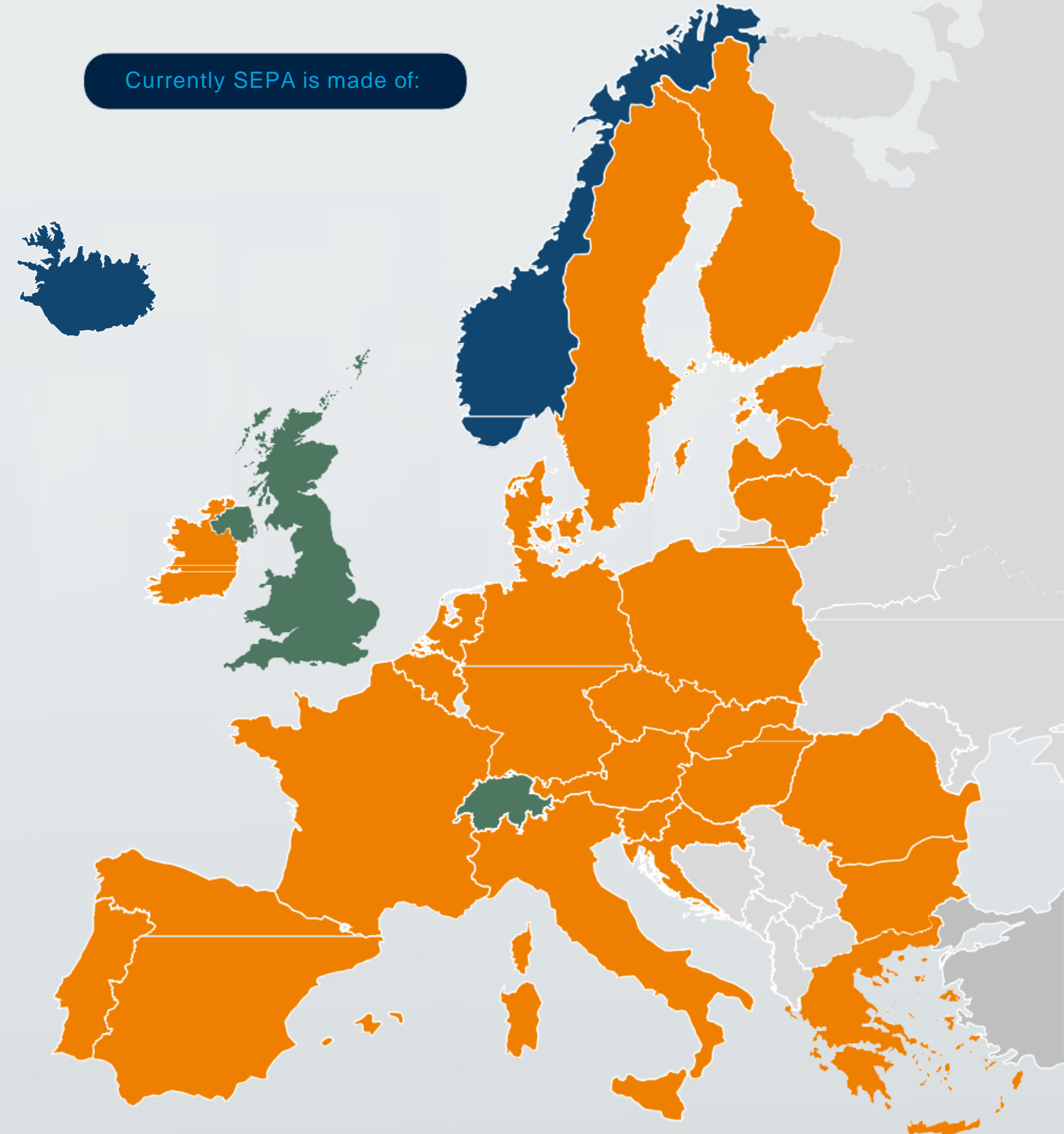
- Norway
- Iceland
- Liechtenstein

# 6

**Non-EEA Countries**

- UK
- Switzerland
- Andorra
- Monaco
- San Marino
- Vatican City State

Currently SEPA is made of:



# CRITERIA FOR JOINING SEPA



To facilitate SEPA and achieve the underlying policy objectives, the European Payments Council (EPC) has created and manages different SEPA schemes, including the SEPA Credit Transfers, SEPA Direct Debits and SEPA Instant credit Transfers. These schemes are available to Payment Service Providers (PSPs) and their customers in the SEPA area.



EPC has established the SEPA participation criteria applicable to new countries wishing to join the SEPA geographical scope. The aim of these criteria is to create a level playing field for PSPs within SEPA to facilitate interoperability regarding sending and receiving euro payments within SEPA. The Criteria are mainly focused on having in place laws which implement, or are similar to, the relevant EU laws.



Adherence to these criteria is the initial step to be taken by a country in order for PSPs to then apply for participation in the different SEPA schemes.

# ALBANIA'S ROADMAP FOR JOINING SEPA AND WBG TECHNICAL ASSISTANCE



## CURRENT STATUS

- Albania is well positioned in terms of meeting SEPA criteria and is working on closing identified gaps.
- Since having in place an efficient AML/CFT framework both in terms of the rules and their application in practice is an important component of SEPA readiness, the removal from the FATF “grey list” was an important milestone recently accomplished by the country.
- Two EU’s (core) acquis are missing to complete SEPA readiness: transposition of Regulation 2023/1113 on fund transfer information and certain crypto-assets, and Article 5 and Annex of SEPA Regulation.



## NEXT STEPS

- Once the missing regulatory acts will be finalized, Albania will be able to submit its “application” to join SEPA.
- Following the extension of the SEPA geographical scope to Albania (i.e., the acceptance of Albania’s “application” to join SEPA), the Albanian PSPs will be able to apply and join EPC’s schemes individually. The process implies the compliance with the relevant eligibility criteria and the completions and signature of the documents of the adherence pack.
- Joining SEPA has now been directly linked to the EU accession process by incorporating access to SEPA as part of the 4 pillars of the growth plan for the Western Balkans.

- The World Bank Group has provided thorough support to the Bank of Albania on the assessment of legal and regulatory SEPA readiness and the definition of the related action plan.
- The WBG is currently working in close collaboration with the Bank of Albania to finalize these two regulatory acts. , within a short period,
- Note: WBG and BoA are pending on clarifications from the EPC on the interpretation of some provisions of Regulation 2023/1113.

# BENEFITS OF JOINING SEPA

Reduce costs and increase convenience of formal remittance channels

Reduce costs of (intra-region and with EU) and open regional market to Albanian businesses

Improve efficiency, simplicity, and speed of making euro payments to and from Albania

Increase electronic payment acceptance and transparency of merchant payments

Increase adoption and usage of transaction accounts, driving access to finance

# THE IMPLEMENTATION OF FAST PAYMENTS CAN FURTHER EXPAND THE BENEFITS OF SEPA PARTICIPATION



## FAST PAYMENTS IN A NUTSHELL

- Fast payments (also: instant or real-time payments) allow individuals, businesses and governments to transfer money in real-time, with funds immediately available to the beneficiary on a 24/7/365 basis.
- Fast-payment systems (FPS) can support different payment instruments, use cases and purposes across multiple channels.
- They allow for the participation of diverse service providers, including banks and non-banks, therefore driving competition, interoperability, and innovation, which ultimately translates into better services at lower costs for end users.



## COMBINED WITH SEPA PARTICIPATION, FPS CAN ADDRESS KEY GAPS IN THE WB6

**6X**

More expensive for MSME to send B2B payments intra-WB6 vs intra-EU

**2%**

Projected decrease in informal economy generated by 10% increase in digital payment

**0.5B**

Estimated savings if remittance costs decrease to 3% to reach the UN's Sustainable Development Goals

**~2M**

Adults who can be financially included by removing cost and proximity barriers



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# THANK YOU

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# WBG'S BROADER SUPPORT IN THE CONTEXT OF THE WB6 PAYMENT SYSTEM MODERNIZATION PROJECT



Until 2026 - Funded by the European Commission (EC)

