

CENTRAL BANKING

**BANK OF ALBANIA
HIGHLIGHTS**
January - June 2024



NEWS AND EVENTS

No. 15





Gent Sejko, Governor of the Bank of Albania

EDITORIAL

Dear Reader,

The Bank of Albania completed the final step for one of the most important events taking place in the first six months of the year. On 12 June 2024, the Bank of Albania submitted to the European Payments Council (EPC) the official application for the membership of the Republic of Albania in the geographical scope of the SEPA schemes. The Single Euro Payments Area (SEPA) is an initiative of European Union aimed at harmonising electronic euro payments in European Union's members. However, over years, this market has been expanded in non-member states as well, currently covering 36 countries. Its goal is to make cashless euro payments across member states, as easy and cost-effective as domestic payments, creating thus a single payments market.

Albania's membership in SEPA is an opportunity to integrate the euro payment service platforms and electronic trade with the European market, prior to our accession into the European Union. In November 2023, the European Commission approved the New Growth Plan for Western Balkans 2024-2027, listing, among its main goals, the accelerated membership of Albania and Western Balkan countries into SEPA. In this context, receiving SEPA's membership is a national priority. The Bank of Albania led the application process for SEPA's membership, and had the full support and cooperation of the Albanian government in this regard.

This membership will benefit the Albanian businesses and consumers, as the cross-border transactions that they will conduct within the European market will be easier, faster and at a lower cost. Participation in SEPA will enable the implementation of the principle of equal fees on both domestic and cross-border payments processed electronically in euro. In addition, transactions across SEPA's members

are conducted without the need of intermediary banks, rendering them simpler and more efficient.

Conducting transactions via SEPA, the cost of cross-border payments in euro with member countries is around 5 times lower. The economic benefits from carrying out more efficient payments in terms of cost, time and safety are higher, and according to our assessments, they may amount up to EUR 20 million in the first year, and will be increasing on.

Taking into account that the EU is the Albania's major trading partner, with around 60% of trade taking place with the EU countries, benefits from the establishment of financial facilities are crucial for expanding trade exchanges. Participation in SEPA provides Albanian businesses access to a market of 350 million inhabitants, offering opportunities for expanding their businesses, increasing competition and profits.

Participation in SEPA will contribute considerably in the strategic sector of tourism as well, enabling European tourists to conduct faster and cheaper payments in Albania. Also, membership is expected to push up the flow of direct foreign investments, as well as the formalisation of the remittances, since the cost for sending them will decrease.

As regards further developments in the payments market and their impact on other functions of the central bank and the economy, SEPA provides a way to adopt electronic payment systems which are modern and safe. By introducing such alternatives to our citizens, we aim to enhance the use of electronic payments, reduce cash usage, and strengthen financial inclusion.

The criteria for expanding the geographical scope of SEPA are determined and assessed

by the EPC, and agreed by the European Commission. These criteria focus on the compliance with the EU legislation on payments, where Albania has made considerable progress. This achievement comes as a result of a multi-year effort for the modernization of the domestic market of retail payments through the “National Strategy for Retail Payment Systems in Albania (2018-2023)”, and the continuation of the regional project of the World Bank “On the modernisation of payments systems in the Western Balkan countries”. In the framework of these initiatives, some key legal changes have been proposed for the approximation of our

legislation, such as transposing the Directive on Payments System (PSD2) and the Directive on Payment Account and approximating SEPA regulation. The delisting of Albania from the money laundering “grey list” is another important event regarding BoA’s application, which is a crucial criteria for gaining membership in SEPA.

Submitting this application is the first step toward achieving this crucial national goal. However, as the application is being processed, we will continue our work in order to become part of SEPA’s schemes, which will enable the impact of this project to be fully materialised.

MAIN EVENTS

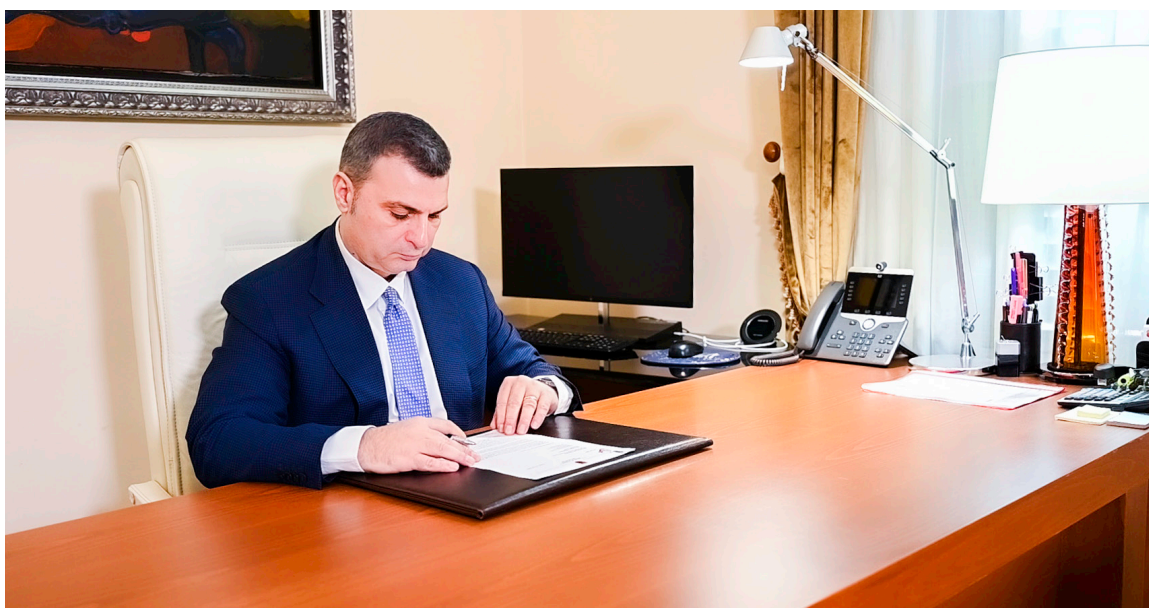
BANK OF ALBANIA SIGNS THE OFFICIAL APPLICATION FOR MEMBERSHIP IN SEPA

On 12 June 2024, the Governor of the Bank of Albania, Mr Gent Sejko, signed the application of the Republic of Albania's to join the Single Euro Payments Area (SEPA). This marks a historic for both the Albania's financial system and all Albanian citizens.

Single Euro Payments Area (SEPA) is an early initiative of the European Union aimed at harmonizing electronic payments in Euro across member countries. SEPA Payment Schemes provide European citizens and businesses with cross-border payments in the common currency, at the same cost and convenience as domestic payments.

The Bank of Albania has been working towards Albania's membership in the Single Euro Payments Area, also known as SEPA, since 2021, when we became part of the regional project "Modernization of Payment Systems in the Western Balkans". This project originates from the Berlin Process agreements and aims to develop financial and economic relationships among Western Balkan countries, while simultaneously integrating the region into the European Union. In November 2023, the European Commission announced a new plan for Western Balkans enlargement, with one of the priorities being the participation of regional countries in SEPA. To this end, the European Commission enabled the region to accelerate the economic integration into the European Single Market before EU accession.

This makes Albania the first country in the region to formally apply for membership in the SEPA geographical scope. Participation of Albania in SEPA will mark a significant step in the country's journey towards the European integration, in turn providing facilities for the Albanian enterprises and consumers in terms of costs, time and simplicity with which they will carry out cross-border transactions within the European market.



GOVERNOR SEJKO AT THE CENTRAL AND EASTERN EUROPEAN FORUM ORGANISED BY EUROMONEY

16-17 January 2024, Vienna,
Austria

On 16-17 January 2024, the Governor of the Bank of Albania, Mr Gent Sejko, attended the Central and Eastern European (CEE) Forum addressing the latest economic developments mainly in its eastern and southeaster region. The Governor's panel, addressed opinions on the main issues related with the economic reality, such as: challenges of regional economies arising from inflation spike and the relevant reaction of central banks; wining back credibility; new communication new tools; as well as long-term challenges arising from the new technology developments and their connection with monetary policy.



Governor Sejko presented his views on the economic developments and consequences across the region, like facing elevated inflation after the global supply shock due to the war in Ukraine. He highlighted that the economic activity has suffered considerable costs, even some economies such as the euro area risked falling into recession. Next, the Governor focused on the case of Albania, stating that in our country it has been succeed to reduce

inflation from the peak of 8.3% in November 2023 to the level of 4% in December 2023. At the same time, it is succeeded to preserve a sustainable growth of around 3.5% in 2023. The Bank of Albania has embarked on a normalisation cycle of the monetary policy stance over 2023, by raising the key interest rate up to 3.25%.



In addition, Mr Sejko highlighted that we currently live in a world experiencing a rapid technological progress and the financial industry is not exempt from it. The use of data, the artificial intelligence, digital currencies

and the innovation of payment systems have challenged the existing practices and policies of central banks.

LAUNCHING OF THE EBRD TRANSITION REPORT 2023- 24

29 January 2024, Tirana

On 29 January 2024, the launching of the Transition Report 2023-24 of the European Bank for Reconstruction and Development (EBRD) took place at the premises of the Bank of Albania. In his welcoming remarks, the Governor of the Bank of Albania, Mr Gent Sejko, highlighted that the EBRD Transition Report opens the door to professional economic analysis for 2024, while its conclusions and recommendations fuel the economic debate on the challenges that the time poses and on the appropriate development policies, for achieving the fastest and most sustainable growth. In this context, Governor Sejko said that the Bank of Albania is pleased to welcome this annual event, which brings together researchers, important stakeholders of the private and public sectors, as well as representatives from the financial industry.

"The topic of the Report "Transitions big and small" - urges us to look further afield. The quality of life and the affecting-related



factors, the new geopolitical realities and their consequences on the development strategies of countries in transition, climate change, global warming and the reduction of biodiversity, are undeniable realities with significant consequences, on economies also on our society and communities."- said the Governor.



Efforts of the Bank of Albania are focused on three aspects:

- First, monitoring climate risks and strengthening our analytical capacities in this area.
- Second, promoting green finance. To this end, the Bank of Albania has recently approved the Strategy on "Management and supervision of climate related financial risks in the financial, 2023-25".
- Third, strengthening collaboration with national and international partners. Addressing risks of climate change and transitioning to a sustainable economy are global challenges.

BANK OF ALBANIA AND THE WORLD BANK CO-ORGANISE THE WORKSHOP: "MODERNISATION OF PAYMENT SYSTEMS IN ALBANIA"

8-9 February 2024, Tirana, Albania

On 8-9 February 2024, the Workshop on "Modernisation of Payment Systems in Albania" took place at the premises of the Bank of Albania. The First Deputy Governor of the Bank of Albania, Ms Luljeta Minxhozi, in her greeting speech highlighted the importance of cooperation in the area of payment systems with the World Bank and other international institutions in the field.



Ms Minxhozi said that the Bank of Albania has jointly intensified the efforts with the World Bank, the EC and the Regional Cooperation Council, regarding the three main priorities of

the Bank of Albania in the field of payment systems: Implementation of the Law on Payment Services (PSD2); participation in the Single Euro Payments Area (SEPA); and the Establishment of Instant Payment System.



The representative from the World Bank, Mr Holti Banka, Senior Financial Sector Specialist, commended the work carried out by the Bank of Albania regarding the drafting of the complete regulatory framework for the implementation of the Law "On payment services". He emphasised that the World Bank is supporting all countries in the Western Balkan region on the approximation of standards in the payments field with those of the European Union. In particular, Mr Banka referred to the advantages arising from the participation of the region in SEPA for these countries.

THE IMF & WB CONSTITUENCY MEETING IS HELD IN ALBANIA FOR THE FIRST TIME

16 February 2024, Tirana, Albania

On 16th February 2024, the Constituency Meeting of the International Monetary Fund (IMF) and the World Bank Group (WBG) was hosted at the premises of the Bank of Albania. This meeting, organised under the auspicious of the Bank of Albania and the Ministry of

Finance, brings together governors and ministers of finance from the member countries under this constituency and took place for the first time in Albania.



the increase in poverty and inequality; as well as the steps that they are undertaking to tackle these issues aiming at the sustainable growth of countries' economies.



The Prime Minister of Albania, H. E. Mr. Edi Rama, greeted this meeting. The Minister of Finance, Mr Ervin Mete; the Governor of the Bank of Albania, Mr Gent Sejko; the Executive Director for Albania at the IMF, Mr Federico Giammusso; and the Executive Director for Albania at the World Bank Mr Matteo Bugamelli, addressed the opening remarks at the beginning of the proceedings of this event.

Governor Sejko, in his opening remarks, stated that 2023 ended with an economic growth at around 3.5%, the unemployment rate at historic lows, as well as foreign debt, public debt and non-performing loans ratios below pre-shock levels. In particular, inflation was halved over the past year, down to 4%, while indicators of the banking sector's soundness remain positive.

The meeting focused on the current challenges that the economies of these countries are facing and on the most efficient and coordinated approaches for their development. The executive directors of the International Monetary Fund (IMF) and the World Bank (WB) introduced the perspectives of these two institutions regarding global challenges such as: wars and conflicts; the enhanced frequency of natural disasters;

In addition, Mr Sejko underscored that the central bank must fight against inflation to the end. Its downward trend is good news, but declining inflation is not an inflation on target. Therefore, central banks should continue to focus on taking the necessary measures to return inflation to the target, as a prerequisite for the sustainable growth of economies and the well-being of citizens.

WB 6 TOWARDS THE SINGLE EURO PAYMENTS AREA - MINISTERS OF FINANCE AND GOVERNORS OF CENTRAL BANKS MEET IN TIRANA

28 February 2024, Tirana, Albania

On 28 February 2024, the Ministerial "Western Balkans towards the Single Euro Payments Area (SEPA)", organized by the



Ministry of Finance and the Bank of Albania, took place at the premises of the Bank of Albania. This Ministerial was held on the eve of the Summit of the Leaders of the Western Balkans with the EU, on the Growth Plan. The European Commission, as part of this plan, has identified access to SEPA (Single Euro Payments Area) as one of the opportunities that the countries in the Western Balkans can benefit long before the EU membership finalisation, once meeting the required conditions. The Ministerial brought together Ministers of Finance and Governors of central banks from the countries in the Western Balkan, with the participation of representatives of the European Commission, the World Bank and the EBRD.



The Governor of the Bank of Albania, Mr Gent Sejko, in his remarks pointed out the importance of economic integration of Western Balkans in the European Union, in addition to the fact that this integration, is starting form payment systems, completed through the accelerated participation in SEPA. In this regard, Albania has intensified the



efforts to achieve this historic objective, aiming to complete the application process for participation in SEPA within June 2024. Albania, beyond the serious commitment it has had in the framework of the integration process, has always been careful to follow the principles and standards of the European Union in regulating and reforming the payments market. As a result, based on the findings of the World Bank, which is an integral and important part of this project, Albania is considered avant-garde in the process and is ready to apply for SEPA's membership.

GOVERNOR SEJKO VISITS BANCA D'ITALIA 13 March 2024, Roma, Italy

On 13 March 2024, upon the invitation of the Governor of Banca d'Italia (Bank of Italy), Governor Sejko led the high-level delegation from the Bank of Albania, on an official visit to Banca d'Italia, in the framework of the excellent relationships between the two central banks and the further enhancement of technical cooperation in various areas.



During the visit, Governor Sejko met with Mr Fabio Panetta, Governor of Banca d'Italia and other senior managing executives. First, Governor Sejko congratulated his counterpart Panetta for assuming the new position of

Governor of Banca d'Italia and expressed full confidence that the cooperation between the two institutions will continue to strengthen even further.



The Governor said that the activity of the Bank of Albania is oriented towards the fulfilment of the mission and legal duties, as well as the implementation of the commitments undertaken in the medium-term development strategy. One of the strategic objectives of the Bank of Albania is the modernization of payment systems, and more specifically, the membership in the Single Euro Payments Area, otherwise known as SEPA, and the implementation of the Instant Payments project, for which the Bank of Albania is closely cooperating with Banca d'Italia and the European Central Bank.

Governor Sejko underlined that the successful implementation of the project for instant payments will create the premises for the integration of the payment system in the country with the European system TIPS



(TARGET Instant Payment Settlement), and can potentially serve as an example solution for other countries in the Western Balkan region.



Governor Panetta commended the contribution and important role of the Bank of Albania in safeguarding the macroeconomic and financial stability of the country. He pointed out that the insofar implemented monetary policy and measures undertaken by the Bank of Albania have provided for Albania to have one of the lowest inflation rates and one of the highest growth rates in the region. Also, Mr Panetta praised the initiatives taken by the Albanian authorities to reduce the country's public debt, which has reached its lowest level for more than a decade.



Concluding, Governor Sejko thanked Governor Panetta for the successful cooperation between the two institutions, especially for the assistance provided by Banca d'Italia in joint projects taking place in the main fields of the Bank of Albania's activity.

GOVERNOR SEJKO RECEIVES REPRESENTATIVES OF THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT (EBRD) **25 March 2024, Tirana, Albania**

On 25 March 2024, the Governor of the Bank of Albania, Mr Gent Sejko received representatives of the European Bank for Reconstruction and Development (EBRD), chaired by Mr Piotr Jacek Szpunar, Regional Director for Poland, Bulgaria and Albania, as well as Ms Ekaterina Solovova, Head of Albania for the European Bank for Reconstruction and Development (EBRD).



Governor Sejko commented the excellent relations of our country with the EBRD and thanked its representatives for the valuable contribution they have given to Albania, as one of the most important investors, while quite important projects for the banking system have been achieved thanks to this contribution.

Next, Governor Sejko presented an overview on the main economic and financial developments in Albania in recent years, and highlighted that despite the shocks arising from the earthquake and the pandemic, the heightened uncertainties and the various challenges, Albania has experienced a quite

swiftly economic recovery. In this regard, the coordination among the main authorities and the various measures which helped to overcome this situation with as few negative effects as possible and not to affect the long-term development of the country, have played a special role.



In this the meeting, the EBRD representatives focused on the role that the Bank of Albania as the Resolution Authority, describing it as one of the most advanced in the Western Balkans. They also stated that the strengthening trend of the exchange rate is in line with the structural improvements in the external balances of the Albanian economy. In this context, they pointed out the benefits that the Albanian economy has from the free-floating exchange rate regime.



GOVERNOR SEJKO ATTENDS THE 5TH ANNIVERSARY OF OTP BANK ALBANIA

26 March 2024, Tirana, Albania

On 26 March 2024, the Governor of the Bank of Albania, Mr Gent Sejko, was invited at the event organised by OTP Bank Albania, on the occasion of its 5th anniversary of operating in Albania.



In his greeting speech, Governor Sejko said that in 2019, OTP group realized its long-standing interest of becoming part of the Albanian market, at a time when other European banks did not show the same interest in this market. Next, he highlighted that, although the 2019-2021 period did not offer ideal conditions to do business, OTP has overcome the challenges it faced in an excellent manner. In addition, it materialised its 2022, with the acquisition of Alpha Bank,



enabling the position of OTP among the five systemically-important banks in Albania.

Concluding, Governor Sejko expressed his confidence that OTP bank will continue to contribute in supporting the initiatives of the Bank of Albania, the country's economic growth and will become a "bridge" for the contemporary European investments and experiences.

GOVERNOR SEJKO RECEIVES THE GOVERNOR OF THE NATIONAL BANK OF CROATIA

28 March 2024, Tirana, Albania

On 28 March 2024, upon the invitation of the Governor of the Bank of Albania, Mr Gent Sejko, the Governor of the Croatian National Bank, Mr Boris Vujčić paid an official visit to the Bank of Albania. This visit, which marks an important step for the further development of bilateral relations between the Bank of Albania and the Croatian National Bank, began with the joint meeting held at the premises of the Bank of Albania.



First, Governor Sejko thanked Mr Vujčić for the visit and commended the relationship between the two countries and the respective central banks, convinced that there is room

for further development of the potential for economic and technical cooperation between Albania and Croatia. He also emphasized that the latter can lead the process of Albania's integration into the EU.



In this meeting, Governor Sejko stated that despite the challenges, the Albanian economy continued to grow and make progress in almost every indicator of the economic and financial stability. In particular, inflation is already close to the Bank of Albania's target and has consistently remained among the lowest levels in the region. Likewise, the banking sectors' activity appears solid, has sound financial balances and a high resistance against potential shocks, as well as it is providing to an increasing extent loans to the Albanian economy. In this context, the Governor emphasized that the Bank of Albania has contributed significantly to these developments, through its prudent monetary policy, through rigorous regulation and continuous supervision of the banking sector, as well as through promoting the development



of financial markets and of payment systems. This institutional investment has provided the Albanian economy with a satisfactory monetary and financial stability.



Governor Vujčić appreciated the ability of the countries of the Western Balkan region, and especially Albania, for coping with crises. He emphasized that these encouraging developments provide a solid platform for the economic growth and the convergence process with the European Union.

As part of the official visit of Governor Vujčić, the Bank of Albania organized at its premises a round-table with representatives of the banking system and senior officials of the Bank of Albania. The focus of the discussions was on the recent economic developments, inflation in the region and EU, economy euroisation and the related challenges, as well as other important issues for the banking system, like supervisory and regulatory measures adopted by the European Central Bank and the modernization of payment systems.

GOVERNOR SEJKO RECEIVES THE DEUTSCHE BUNDESBANK DELEGATION HEADED BY MR BURKHARD BALZ, MEMBER OF THE EXECUTIVE BOARD

11 April 2024, Tirana, Albania

On 11 April 2024, the Governor of the Bank of Albania, Mr Gent Sejko, received a delegation from the Deutsche Bundesbank, headed by Mr Burkhard Balz, Member of the Executive Board of Deutsche Bundesbank, in the framework of the “Programme for Strengthening the Central Bank Capacities in the Western Balkans with a view to the integration to the European System of Central Banks” and the so far cooperation of the Bank of Albania (BoA) with Deutsche Bundesbank in regard to this programme.





Governor Sejko thanked Mr Balz for the meeting, evaluating this cooperation as very fruitful, in the framework of the Programme, which aims to strengthen the capacities of beneficiary institutions, mainly through the further improvement of their analytical and political instruments; the acquisition of the highest international and European standards into their national practices. The program is supported by the European Union (EU), through its Instrument for Pre-Accession Assistance (IPA III).

Mr Sejko stated that around 80 employees of the Bank of Albania were trained throughout the implementation of the first phase of the program. Also, 24 employees have been trained so far, during the implementation of the second phase, and a bilateral cooperation has been established between the staff of the Bank of Albania and the Banco de España. Meanwhile, in the second component at national level, 6 bilateral cooperation and 3 internships, 10-days each, are projected to take place, from which will benefit around 70 employees of the Bank of Albania.



Mr Balz commended the authorities for the progress made in both expertise and institutional view. This progress has underpinned Albania on its path toward economic and social development. Also, he said that the Deutsche Bundesbank is keen on helping Albania in the European integration process.

In this meeting, the importance of international technical cooperation was reconfirmed as an instrument for institutional dialogue, as well as the further development of sharing experiences on topics such as banking supervision, payment systems, cybersecurity, etc.

GOVERNOR SEJKO ATTENDS THE IMF AND WB SPRING MEETINGS 18-21 April 2024, Washington, USA

On 18-21 April 2024, the Governor of the Bank of Albania, Mr Gent Sejko, attended the Spring Meetings of the International Monetary Fund (IMF) and the World Bank Group (WBG) in Washington D.C., USA. The Spring Meetings bring together central bank governors, ministers of finance of member states, executives from international financial institutions, and representatives from academia, private sector and civil society.



Albania was represented in the Spring Meetings 2024 by a joint delegation of the



Bank of Albania - represented by the Governor of the Bank of Albania, Mr Gent Sejko, the Minister of Finance, Mr Ervin Mete, and other officials from both these institutions.

In the meetings with the high representatives of the IMF and the WB, Governor Sejko and Mr Mete informed the interlocutors on the latest developments in the Albanian economy, the implemented reforms, as well as the expectations for the upcoming period. They highlighted that Albania is in a positive growth track. As at end of 2023, public debt further declined, at 59.2%; foreign direct investments reached record figures , around EUR 1.5 billion; the number of foreign



visitors bolstered, and this trend has trend has continued in the first months of 2024 as well; while unemployment rates were at low levels. In addition, banking sector appears to be well capitalized, with high liquidity rates. Inflation fell to the target of the Bank of Albania in a relatively fast pace, reaching 2.3% in March 2024. This is also a consequence of the interventions and the monetary policy implemented by BoA, which had as its objective the amortization of shocks and the mitigation of domestic inflationary pressures.





The high-level representatives of the IMF and WBG commended the positive role and the policy implemented by the Albanian authorities.

They singled out as a positive development the increase in the Standard&Poor's rating for Albania's credit for the first time, which was followed by an upward review of the



outlook by the Moody's agency. They also emphasized that the country's exit from the grey list of the FATF/ MONEYVAL is a development with positive effects for Albania.

GOVERNOR SEJKO ATTENDS THE 25RD ANNIVERSARY OF THE ALBANIAN ASSOCIATION OF BANKS

13 May 2024, Tirana, Albania

On 13 May 2024, the Governor of the Bank of Albania, Mr Gent Sejko, was invited to attend the 25 anniversary of the Albanian Association of Banks. In his speech, the Governor stated that the Albanian Association of Banks, for almost 25 years, has provided a significant contribution in the advancement path of the banking system, in turn backing the financial and economic stability and progress in Albania. Its efforts for development have been crucial, while being concretely engaged and in an active manner for adopting the best practices as provided by the global banking industry.



The Governor highlighted that the work of AAB in promoting sound financial practices and ethical banking standards have already shaped the landscape of the banking industry. He added that services provided to customers have been revolutionised, banks have considerably expanded their network, by increasingly offering banking and financial services that were once considered beyond the scope of traditional banking. Next, Mr Sejko highlighted that despite the Albanian economy has continuously faced with shocks, the banking system has provided a decent

contribution by enabling a rapid growth of credit to the economy, to 30% of GDP in 2023, from 7% of GDP in 2002.



The Governor evidenced that the AAB, in its current form, has provided to the Bank of Albania a reliable interlocutor and partner in discussing the projects and reforms that we have undertaken over the years. Sharing ideas and the exchange of views have been essential in identifying the problems encountered throughout this development and in adopting the most effective instruments for addressing them. He emphasised that the Albanian Government, Bank of Albania and ABB, have carried out a great work in realising certain fundamental structural reforms over the last decade.

SECOND DEPUTY GOVERNOR AHMETAJ ATTENDS: THE ECONOMIC AND FINANCIAL DIALOGUE BETWEEN THE EU AND THE WESTERN BALKANS PARTNERS, TÜRKIYE, GEORGIA, REPUBLIC OF MOLDOVA AND UKRAINE 14 May 2024, Brussel, Belgium

On 14 May 2024, the Economic and Financial Dialogue between the EU and the



Western Balkans Partners, Türkiye, Georgia, Republic of Moldova and Ukraine, was held in Brussels. The purpose of this annual meeting was to adopt the Joint Conclusions document regarding the economic and financial reform programs presented by these countries in January 2024. Albania, in this meeting, was represented by the Ambassador of Albania in Brussels and the Head of Mission to the European Union, Mr Ferit Hoxha, and by the Second Deputy Governor of the Bank of Albania, Ms Natasha Ahmetaj.

In her speech, the Deputy Governor Ahmetaj focused on monetary and financial developments over 2023. She highlighted the actions of monetary policy to control inflation, which have driven inflation gradually fell towards the target of the Bank of Albania. Ms Ahmetaj evidenced the evolution of the financial system and the banking sector during 2023 as positive, with very good indicators of



financial performance and resilience against risks. The latter remain, however, present and require the continuous attention of the financial industry and regulatory authorities. At the end of her address, Ms Ahmetaj expressed the Bank of Albania's agreement with the content of the document.

GOVERNOR SEJKO RECEIVES THE AMBASSADOR OF JAPAN IN TIRANA H.E, KIKUKO KATO

17 May 2024, Tirana, Albania

On 17 May 2024, the Governor of the Bank of Albania, Mr Gent Sejko, received the new Ambassador of Japan in Tirana, H.E. Kikuko Kato. Governor Sejko commended the very good relations between Japan and Albania, by assessing the support and help given by Japan over the years to Albania, and expressed his confidence that the cooperation between Albania and Japan will continue to strengthen. They discussed about the potential perspectives of the economic cooperation between the two countries, in areas such as: trade exchanges, information technology, infrastructure, etc.

Governor Sejko presented Ambassador Kato with an overview of the economic



developments in Albania, emphasizing that despite the challenging situations, the economic performance in Albania appears stable and with very good indicators. The Governor highlighted that the focus of economic policies during this period has been oriented toward maintaining price stability, adjusting the monetary policy stance, as a prerequisite for sustaining financial stability and guaranteeing price stability in Albania.

Ambassador H.E Kikuko Kato commended the work done by the Bank of Albania in terms of successfully coping with challenges and guaranteeing financial stability in Albania.



Also, she focused on the progress that Albania has made within the framework the European integration process. Also, she focused on the progress that Albania has made within the framework the European integration process.

The interlocutors emphasized the importance of strengthening the bilateral relations between the two countries in order to encourage foreign investments in Albania, especially in the field of technology. Thus, improving the business climate and creating the best possible conditions for Japanese investors remains an important goal for the progress of trade exchanges.

GOVERNOR SEJKO AT THE HEARING OF THE COMMITTEE ON ECONOMY AND FINANCE OF THE ALBANIAN PARLIAMENT, ON NON-BANK FINANCIAL INSTITUTIONS WHICH PURCHASE NON-PERFORMING LOANS

21 May 2024, Tirana, Albania

On 21 May 2024, the Governor of the Bank of Albania, Mr Gent Sejko, attended the hearing session with the parliamentary members at the Committee on economy and Finance (CEF) on non-bank financial institution which purchase non-performing loans. At the beginning of his speech, the Governor emphasised that pursuant to Article 161 of the Constitution of the Republic of



Albania, the Bank of Albania is defined as the institution, charged with two main tasks: the implementation of monetary policy and the issuance of domestic currency.

The Governor said that the Bank of Albania, in accordance with the legal provisions in force, grants the license to the following entities to conduct lending activity: “banks – (11); non-bank financial institutions - (26); Savings and



Loan Associations - (16). He stated that these financial entities (banks and non-banks) have continuously supported the economy of Albania through lending. Currently, the entire granted credit portfolio is assessed at ALL 805 billion.

Next, Mr Sejko provided an overview of the history of non-bank financial institutions which conduct lending as the main activity. The latter through this activity help a specific category of consumers and small enterprises, which do not manage to access the banking system. He added, that the practice of selling and purchasing non-performing loans appeared in the Albanian financial market, after the global financial crisis of 2008-2010. Against this backdrop, the Albanian Government and the Bank of Albania adopted “The National Plan on the Reduction of Non-performing loans” in September 2015. Among other things, the Plan charged the Bank of Albania with the task of regulating and licensing entities engaged in the purchase of non-performing loans. This practice, recognized internationally, is strongly recommended by the experts of the IMF and the World Bank. In that period, some financial



institutions, in addition to lending for which they were licensed by the Bank of Albania, had also purchased non-performing loan portfolios from banks. This activity is based on the provisions laid down in the Civil Code on the transfer of credit (Articles 499 – 507 and 705, respectively). Currently, there are 5 entities, which, in addition to lending activity, also carry out the activity of purchasing non-performing loans portfolios.

The Governor highlighted that the further commercial relationships between banks and these institutions, regarding the sale and purchase of non-performing loans portfolio, are not a competence of the Bank of Albania. They are regulated the Civil Code contracts agreed between the parties.

Concluding, Governor Sejko pointed out that the Bank of Albania has acted, at all times, in full compliance with the obligations recognized by the law and remains always ready to make full transparency to the public, public institutions and the media in relation to its regulatory and supervisory activity.

GOVERNOR SEJKO PRESENTS BOA'S ANNUAL REPORT 2023 TO THE PARLIAMENTARY COMMITTEE ON ECONOMY AND FINANCE 28 May 2024, Tirana, Albania

On 28 May 2024, the Governor of the Bank of Albania, Mr Gent Sejko, presented the Annual Report of the Bank of Albania 2023 to the Parliamentary Committee on Economy and Finance.

In his address, Governor Sejko highlighted that over the past year, the Bank of Albania oriented



its activity on three main pillars. First, Bank of Albania has taken care for strengthening the monetary and financial stability of Albania, as an important prerequisite for the sustainable and long-term growth of the country and the improvement of social welfare. Second, aiming at being a promoter of the financial industry development and a reliable partner of the Albanian public, the Bank of Albania has accomplished all the institutional commitments. Third, and equally important, the Bank of Albania has been attentive to fulfilling all the recommendations left by the Assembly of Albania for the year 2023.

He emphasised that 2023 was a year of progress for the Albanian economy. In more concrete terms, the Governor evidenced some of the main directions and results of the work of the Bank of Albania throughout the past year:

- 2023 was characterized by a solid growth in economic activity, employment and wages, as well as by the improvement in the main indicators of the country's economic and financial stability. According to INSTAT data, the volume of economic activity in Albania grew by 3.4% over the past year, by gradually improving the growth pace over the course of the quarters. In parallel, employment rose by 2.2%, while the unemployment rate dropped to a new historic low of 10.7% at the end of the year.
- Also, year 2023 also recorded improvements in the domestic and external

balances of the economy.

- Inflation recorded a gradual and continuous decline over 2023. As at end of 2023, inflation dropped to 4%, from 7.4% at the beginning of 2023, and to 2.7% in the first quarter of 2024. The decline in inflation in foreign markets, the exchange rate appreciation and the normalisation of the monetary policy stance drove inflation coming down.
- The normalisation pace was slower than in the previous year. This slowdown reflected the exchange rate strengthening and the consolidation stance of fiscal policy. Lek rapid appreciation helped in mitigating external inflationary pressures, while fiscal consolidation helped in curbing domestic pressures.
- The pass-through of monetary policy decisions to financial markets was satisfactory. The increase in policy rate engendered an overall rise in interest rates, though the overall financing condition in Albania still remain simulating.
- The normalisation of monetary policy stance enabled the reduction of inflation, without jeopardising the positive economic growth trend.
- The Albanian banking sector closed the year 2023 with a positive financial result, with a high level of liquidity and capitalization indicators of the activity, and with improved credit quality. Our regular analyses show that the systemic risks to the banking system remain contained.
- In 2023, we have continued to work for the supervision and prudential regulation of the banking sector, for the development of financial regulations and payment systems, as well as for strengthening the safety nets in the system.
- The Bank of Albania plays a key role in promoting the normal functioning of payment systems through the operation and administration of three main infrastructures for the processing of interbank payments and one infrastructure for the settlement of

securities. All the systems have provided maximum availability. The newest system of payment settlements in Euro within Albania experienced a further increase in its use during 2023. The employment of this system, over 2023, is assessed to have saved to Albanian businesses and consumers around EUR 37 million.

- In parallel, by encouraging and insuring electronic payment, we have also accommodated the economy's demand for cash. Following the issuance of the new series of banknotes in 2022, in 2023 we have fulfilled all the requirements of the Albanian economy for cash, in both value and structure.



The Bank of Albania has fulfilled the institutional obligations stemming from the Stabilization and Association Agreement, the Progress Reports of the European Commission, joint EU-Albania subcommittees and the National Plan for European Integration. Upon the opening of negotiations, the Bank of Albania has actively contributed in bilateral meetings (i.e., screenings) for each of the Acquis chapters between the Albanian delegation and the representatives of the European Commission. Furthermore, we have continued to lead the drafting of Chapter 4 and 17 on "Free movement of capital" and "Economic and monetary policy", respectively.

Concluding, Governor Sejko reiterated the engagement and dedication of the Bank of Albania in respecting all legal obligations and

institutional engagements. This engagement is documented in the Medium-term Strategy of the Bank of Albania, a summary of which is an integral part of this Report.

GOVERNOR SEJKO RECEIVES THE PRESIDENT OF MASTERCARD EUROPE, MR MARK BARNETT

12 June 2024, Tirana, Albania

On 12 June 2024, the Governor of the Bank of Albania, Mr Gent Sejko, had an official meeting with Mr Mark Barnett, President of Mastercard Europe, as well as other senior representatives of the company. After a general discussion on the developments taking place in economy, banking and financial market of Albania, the conversation between the parties focused on the promotion of electronic payments in the Albanian economy and future opportunities for cooperation.



First, Governor Sejko presented the measures taken by the Bank of Albania to encourage financial inclusion and the use of electronic payments, which have been reflected in the best possible way in the Albanian economy, reaching and exceeding the initial objectives of the National Strategy for Retail Payments.

In this regard, Mr Barnett confirmed that, based on the transactions processed by Mastercard,

card payments have increased significantly in Albania during the recent years. Also, from the available data, it results that Albania is the second country in Europe and the third in the world with the highest increase in tourism for 2023.



Next, Governor Sejko and Mr Barnett reviewed the possibilities of continuing to pursue stimulating policies for the best possible use of electronic payments, even from the customers during their daily transactions, enabling fast payments from mobile phones. In this context, the likelihood of introducing card payment applications through mobile phones was discussed, enabling the enhancement of financial inclusion of the Albanian population. The interlocutors emphasized the need to reduce the costs of card transactions, as one of the recommendations of the European Union, and also agreed to cooperate to promote these innovative ways that enable the provision of efficient services in terms of both ease of use and costs.

GOVERNOR SEJKO: LAUNCHING OF TEA 2.0 APPLICATION

12 June 2024, Tirana, Albania

On 12 June 2024, in the premises of headquarters No.2 of the Bank of Albania, it was launched the Digital Calendar of Events

in Tourism through TEA 2.0 application, an event held by the Ministry of Tourism and Environment and the National Tourism Agency.



In his greeting speech, Governor Sejko welcomed participants to the new premises of the Bank of Albania, formerly known as “Dajti” hotel - stating that this cultural monument, which has already been returned to the treasure of our cultural heritage, was reconstructed with a clear vision: conserving the values and architectural style of the time.



He pointed out that the rebounding project of this building was both demanding and awarding at the same time. This building, already returned into a multi-functional structure, will serve as a home for the Bank of Albania. At the same time it will be available to institutions and the public, as a place for information and educational activities, thanks to the dedicated premises.



On this occasion, we are opening the doors of this building to welcome an event dedicated to a powerful engine of our country - tourism - which impact on the economy is increasingly emerging. The Governor said that the swift progress has led to a qualitative improvement of the balance of trade, as reflected in the improvement of the sovereign debt risk ranking by international agencies during 2023, from B+ level to BB level - according to Standard & Poor's. He added, that in recent years, Albania is experiencing an increasing interest for investments in the sector of residential buildings, mainly in coastal areas. This investment reached at EUR 350 million only in 2023.

Governor Sejko emphasised that all these have provided a direct contribution in: the growth of the Albanian economy by 3.44% over 2023; the fall of unemployment to historical minimum of 10.7%; as well as the 14% rise in wages in the private sector. At the same time, in 2023, Albania also marked a historical record of foreign direct investments, amounting to EUR 1.5 billion, and an upsurge

of 11.3% in remittances, reaching at EUR 930 million. He added that the Central Bank has managed to continue implement calibrated policies, to safeguard price stability and financial stability. The current level of inflation, down to 2.2% in May 2024, reflects these polices.

BANK OF ALBANIA AND WORLD BANK WORKSHOP: "ALBANIA'S PATH TO SEPA INTEGRATION, FINANCIAL INCLUSION AND EDUCATION"

14 June 2024, Tirana, Albania

On 14-15 June 2024, the Bank of Albania and the World Bank organised the Workshop: "Albania's path to SEPA integration, financial inclusion and education" The purpose of this activity was the discussion of the integration status of Albania in the Single Euro Payments Area (SEPA) and the benefits to the country, as well as the importance of financial inclusion and education for the development of the market and the social welfare.

In his address, Governor Sejko said that more than ever, the economic growth and



economic stability depend on the financial empowerment of all our citizens. Due to the

rapid developments in the field of: finance, artificial intelligence, digitalisation; as well as in economy and money, our commitment towards these objectives has become purposefully.



In this regard, the Bank of Albania has considerably intensified the efforts for accelerated membership of Albania in the Single Euro Payments Area - SEPA. Thanks to these efforts, two days ago, the Bank of Albania officially submitted the application to the European Payments Council for Albania's membership in SEPA, "Simplification, convenience and efficiency are three among the main benefits of this membership for the consumers and businesses. Through SEPA, the Albanian citizens and businesses will carry out their payments and transfers just like their European counterparts and vice-versa. The main benefits of the Albanian economy and Albanian families will be considerable to in the areas of trade, tourism, remittances, and direct investments among others.", - said the Governor.



In this regard, the Governor thanked the team of the Bank of Albania, charged with this project, the World Bank, Government and all the other national authorities that have supported the aspiration of the Bank of Albania for the accelerated membership in SEPA.

DEPUTY GOVERNOR MINXHOZI ATTENDS THE SUMMIT ON “FINANCIAL AND MONETARY STABILITY OF THE REGION AS THE EURO AREA RECORDS A LOW ECONOMIC GROWTH” IN BEČIĆI, MONTENEGRO 14-15 June 2024, Bečići, Montenegro

On 14-15 June 2024, the First Deputy Governor of the Bank of Albania, Ms Luljeta Minxhozi, attended the annual summit of the countries of the region held in Bečići, Montenegro. This year’s summit on “Financial and Monetary Stability of the Region as the Euro Area Records a Low Economic Growth” addressed the latest developments in the regional economies. Four main panels were held during this summit focusing on topics such as: reforms and modernisation of the tax administration - its purposes, achievements



and challenges; assessing public investment managements; preserving the stability of prices and the banking sector during uncertain times; fiscal policy as a precondition for increasing the economic stability during a low-growth period in the euro area.



The First Deputy Governor Minxhozi participated in the panel of governors on “Safeguarding the Stability of Prices and Banking System in Uncertain Times.” At the beginning of her speech, Ms Minxhozi valued the importance of participating in such activities as it gives the central banks of the region the possibility to share their viewpoints and experiences, as well as to exchange their opinions on resolving current issues.

DEPUTY GOVERNOR AHMETAJ ATTENDS THE GRADUATION CEREMONY OF THE STUDENTS OF EPOKA UNIVERSITY 27 June 2024, Tirana, Albania

On 27 June 2024, the Second Deputy Governor of the Bank of Albania, Ms Natasha Ahmetaj, attended the graduation ceremony of the students of Epoka University, for the academic year 2023-2024. In this event, the Deputy Governor Ahmetaj addressed

to participants, and congratulated all the students on their graduation and wished them the best of success in their career path.



The deputy governor said that without the enthusiasm of young people that make the difficulties seem more manageable, without their talent that challenges the professors to the highest levels of modern science, we would not be able to see Europe as the destination of economists, financiers and young managers. She added that the binomial “quality academic staff-students eager to learn” is the foundation of a country’s bright future. The latter expands the boundaries of a local school toward international dimensions. This has already happened and advances in a perimeter that enlarges every day with institutions like “Epoka” University.

Ms Ahmetaj underlined that the Knowledge Economy has driven to a remarkable change in the global division of labour, creating structures in all economies across the world, regardless of the level of development, as well as exchanging human resources, processes, ideas and technology. She added that the only way to benefit from it is the inclusion in the global production chain and becoming skilful to manage complex information.

ACTIVITIES OF THE BANK OF ALBANIA

MONEY WEEK

28 March 2024, Tirana, Albania

On 18 March 2024, the Bank of Albania launched the Global Money Week 2024. Various raising awareness activities are organised throughout this week. This Week is a global money celebration, which aims at raising the awareness of young generation to be responsible future citizens and capable of making well-informed financial decisions.

The Governor of the Bank of Albania, Mr Gent Sejko, the Minister of Education and Sports, Ms Ogerta Manastirliu, and the Chair of the Albanian Association of Banks, Mr Bledar Shella addressed the MW 2024 launching ceremony.

In his greeting speech, Governor Sejko introduced the year’s theme, “Protect your money, secure your future”, which highlights the necessity for a responsible and informed approach to managing personal finances, including the identification and understanding of potential risks of financial transactions.

The Governor said that it is quite important for the young people to identify risks related to online frauds, and other risks arising from unsecured information and advises. He stressed out that the Bank of Albania in collaboration with its partners, will organise educational and raising awareness activities for pre-university pupils and students.

Next, Governor Sejko highlighted that the Bank of Albania has undertaken and is implementing two important strategies regarding climate and the financial education and inclusion. The strategy for financial education serves as a blueprint for educational

bodies, financial institutions, businesses, and NGOs to develop and implement collaborative policies, programs, and educational materials, ultimately enhancing the country's financial literacy. Advancing this initiative presents obstacles, thus there is a growing necessity of exchanging experiences and learning from one another to enhance and advocate for a stronger financial literacy in our country.

The ceremony continued with the awards for the winners of the five contests organized by the Bank of Albania and the Albanian Association of Banks on the occasion of the Money Week.

LECTURES DELIVERED AT UNIVERSITIES IN THE FRAMEWORK OF MONEY WEEK

In the framework of Money Week, the First Deputy Governor Ms Minxhozi, and the Second Deputy Governor, Ms Delivered open lectures for students upon the invitation from some universities in Albania.



On 19 March, 2024, upon the invitation of "Aleksandër Mojsiu" University, Business Faculty, Durrësi, the Second Deputy Governor, Ms Ahmetaj, delivered an open lecture on "Finances in Knowledge economy", as



a reflection on the new phase where the global economic system has entered in and the adoption of financial sector with this development. The Deputy Governor Ahmetaj emphasized the essential role of innovation, education development and the support from financial institutions, as an intermediary infrastructure for the inclusion of a country in the Knowledge Economy.

On 19 March, upon the invitation of the Dean of Economic Faculty in "Aleksandër





financial inclusion and approximation with the international standards.

On 25 March 2024, Deputy Governor Minxhozi delivered a lecture on “Financial Education, the key for maximising the benefits from innovations in payment systems”, at Economic Faculty of Shkodra University “Luigj Gurakuqi”. In this lecture, Proff. Dr. Minxhozi discussed with students the important steps that the central bank is undertaking to modernise the financial system in Albania, through the implementation of the Law “On Payment Services”. She stated that this Law, in force since 2020, aims at, amid others, promoting formalisation, competitiveness and efficiency in the financial sector, by offering to citizens and businesses the possibility to use innovative instruments of payments which turns their mobiles into digital portfolios. This law enables citizens to carry out financial transactions with an almost zero cost, in a short time, and is particularly important for young people, who are expected to be the main users and largest beneficiaries of innovations enabled by the Law.



Xhuvani” University, Elbasan, the Deputy Governor Minxhozi delivered a lecture on “Financial market development and financial education challenges from the Bank of Albania’s view point”. Ms Minxhozi pointed out the importance of financial inclusion and education, along with the challenges and risks arising together with financial innovations. Prof. Dr. Minxhozi focused also on the role of the Bank of Albania in improving and modernising the payment system in Albania, by contributing in the enhancement of



On 29 March 2024, the Second Deputy Governor, Ms Ahmetaj, delivered a lecture on “Economic integration: knowledge and financing”, upon the innovation of the Dean of the Economic Faculty of Vlora University “Ismail Qemali”. The lecture addressed the need to realise the opportunities that the knowledge economy brings to developing countries, as well as the orientation towards knowledge and innovation as the only way to benefit from them. The Deputy Governor, focusing on the changes that the spread of the knowledge economy is bringing to the international division of work, identified education and the financial sector as the main allies of this progress. In this context, Ms Ahmetaj commented the generations of students and professors who continue to contribute to the good name of this university.

GOVERNOR SEJKO ATTENDS THE ACTIVITY ORGANISED BY THE MINISTER OF YOUTH AND CHILDREN, MS BORA MUZHAQI, IN THE FRAMEWORK OF GLOBAL MONEY WEEK 2024

12 April 2024, Tirana, Albania

On 12 April 2024, the Governor of the Bank of Albania, Mr Gent Sejko, attended the activity organised by Ms Bora Muzhaqi, the Minister of Youth and Children, in the framework of Global Money Week, together with the Minister of Finance, Mr Ervin Mete, and Chair of Economy and Finance Commission, Mr Eduard Shalsi.

In his comments in the panel, Governor Sejko stated that all modern central banks dedicate special attention and funds to the



financial and economic education of citizens. This phenomenon has become more intense and has taken shape especially after the post-financial crises, as financial authorities realised the importance of operating in an environment with a better informed public.

For nearly two decades, the Bank of Albania is committed to expand and enhance the financial literacy of public in Albania, particularly of the new generation. Governor Sejko added that in January 2024, the Bank



of Albania approved the Strategy on Financial Literacy and Inclusion - the first institutional

document that promotes financial literacy, and encourages financial inclusion, prosperity and stability. This strategy aims to ensure that Albanian households acquire the knowledge, master the skills, maintain their positions and develop the appropriate, right and applicable behaviours that would enable them to make well-informed financial decisions, with the ultimate goal of improving their well-being and their financial sustainability.

Concluding, Governor Sejko highlighted that the activities and tailored-made educational publications prepared by the Bank of Albania, in this regard, have three main objectives: presenting the role and functions of the central bank to the public; cultivating and strengthening financial literacy in the Albanian society; and bolstering financial inclusion.

EXHIBITION: "BERAT IN THE 8TH-20TH CENTURY: ECONOMIC AND MERCANTILE DEVELOPMENT; COLLECTIONS OF LOCAL BANKNOTES; AND HISTORICALLY-IMPORTANT OBJECTS OF BERATI DEPICTED IN THE NATIONAL CURRENCY"

18- 12 April 2024, Tirana, Albania

On 18 – 19 April 2024, the Museum of the Bank of Albania and the National Centre of Museums, Berat, organised a joint photo exhibition: "Berat in the 8th-20th century: Economic and mercantile development; collections of local city banknotes; and historically-important objects of this city

depicted in the national currency", at "Onufri", Iconographic Museum, Berat.

Mr Altin Tanku, Head of Research Department at the Bank of Albania, together with the Director of Berat Museum Centre, Mr Miklor Pasku, greeted the participants at the



launching ceremony. Mr Tanku stated that this exhibition presents the important role of the city of Berat as a national economic centre. Berat's role in the economy and cultural heritage has been valued and has been selected as a symbol of our national currency in circulation, as well as in numismatics. The Purple Codex of Berat, which is the oldest historical document preserved in Albania, acquired a special attention. Since it is a precious item and a living testimony of Christianity in Albania, this Codex has unique values that connect the country's present to the past and contribute substantially to the cultural continuity of Albanians throughout the centuries.

The Codex Purpureus Beratinus 1 was inscribed in UNESCO's Memory of the World Register in 2005. This valuable object of our cultural heritage was lauded by the Bank of Albania in 2011, through the commemorative numismatic coin, 50 Lekë "Purple Codex of Berat, Φ 043 - Beratinus 1.

The Minister of State for Youth and Children, Ms Bora Muzhaqi, also attended the launching

ceremony of the exhibition. The Minister, while standing at the educational corner of this exhibition, highlighted the important role of the Central Bank and public institutions in financially educating the new generation. In addition, she encouraged students to learn about finances, making financial literacy part of their overall education. Ms Muzhaqi said that the coordination of inter-institutional efforts in this area is necessary to enhance the financial literacy of Albanian citizens.



BANK OF ALBANIA ORGANISES THE INTERNATIONAL MUSEUM DAY

18 May 2024, Tirana, Albania

Each 18 May, since 1977, it is celebrated - globally, the International Museum day. This date decided by the International Council of Museums - ICOM of UNESCO - aims at raising awareness about the role of museums for the development of the society. In this framework, like every year, on 17 May 2024, the Museum of the Bank of Albania organized various activities for the public, and remained open for visitors beyond its official hours.

During this day, under the motto "Museums for education and research", the Bank of Albania Museum welcomed around 750 visitors. They were introduced to the rich numismatic





EXHIBITION: "MONEY SMART - FINANCIAL EDUCATION FOR ALL" 13-28 June 2024, Tirana, Albania

On 13 June 2024, the Bank of Albania and the World Bank, with the financial support of SECO, launched the educational exhibition "MONEY smART – financial education for all". The exhibition was open on 13-28 June 2024, at the garden before the forequarters No. 2 of the Bank of Albania.



collection of the Bank of Albania, the domestic economic and monetary history, as well as the special activities dedicated to this day in accordance to the international theme.



The exhibition "MONEY smART – Financial Education for All" is the first fruit of the Bank of Albania's Strategy for Financial Inclusion and Education, adopted in early 2024, as evidence of the Bank of Albania's serious commitment in this area.



The launching ceremony of this exhibition brought together children of different





age groups, who learned in additing to entertainment in the art corners, where art teachers helped them create paintings or sculptures, using the banknotes of the Bank of Albania; they became part of the interactive quiz; took pictures in our photo frame with an attractive hashtag, linked to financial education to encourage social media sharing and virtual engagement of activity; they received Fortune Cookies with short quotes from the world’s personalities on money or finances.



The first Deputy Governor of the Bank of Albania, Ms Luljeta Minxhozi, and the Senior Financial Sector Specialist and the Senior Financial Sector Specialist World Bank Group, Ms Oya Ardic greeted the participants. Deputy Governor Minxhozi said that the world of finance has always been a difficult area for the general public to understand, but the growth of the products and services supplied by the market has made it necessary to own a minimum level of financial literacy for an informed decision-making that takes advantage of the opportunities offered and avoids risks. The Bank of Albania, being aware of this fact, from years invests in establishing financial literacy in the Albanian society.

Meanwhile, Ms Ardic assessed financial education as the cornerstone of a boosting economy, empowering individuals to navigate a complex and rapidly evolving financial landscape and to employ financial services for long-term prosperity.

OTHER

The Bank of Albania puts in circulation 10 Lekë and 5 Lekë coins, legal tender, issue of 2023

On 28 May 2024, the Bank of Albania put in circulation 10 Lekë and 5 Lekë coins, legal tender, issue of 2023.

Re-minting of the legal tender 10 Lekë and 5 Lekë coins was approved by Decision No 02, dated 18.01.2023 of the Supervisory Council of the Bank of Albania, pursuant to the Law No. 8269, dated 23.12.1997 “On the Bank of Albania”, as amended.

These coins have the same alloy composition, design, dimensions and weight as the last issue of this denomination. Difference from the



latter issue consists in the year of issue printed on the coins, i.e. the year "2023".

BANK OF ALBANIA JOINS SBFN

The Sustainable Banking and Finance Network (SBFN) welcomes the Bank of Albania as its newest member. The Bank of Albania has demonstrated significant commitment and tangible progress in fostering a conducive environment for sustainable finance. This includes the development and approval of the Green Medium-Term Strategy 2023-2025: "Management and Supervision of Climate-related Financial Risks in the Financial Sector", which outlines a comprehensive action plan focusing on capacity building, research, risk assessment, and the promotion of international and local cooperation in the realm of sustainable finance.

GOVERNOR SEJKO: INTERVIEW WITH "MONITOR" MAGAZINE.

In an exclusive interview for "Monitor" magazine, Governor Sejko commented

the exchange rate performance, reasons and its economic consequences. The article introduces the Bank of Albania's viewpoint on these issues. In more concrete terms:

- Reasons behind lek exchange rate strengthening

The dynamics of the exchange rate - in a free-floating exchange rate regime - as operated in Albania, is a function of the demand and supply ratio for foreign currency. This ratio, in absence of interventions by public authorities, is determined by market forces and accommodates the country's economic and financial trends. The strengthening of lek exchange rate over the course of 2023, as considered in this context, suggests that there is a surplus in foreign currency supply in the domestic foreign exchange market. The analysis of the available information shows that the robust and continuous improvement in the balance of trade and financial exchanges with abroad in the last two years triggered this surplus.

- Economic consequences and the response of the Bank of Albania in regard to the strengthening of the exchange rate over the course of 2023

In the span of two years, the ALL/EUR exchange rate strengthened by 10.2% (2023 Q1- Q3 vs 2021 Q1-Q3), while the volume of Albanian total exports grew by 80% for the same period. Under these circumstances, the performance of the exchange rate should be seen as a reflection of the success we had in the growth of exports and not as a premise of their failure. Based on these premises, the appreciation of the exchange rate has had an overall positive impact on the Albanian economy. This effect is materialized in the reduction of inflation, in the preservation of both purchasing power and the value of households' savings, as well as in lower financing costs for the Albanian economy.

Also, the exchange rate appreciation has helped the sustainability of financial stability, through the improvement of balance sheets of foreign currency borrowers and the positive effect on the level of non-performing loans. The reaction of the Bank of Albania to developments in the exchange rate has been and will always remain oriented in relation to our price stability objective and consistent with the free exchange rate regime implemented in Albania.

Closing the article, it is emphasised that the strengthening of the exchange rate - which has originated from an increase in foreign demand for Albanian services - has helped in curbing inflation and has enabled a more gradual normalization of our monetary policy stance. As a result, it has helped preserving the purchasing power of households and has kept the financing costs of businesses and households at low levels.

PRESENTATION OF PERIODICAL REPORTS OF THE BANK OF ALBANIA TO THE MEDIA

As part of its communication strategy with the public, the Bank of Albania presents its periodical reports to the media prior to their publication. Based on the publication calendar of periodic reports published on the Bank of Albania's website at the beginning of 2024, during the first half of this year, four presentations were held off-the-record with the media.

- Presentation of the Quarterly Monetary Policy Report 2024/I, on 15 February 2024, at the premises of the Bank of Albania's headquarters, No.1.



- Presentation of the Financial Stability Report 2023 H2, on 30 April 2024, at the premises of the Bank of Albania's headquarters, No.1.



- Presentation of the Quarterly Monetary Policy Report 2024/II, on 16 May 2024, at the premises of the Bank of Albania's headquarters, No.1.



- Presentation of the Annual Supervision Report 2023, on 27 June 2024, at the premises of the Bank of Albania's headquarters, No.1.

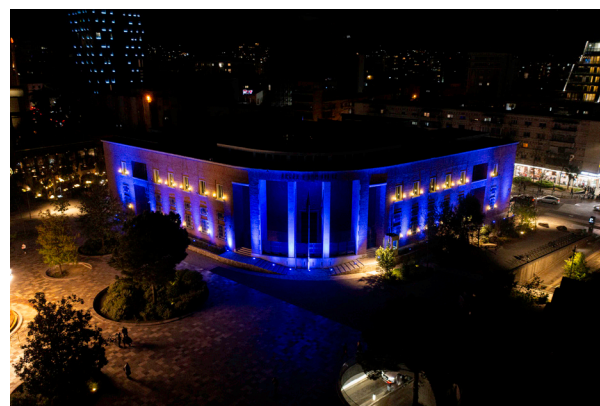


FRIDAY SEMINARS

The Bank of Albania holds regularly the research activity "Friday Seminar. This initiative welcomes Bank of Albania's experts, researchers from the academic and other financial, research and scientific institutions, to present and discuss their theoretical and empirical research papers. During the first half-year was presented the paper "Weighted mediana: A measurement of core inflation in Albania, by Ms. Lorena Skufi, expert at the Bank of Albania.

SOCIAL ACTIVITIES OF THE BANK OF ALBANIA

The Bank of Albania, within the framework of social responsibility, undertakes various humanitarian initiatives.



On 2 April 2024, as in previous years, the Bank of Albania's central building was illuminated in blue to mark the World Autism Awareness Day as part of a common national awareness raising initiative for it.



On the occasion of 14 June, the World Blood Donor Day, the Bank of Albania' employees joined the blood donation initiative. Many employees of the Ban of Albania donated blood in support of patients in need.



