

Ardian Fullani: Financial sector assessment program (FSAP)

Speech by Mr Ardian Fullani, Governor of the Bank of Albania, at the press conference organised in the context of the Financial Sector Assessment Program, Tirana, 15 December 2005.

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I have the pleasure to be here today next to the Minister of Finance, Mr. Bode and Ms. Laura Kodres, International Monetary Fund expert and one of FSAP mission leaders, on the occasion of introducing a very important document, such as the financial sector assessment program or otherwise recognized as FSAP.

On behalf of the institution I represent I would like to thank the joint IMF/World Bank Mission for their hard and great job during their visit in Tirana. This assessment is a very significant financial passport, a first fundamental step to a professional and straight assessment of the financial system in Albania, taking into consideration each of its segments.

A special thanks is also addressed to IMF and WB authorities, who considered our request to send to Tirana their representatives to enable the public presentation of the findings and recommendations produced by this assessment.

I honestly hope the conclusions made by Ms. Kodres shall be bluntly and objectively assessed by you. I would like to stress that the recommendations made by FSAP mission provide a great assistance, and as such, they should be correctly comprehended and interpreted. These recommendations assist to a high degree each policymaker, supervisory institution, market operator, and obviously to media which is very much part of this process. The way you will monitor and communicate information to the public is very important. In this context, I would like to underline that the Bank of Albania shall be very open to assist.

To this aim, we have recently made the Bank communication office functional, thereby meeting one of short-term FSAP recommendations. I avail myself to this occasion to stress that our immediate plans are to provide a more contemporary communication approach, in particular in the context of preparing and launching educational and training packages, targeting different interest groups.

From the moment we were acknowledged to FSAP recommendations, our institution started listing them by priority and by institutional right. As also monitored by you, we broadly discussed in the Forum organized in the first days of December the issue of establishing a Monetary Policy Committee.

With regard to banking market developments, the Bank of Albania sticks to its engagements to augmenting the opportunities of commercial banks in the securities market. In more concrete terms, starting from September the Bank of Albania charged a fee for the operations carried out in its windows, and in early December the two-level securities register was placed into function. Pursuant to FSAP recommendation and with a view to enhancing daily liquidity management, the intra-credit regulatory basis was amended.

The new bill "On Banks in the Republic of Albania" is complete and ready to be presented to banks for discussion. With the assistance of a specialized international consultation, we believe this shall be a new, contemporary law and it shall identify a number of issues addressed in the form of FSAP recommendations.

Starting from July 2005, the automated electronic clearing house system commenced to operate. Currently, we are working on completing the regulatory framework with a view to augmenting the services provided to the economy, aiming primarily at automating utilities' periodical settlements.

In November, the Bank of Albania Supervisory Council amended the Regulation "On licensing non-bank entities", aiming at involving all non-bank financial institutions which operate in the territory of the Republic of Albania in the Bank of Albania licensing and supervision scheme.

In October 2005, the Bank of Albania Supervisory Council approved the new organization structure of the Bank of Albania, placing a major emphasis to enhancing legal counselling, statistical service and public communication. These three functions are deemed as very significant, in particular when considered in the context of our objectives related to monetary policy and EU integration.

Another short-term FSAP recommendation related to improving Bank of Albania transparency is now accomplished. Every interested person could be informed on the rules that the Bank of Albania pursues when it intervenes in the foreign currency market or be acquainted with the present agreements between the Bank of Albania and the Ministry of Finance.

We have been intensifying our efforts to reaching to a rapid and effective solution as regards the Credit Information Bureau. Considering it as a very significant recommendation, we have recently added our contacts with the Albanian Banking Association in order to find a quick solution.

A concrete action plan on the part of the recommendations directly related to the activity of the Bank of Albania and its competencies has already been completed and introduced to IMF authorities.

What I deem as crucial is the complete assimilation of each suggestion made, and based on this absorption we have tried to build up a realistic and fully possible action plan. We believe that the successful accomplishment of the tasks included in the action plan shall be a key factor in enhancing the banking system financial stability. It shall influence the establishment of a modern payment infrastructure, increase financial market efficiency, perfect human capacities and set up a safe foundation for more sophisticated future developments.

I would like to take this opportunity to emphasize that the Bank of Albania shall provide all its expertise to the inter-institutional group established to meeting many other FSAP recommendations. We hope the commitment of other institutions, be they central or supervisory, shall be provided properly, in order for these recommendations to be accomplished in due course.

I am convinced the Minister of Finance and me share the same objective, which is to lead our institutions to stepping this process forward, aiming at achieving a sustainable and sound financial sector development in the country.

Only by doing so, we could lay the grounds for a second assessment in a three-year time, which shall not only observe the accomplishment of these recommendations, but also determine new priorities towards financial system development.

Thank you!