

## **Ardian Fullani: Agreement between the Bank of Albania and the Competition Authority**

Speech by Mr Ardian Fullani, Governor of the Bank of Albania, at the signing of the Memorandum of Understanding, Tirana, 17 July 2007.

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Dear participants,

I am pleased to have concluded this co-operation agreement between the Bank of Albania and the Competition Authority.

In observance of the legal responsibilities of the institutions we represent, this agreement concludes the formal basis for cooperative efforts, in terms of achieving the objective of enhancing the competition conditions, in which the banking and financial activity is being conducted. Fair competition promotes the efficiency in the banking business and refines the composition and the functioning of the banking market, by providing significant services to clients and the public at large, being users of banking and financial services.

It has been for some years now that the Albanian economy and the financial system are in an intensive process of integration into the regional economies and markets. This process requires the improvement of the legal and regulative framework for developing the business and the enhancement of the human and institutional capacities to cope with the challenges deriving from the economic openness and the enhancement of competition. Considering this phase of economic development, it is essential that the regulatory authorities of financial markets and their institutions establish transparent and non-discriminative conditions for conducting business and moreover, develop necessary instruments to identify and eliminate cases of abuse from the financial institutions in their relationships with the other market participants and the clients.

According to this agreement, the Bank of Albania shall, in fulfilling its supervisory role and in co-operation with the Competition Authority, support the latter in identifying the behaviour of banks and non-bank financial institutions, which may distort competition and ultimately, maintain an unfair position in the market, set unreal prices for banking products and services and discriminate certain clients or part of the public. In such cases, the Bank of Albania will require the Competition Authority, to start an investigation procedure, according to the law provisions. On the other hand, the Bank of Albania will continue to ensure that the regulatory framework and the supervisory practices remain transparent and provide to all entities meeting the law requirements equal terms for conducting banking and financial activity. In the context of this co-operation, the Bank of Albania and the Competition Authority shall establish the format of formal information exchange, by observing the requirements of the law in terms of its quality and characteristics.

Understandably, we have taken only one step along a very long process, which requires its consistency in practice, as well. It is crucial that the importance of this agreement be fully comprehended by the staff of both institutions. Its commitment is essential, in order for our co-operation to be part of our daily job and add to the efficiency of both institutions and not to remain solely on paper.

The Bank of Albania considers the conclusion of this memorandum as a cornerstone which will overwhelmingly affect the enhancement of real competition conditions, in which the banking and financial activity are currently being conducted. It is worth underlining that fair competition promotes the efficiency in the banking business and refines the composition and the functioning of the banking market. The Bank of Albania will make its utmost efforts to make the co-operation deriving from this agreement as concrete as possible and with direct impact on achieving a real, fair and efficient market competition.

I take this opportunity to express the Bank of Albania commitment to carry out all the responsibilities deriving from the law and from this agreement. In addition, allow me to express my appreciation to the Competition Authority and to Ms. Lati for the support granted in the conclusion of this agreement.

Thank you.