

Ardian Fullani: Albania's Financial Sector Development Program

Opening remarks by Mr Ardian Fullani, Governor of the Bank of Albania, at the inaugural reception of the Financial Sector Development Program, Tirana, 9 February 2012.

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Dear Mr. Spindler,

Dear Mr. Williams,

Dear Ms. Timofeeva,

Dear participants,

It is a special pleasure for me to be here in this ceremony, which marks the commencement of a new phase of cooperation with the *Financial Services Volunteers Corps* (FSVC). This is evidence of the successful existing cooperation and our commitment to take it further in the future.

The Bank of Albania has benefited largely from the cooperation with the FSVC. In concrete terms, this cooperation has focused primarily on strengthening the institution's oversight function. The assistance from the FSVC has addressed specific training needs for the Bank of Albania's supervision staff and has complemented with concrete activities other development projects we have had with the International Monetary Fund and the World Bank.

More specifically during this period, we have been assisted to draft and implement the Supervision Development Plan in 2004–07, in the framework of the cooperation with the World Bank.

Later, cooperation challenges and needs became more concrete and specific against the background of the proliferation of the international financial crisis, re-conceptualization of international banking supervision standards and re-assessment of the role of other public authorities working to maintain the financial system's stability.

During 2008–09, the Bank of Albania started the revision of the regulatory and operational procedures to make them more comprehensive and solid with a view to tackle extraordinary financial situations. In this context, the FSVC has assisted us with expertise to amend and upgrade the relevant manuals. In 2010, the assistance of FSVC was requested to perfect operational risk supervision and assess IT infrastructure adequacy. In addition, during the same year, assistance was received as regards revising the credit risk manual. In 2011, cooperation between the Bank of Albania and the FSVC focused on boosting banking risk assessment, this time around on liquidity and market risks assessment.

Moreover, the assistance of FSVC has proven very useful for the regulatory and operational empowerment of the Albanian Deposit Insurance Agency (ADIA).

I would like to underscore the appreciation of the ADIA and the Bank of Albania, as its supervisory authority, for the invaluable contribution of FSVC experts on drafting ADIA's Strategic Development Plan 2002–05; preparation of payment procedures in the compensation process during 2008; drafting of amendments to the law "On deposit insurance" in 2009, and; identification of further legal and regulatory improvements to enhance ADIA's capacities on insurance of liquidities.

I would also like to point out that the FSVC's assistance has been evident and effective. It has always been adapted to the Bank of Albania and ADIA's concrete needs and provided swiftly. The deployed experts were professionals with considerable financial and legal experience in key institutions such as the Federal Insurance Deposit Corporation. The expertise has proven rather useful for many of our staff and, at times, was provided as on-

the-job training, for example, FSVC experts joined the Bank of Albania's Supervision Department inspectors in their on-site examinations. I am confident that these qualities of FSVC's assistance will be maintained in the future.

A result of this fruitful cooperation is our shared commitment to extend it to the medium run. The parties have been in constant contact to identify the fields for future cooperation and I reckon that this process is being finalized in terms of project design and relevant details on development methodology and expected results. A preliminary assessment reveals that the scope of our future cooperation has expanded. Projects will continue to serve the objective for ongoing supervision capacity building in the fields of improvement of contingency plans, implementation of latest amendments to international banking supervision standards, risk assessment and improvement of regulatory requirements for responsible management by banking and financial institutions. The assistance may be expanded to include underlying standards for payment systems and use of e-money, thus laying the grounds for the adoption of relevant requirements arising from EU directives. The cooperation of the FSVC with ADIA will focus on the implementation of the Strategic Development Plan 2012–14 and will address, more concretely, the modernization of the IT infrastructure and reporting system as well as other ancillary processes.

Appreciating the distinct qualities of FSVC's assistance and taking into account the enhanced capacities of Albanian institutions to take in this assistance effectively, I deem that this cooperation should be supported and forego the concrete realization of future development objectives. In this context, the assistance may be tailored to support the design of a holistic project; not channeled in certain segments of its development, but focused, especially, on its implementation phase. This would require the FSVC and the Bank of Albania or the ADIA to define respective programs and other necessary requisites so that foreign experts may provide longer term assistance to ensure consistency of the training content and quality. This process would be carried out also by a thorough ex-post assessment of these projects.

Finally, I avail myself of this opportunity to thank the US Government and other donors, USAID Mission in Albania, FSVC's Board of Directors and its staff in Tirana for raising the necessary financial resources to support this cooperation program. I would like to reiterate the commitment of the Bank of Albania for a fruitful and effective cooperation.

Thank You!