

Ardian Fullani: 100 years of independence – our history reflected in the national currency

Speech by Mr Ardian Fullani, Governor of the Bank of Albania, at the Opening of the Exhibition “100 years of independence – our history reflected in the national currency”, Vlora, 16 November 2012.

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Dear Mayor,

Dear Ladies and Gentlemen,

It is a great pleasure for me to be here today in Vlora on the occasion of the opening of the Exhibition “100 Years of Independence: Our History Reflected in the National Currency”. It is extraordinary that we are only a few days away from the celebration of Albania’s 100th anniversary of independence.

In the capacity of the institution responsible for issuing the currency in Albania, the Bank of Albania considers that it is its duty to inform the public at large about Albania’s monetary history. The exhibition we are opening today is a contribution in this respect. It presents the journey of currency in Albania from the declaration of independence to this day. It features a vast collection of artefacts of the Albanian state monetary history. It has great material and cultural value as many of these objects are unique and date back to prior the issue of our national currency by the Bank of Albania.

By touring a number of cities in Albania, such as Berat, Gjirokastra, Korça, Shkodra and Tirana, and making a stop in the city where Albania’s independence was declared, we are walking along the same path as our national currency – the lek. We aim to draw the public’s attention to the fact that the state formation process and our modern history are not only about political and military events, or about biographies of people and institutions, but they are also closely linked to the history of our national currency.

As soon as you enter this exhibition, you can immediately feel how the history of the Albanian currency has walked hand in hand with our nation’s history and its major historical figures. They are so closely linked that when you hold a coin or banknote in your hand, the historical period during which it has been minted, printed and used, flashes in front of you just like in a photo.

The currency, along with the language, constitute an inseparable part of our national identity and cultural heritage. By unfolding in its images people, events and the most important values of our history, the currency has contributed to strengthening the feeling of national identity in the Albanian people.

By acting as a common medium of social interaction, the currency has also played an irreplaceable role in creating a national tradition and memory, strengthening in turn the sense of belonging to the Albanian nation and the sharing of a common destiny. All these have contributed to strengthening national sovereignty, particularly when the currency is managed in a stable way.

William Camden, a British historian in the late 16th century, considered money as the fifth element after air, fire, earth and water. The universal character of money has captured the interest of numerous generations of philosophers and has stimulated human imagination in different kinds of ways. Money is not only an economic act but also a political one. It establishes the boundaries, contributes to consolidating a country’s identity and may lead to conflicts and wars. But despite all, having a good will, money may precede peace and stability of one or more countries. As also stated by Helmut Kohl, former Chancellor of Germany, “the real flag of the Federal Republic of Germany is the Deutsch Mark”.

If you had lived in Albania in the period when its independence was declared, your money would have mainly consisted in French gold francs – what we still refer to as “Napoleons” to this day – and Austrian silver coronas. Being citizens of a coastal city, you would have probably used Italian liras and copper coins for your small purchases. During World War I, the main forms of money were not only gold and silver coins, but also local banknotes – for instance, banknotes issued by the autonomous region of Korça.

Nowadays, in addition to the currency issued by the Bank of Albania, we also use cheques and means of electronic payments. Hence, although money has taken many forms through different times, it has always been very important to the people and the economy. It has been so important that even to this day, people still continue to keep and collect coins, banknotes, cheques or notes of past times – which today have no economic value – as a sign of their trust in money.

The project for an Albanian national currency was part of the general modernizing policy implemented by Ismail Bej Vlora in the newly-established Albanian state.

According to him, the sooner Albania strengthened its economic freedom, the better it could preserve the newly-gained political freedom, hence turning into a prosperous country. The father of independence considered the establishment of a central bank as crucial to Albania's economic development, in line with the models provided by foreign banks, and particularly the Bank of England, which at the time was the centre of the global financial system. As Ismail Bey Vlora noted “... Let me say with admiration that the work of the Bank of Albania is, both economically and politically, a second victory for Albania, after that of independence”. Despite being established as a privately-held institution, the Bank's activity would not be oriented towards generating profit or other commercial interests. It would rather orient towards providing public goods, such as issuing the currency and acting as banker to the government, banks and other financial intermediation agents in Albania.

Despite the numerous efforts, gaining independence did not bring the establishment of a national monetary system and Albania continued to be one of the few countries still having a gold-based coin circulation system.

The establishment of the central bank was vital to inspire the Albanian public trust, by encouraging investment of savings in shares and bank deposits, hence turning the bank into an engine of the lending system in Albania.

If we look back in the past, we can see how much the Albanian currency has evolved. From the declaration of independence – when gold and silver were considered to be the only real forms of money – we come to the present with the Bank of Albania projecting to put electronic money into circulation.

Unlike precious metals, which hold their value over the centuries, a currency's value is equal to public's trust in the stability of the economy and in the central bank putting it into circulation. It is this public trust that guarantees the stability of the currency and enables the development of a modern monetary system.

The latter is the product of a long period of practical experience and a large number of economic studies suggesting that the central bank, through its monetary policy, contributes to improving the economic perspective and people's living standards by preventing prolonged periods of inflation and deflation. In addition, price stability contributes to increasing economic activity and employment; hence promoting economic welfare. Firms and consumers make informed decisions about consumption and investment; the market allocates the resources more effectively; productive potential and incentives to invest in the economy increase; while the redistribution of welfare and income improves, hence contributing to strengthening social cohesion.

In order to facilitate monetary policy implementation and efficiency in the economy, the Bank of Albania pays great attention to encouraging economic and financial education in Albania.

We believe that broadening the basic knowledge on economic environment improves people's ability to process the necessary information and make right economic decisions.

In addition to providing the public a more effective participation in the society, economic and financial education contributes to ensuring public support for the policies the Bank of Albania implements.

In carrying out this mission, our compass remains oriented towards Europe and the incessant progress towards economic and legal convergence with the EU. Our activity will continue to focus on strengthening the Bank of Albania's independence as key precondition for safeguarding monetary and financial stability. The common European currency has itself turned into the basic anchor of the EU.

The best way the Bank of Albania can fulfil its mission to the public is for the latter to know and trust the national currency. A strong and sound currency will be an inseparable companion in our journey towards Brussels and Frankfurt.

Dear Mayor, Ladies and Gentlemen, I hope you will enjoy the visit to the Bank of Albania's exhibition we are opening today in "the city of flag". On behalf of the Bank of Albania, it is my great pleasure to declare it open.