

## **Ardian Fullani: Opening, extension and modernisation of the primary and secondary treasury bill market**

Address by Mr Ardian Fullani, Governor of the Bank of Albania, at a meeting with the Minister of Finance and representatives of all banks in Albania, Tirana, 8 April 2005.

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Honored ladies and gentlemen!

First of all I have the pleasure to thank you for your willingness in finding the time to take part in this work meeting. I would also thank your technical staff for the devotion shown in dealing with this issue, which constitutes one of our priorities at the Bank of Albania.

At the Bank of Albania conference on "Central banking in the time of integration" I launched, interalia, the idea of the need for qualitative developments in the banking and financial system and this as closely connected with the need for further increasing the intermediation role of this system in the economy. It is understandable that the implementation of this idea would simultaneously require the giving of more possibilities to the banking system, so that this system carries out its role better and more actively.

The topic we are discussing today is in this line. I am strongly convinced that the treatment of this issue did not appear as something unexpected, but it is a logical result of the positive developments taking place so far and the banking system awareness to be more active in its role for raising public confidence in the system. In the line of this logic, the raising of confidence would bring about its positive effects even on increasing their banking activity, which will be in compliance with their objective to be in the market with as much dignity as possible.

In this discussion I will not focus on the technical aspect of cause explanation and process implementation, which I consider as exhausted by discussions made between respective technical staff, but I will focus on what we intend to reach and on the shortest and safest way to complete this process successfully. Also, I would like to clarify that the individuals will continue to participate in the primary market of securities and this market will continue to be organized by the Bank of Albania.

What we intend to reach through this process is:

1. The realization of a smooth transition process, at the smallest cost possible, in terms of maintaining the participation of individuals in the primary market.
2. The reduction of the time which is needed for the realization of treasury bill primary market auction.
3. The increasing possibilities to apply into practice the principle "Delivery versus payment" for operations that will be performed in the secondary and retail Treasury bill market. Here I take into account either the facilitating of procedures or the increased safety for using these securities as collateral and for encouraging the interbank and lending market.
4. The last but not the least is to increase the possibility of commercial banks to be more present into the market, making it more liquid and solvent.

How we think this process will be realized:

1. The Ministry of Finance and the Bank of Albania must review the regulatory basis that covers the part of treasury bills issuance and more concretely the Agreement concluded by them "On issuance of treasury bills in the form of registration".
2. The Bank of Albania must review the Regulation "On the secondary and retail treasury bill market in Albania".
3. The Commission of Securities must review that part of the regulatory basis which is related to the licensing process of the securities register.
4. The commercial banks should proceed with the Commission of Securities, with the purpose to ensure the licence for maintaining the register of individual's securities.
5. The Bank of Albania will prepare, after the completion of this process, the strategic plan of the movement of individuals from its windows to the windows of commercial banks. The time

available to the Bank of Albania will also be used for testing the stance of "individual" investors in advance.

In this framework, we would also like to inform you that the Bank of Albania is working for considering, at the shortest time possible, the possibility of increasing the participation amount of individuals, through the Bank of Albania, in the primary treasury bill market, as well as the application of a commission on new operations they will carry out with it. The new level and commission will affect only the individuals that would like to use the Bank of Albania to participate in the primary market.

Thanking you again for your attention, I would like to pass on to the discussions about the steps we deem to make. At the end of this meeting, I propose we come out with a concrete plan of actions for a successful implementation of this process.