

## **Ardian Fullani: Experiences of the Bulgarian National Bank in its road towards the ESCB**

Opening speech by Mr Ardian Fullani, Governor and Chairman of the Bank of Albania, at the workshop Experiences of the Bulgarian National Bank in its road towards the ESCB, organised in cooperation with the Bulgarian National Bank and the GTZ Office, Tirana, 5 September 2005.

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Dear participants,

First of all, I would like to say good morning to all of you.

Today's meeting with our Bulgarian friends takes place in the context of several activities that we have recently organised with a clear focus on the future challenges related to the integration process. I am pleased that the fall season of this year starts with this activity and first of all, I avail myself of this opportunity to extend my gratitude to the representatives of the Bulgarian National Bank, the GTZ and to my friend, Professor Bolle.

Since the very first days of my appointment to this position, I have publicly declared that Bank of Albania's institutional preparation in its road towards the ESCB remains our main challenge. Meanwhile, in all the meetings that I have had with the representatives of the regional central banks, as well as with high officials from Brussels and the ECB, I have underlined the idea that the future of the EU will be both more prosperous and unproblematic if the countries on its periphery look not only towards Brussels, but also if they start looking to each other. We – the central banks of the region – should represent an example in this direction.

As pioneer institutions of progress, the central banks of the region should cooperate with each other in order to expand the road for a further political, social and economic integration.

I believe that the chances for a rapid and secure process of European integration could be accelerated if we will have – among others – a healthy and safe financial and banking system, which should be able to advance the economic development of the country. Nevertheless, in order to materialise the objective for the approximation of their model with that of the EU member states, we hold the opinion that the central banks of the transition countries have more difficult "homeworks" than the classical responsibilities carried out by a central bank. Speaking in more concrete terms, this has to do mainly with the challenges related to the development of markets, with the unification of different norms and standards and with enhancing credibility in the country, thus aiming at the creation of an atmosphere that inspires confidence to foreign investors.

Even though they have passed into the consolidation stage, our banking systems still remain fragile, and as such, they require greater commitment and care. Regardless statistical developments, the scale of financial intermediation is relatively low, whereas time after time the shadow of shocks on the economic equilibria shows up itself in different countries. Future changes will not be simple at all, but all of us together, by exchanging experiences and necessities for change, will build a safer environment, which I hope will make future challenges somewhat easier.

Granting independence to central banks represents one of the most relevant steps in the financial system reform in the countries of our region, as an important precondition for maintaining inflation under control and becoming an ESCB member. However, our endeavours for the consolidation of the institutional and real independence should be coordinated carefully by taking into consideration the specific features of our economies in transition, and not as a mere implementation of what may seem to be a successful model for the ESCB countries.

In this framework, I consider today's meeting as very important, since the Bulgarian economy and the Bulgarian National Bank have been going through substantial reforms in the context of EU accession. I believe that the challenges that we have faced and those that we will face in the future are more or less the same with those experienced by the Bulgarian authorities, including the Bulgarian National Bank.

As a consequence, I think that the bilateral cooperation between our banks carries a high potential, and in the name of my institution, I avail myself of this opportunity to offer maximal guarantees with regard to the fruitful development of these relations.

Passing into a multilateral framework, I will return once more to the idea that focuses on the institutionalisation of the inter-regional cooperation between central banks. If we look to the meetings organised with some of the regional banking authorities, the initiative on regional cooperation has been welcomed, but I also believe that time has come to carry out concrete measures towards this cooperation. Judging from my personal experience, not as governor but as a banker, I hold the opinion that it would be appropriate to establish a club of regional central banks. The regular meetings of this club would certainly enable the exchange of experiences and the further strengthening of our cooperation.