

Ardian Fullani: Interview with Voice of America

Interview of Mr Ardian Fullani, Governor of the Bank of Albania, to Voice of America, 14 October 2008.

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What is the dynamics of this year's meetings? Is Albania immune to this crisis? What measures have you as an institution and the government taken to cope with it?

This regular meeting in Washington has been special. Besides permanent discussions with the International Monetary Fund and the World Bank, priority was given to discussing about the grave world financial situation, the way to weather this crisis, along with possible solutions. At the same time, a special analysis was made for separate countries, of course Albania included, as a country that has a program with the Fund. So, participation in these discussions has been important. I would be interested in seeing Albania not only in our framework but also in the regional framework and even broader, because this situation should be considered in perspective, not only for what happened today, but also for what will happen tomorrow. The week has been full of activity. Washington has been involved in a special and unique whirl of discussions among important economic-financial institutions, policy-makers and international banks for finding a solution, not only for the moment but also for resolving the situation over the medium- and long-term, as well as for discussing about the future global economy's prospects. Many taboos have been broken and discussed around; now the global economy is confronted with new challenges for the future. In view of this, it is important to emphasize the G7 meeting and yesterday's meeting on the Euro area, organized by the President Sarkozy in France. The decisions of these meetings appeal for more action – rapid, well-organized and effective – as well as for more cooperation and coordination rather than competition and arbitrage in law and regulations. Simultaneously, these decisions appeal for supporting public packages for a re-capitalisation of financial banking institutions, for putting the lending system into operation and for taking all relevant incentives in order to raise public credibility for these institutions, with the purpose to liven up the banking and financial system, as well as the economic life of different countries.

In specific terms, what measures have you as an institution taken to raise the credibility of this public already concerned about the financial situation?

I have said it time ago that this grave situation is not any longer a situation aggravated by international financial institutions or by various packages they used, as it comes out today, but it has merely turned into a great confidence crisis. Presently cooperation, coordination and a greater attention is required as concerns not only to the current problems but also to the prospects of the situation. We have been cautious. Over last two years I have taken some initiatives for coordinating our operations in regional framework. Two years ago we organized for the first time a Conference on Financial Stability in Albania, where seven governors of central banks of the region participated. Besides the Governors' Club, we have actually a club that functions precisely for supervision, where we discuss about all banking supervision problems and make a coordination of laws and respective regulations. Last year the new banking law entered into force, while the current year has been full of changes regarding four basic supervision regulations, having the main focus on increasing bank management quality, bank transparency, internal control and risk management.

The financial crisis here in the United States of America started with a fictive house price rise. How do you evaluate this market in Albania and how concerned are you about non-performing loans?

I would like to repeat what I said a week ago, when the financial stability declaration was made public, i.e., the Albanian banking system is not "contaminated" from "toxic" products of the American market and other markets.

Anyway, have foreign banks operating in Albania invested in markets that may be contaminated?

The Albanian banking system is safe. The security of this system rests in its parameters of capital, liquidity and profit. The Albanian banking system is profitable, and non-performing loans are within the specified international parameters. Our supervision standard is another additional element of the protective network that the Bank of Albania creates. Special attention the Bank of Albania has paid to the banking supervision, particularly over last two years. It is a great guarantee for the public in order to raise the confidence in these institutions. The increased confidence in these institutions is a cornerstone for a steady long-term progress of any world economy, especially under such situation. We have always preceded the situations, treating the financial stability problem with primary importance. I have announced in public more than one year ago that the financial stability and the macroeconomic policy walk hand in hand. I think every investment in financial system quality is an investment made for a better and more successful implementation of monetary policy.

At your meeting with the IMF, of course you have discussed for the perspective of prolonging the program of the IMF with Albania. Is there achieved any preliminary result? What camp do you belong to, the camp protecting the prolonging of this program or the one that says that the government's responsibilities should increase, by the IMF leaving now?

Presently there are no camps; actually there has not been any camp ever. Personally I believe that the IMF is the best certifier of our national balances and statistics and the guarantor of our macroeconomic policies; unquestionably, the best guarantor to associate Albania towards European membership.