

Elisabeta Gjoni: Modernisation of retail payment systems in Albania

Opening address by Ms Elisabeta Gjoni, First Deputy Governor of the Bank of Albania, at the Conference on the "Modernisation of retail payment systems in Albania", Tirana, 21 June 2018.

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Good morning!

It is my great pleasure to welcome you to the Conference on the “Modernisation of retail payment systems in Albania”. The Bank of Albania is honoured to have today representatives from the European Central Bank, the World Bank, and central banks of Italy, Kosovo, and Serbia. Also, I would like to welcome the operators and providers of well-known payment services in international markets, representatives of the domestic banking and payments industry, public authorities and, the Governor of the Bank of Albania and the Deputy Prime Minister of Albania, Mrs Senida Mesi.

This conference takes place only one day after the meeting of the National Payment System Committee (NPSC). The members of this Committee undertook important commitments related to the development of payment systems and financial inclusion.

The approval of the National Retail Payments Strategy (2018–2023) is the main product of this meeting.

The retail payments system is a vital component of: financial markets; the overall economy; and every citizen as the end user. In this framework, the Bank of Albania prioritises the modernisation of retail payments system.

Banks have provided a significant contribution for the development of payments, so far. They have invested in: many new technological platforms; modern payment instruments; cards by the renowned international brands. In recent years, non-bank financial institutions are also playing an important role in this regard, by implementing innovative solutions. Public authorities have initiated and developed electronic platforms for the public payment services, such as taxes.

The progress is notable – if compared with 10–20 years ago. But, our benchmarks are visionary: alignment with the standards of the countries we aspire to integrate with and the development of a society with a broad base of financial inclusion, where the use of electronic payment instruments are part of everyday life.

The Bank of Albania, based on this vision, has placed at its focus the modernisation of retail payments system to bring about a tangible change.

In collaboration with all market stakeholders, and with the valuable expertise of the World Bank, funded by SECO, the Bank of Albania finalised a set of analyses and studies on the situation of payments in Albania. I would like to mention here three main reports, published on our website:

1. The so-called PAFI project report on the market analysis on financial inclusion, which is implemented, in many other countries, and aims at reforming the retail payment systems and promoting financial inclusion;
2. Review of the Market for Remittances in Albania, a component of retail payment systems;
3. The study on measuring the costs of payment instruments. This study identified the costs for each element, finding that cash is the most costly means to the Albanian economy. In addition, it sets out scenarios for the replacement with various innovative instruments, which reduce these costs.

The findings from the market, needs assessment and scope for intervention **were materialised**

in a National Strategy on the Modernisation of Retail Payment 2018–2023)

The Strategy aims for improvements in the retail payment market to provide Albanian citizens with more options to choose from for their daily transactions, more easily and more cost-effective, by supporting the objective for a broader-based financial inclusion.

The strategy lays down concrete and measurable objectives, such as the doubling of the population having a bank account (from 38% in 2018 to 70% in 2022), the increase in the number of electronic payments per capita, from 4.3% in 2016, to 10 in 2022 (increase by 130%).

The Strategy aims also **legal and regulatory improvements, which lay the foundations for innovative initiatives, and a level playing field.** In this regard, the Bank of Albania finalised the drafting of the law “On Payment Services in the Republic of Albania”. The approval and implementation of this law will provide a **crucial contribution to establishing services at low cost and easily accessible by the public, and promoting competition and innovation** also based on a **prudential consumer protection regime**. This will be the theme of the first session of the Conference.

Also, the Strategy aims at infrastructural improvements. In this regard, a set of measures are envisaged to promote interaction among various actors from the infrastructural point of view, aiming at reducing costs, in particular, for end users.

The establishment of a national platform for processing card payments - would to provide a direct impact on reducing high costs and improving the current card processing practices, due to the extended cycles and involvement of more actors in the process. Such a platform would also support innovative services, such as mobile payments and e-wallet.

The Bank of Albania is analysing the possibility to **develop instant payment** in our market as well. The implementation of such a project is deemed to have a direct impact on financial inclusion and on providing services at low cost. **I invite you to actively participate in discussions, in order to benefit as much as possible by the experience of other countries,** and to analyse the possibilities presented by service providers that are invited to discuss on these topic in the afternoon session.

Furthermore, regarding financial inclusion, the strategy pays special attention to the establishment of the concept of “**basic**” **bank accounts with low costs, for the financial inclusion of all levels of population,** irrespective of their economic situation.

Last but not least, **innovation in public services.** The initiatives that digitalise and automate public services need coordination and access to various data electronic platforms, such as data of: citizens; addresses; and payments for these services.

Any development should be accompanied with **financial education of the population,** as a precondition for success.

The discussions in this Conference bring to the fore the views and experience of various actors from different countries (regulators, developers, service providers, authorities and experts) and I think this will shed light on the key topics of modernising the retail payment systems in Albania.

Thank you!