

Gent Sejko: Modernisation of retail payment systems in Albania

Welcome address by Mr Gent Sejko, 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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Dear Deputy Prime Minister

Dear media representatives,

Dear participants and colleagues,

Welcome to this conference, whose topic, I would say, is a challenge and promotes the modernisation of the retail payments in Albania.

The Bank of Albania has constantly noted in its communications that the safe and efficient development of payment systems is a key objective not only to support monetary policy implementation and safeguard financial stability, but also to serve as an important tool for formalised and sustainable economic development.

In addition to the focus on payment systems – as a fundamental pillar for the functioning of financial markets and the economy in general – the Bank of Albania is paying increasingly more attention to their development from the perspective of financial inclusion. The main goal in this regard is the broad use of payment instruments in the everyday life of citizens.

This new way of development aims to identify and satisfy the needs of the smallest component of the economy – households and enterprises. Taking into account the conditions of the Albanian market, with a low level of financial inclusion and education, and the relatively high costs for the provided services, our goal is to urge the banking system to offer citizens easily-accessible and cost-effective services, supporting thus the objective for broader financial inclusion.

Therefore, it is both necessary and challenging to intervene in this aspect, especially as we are experiencing rapid and comprehensive developments in technology. Most of the aspects in our everyday life are becoming subject to digitalisation and automated processes and the modernisation of payment systems, in turn, is becoming increasingly important.

The research and analyses carried out by the Bank of Albania with the assistance of the World Bank clearly show that the promotion of digitalisation and innovation in the payment market contributes considerably to the reduction of costs of these instruments, providing services that are easily accessible and affordable by everyone.

In Albania this development is considerably lagging behind other countries, with which we aim to approximate in the framework of European Union integration process; hence, its promotion becomes even more important both in the framework of this integration, and in the broader context of international markets.

The modernisation of these systems through digitalisation will be achieved through a well-regulated development and clearly-set goals in the medium-term strategy, which will be presented later today during the Conference.

The transposition of European Union Directive (PSD), which is considered as one of the most avant-garde pieces of legislation in this field, is a concrete initiative in this regard. The Bank of Albania, in collaboration with the experts of the World Bank and Bank of Italy, has prepared a draft-law, which will be subject to public discussions very soon.

To support these initiatives, the Bank of Albania is analysing the possibility of innovative

developments in the systems we operate, such as: **instant payment**, which, based also on international experience, would reform the payment markets from the digitalisation point of view.

Dear participants,

Given its very nature, this new dimension of payment systems development requires certainly broader cooperation by all the stakeholders. In this regard, the inter-institutional cooperation has resulted as very effective through the organisation and functioning of the National Payment Systems Committee. The Committee is a collegial advisory body, chaired by the Bank of Albania, and is making important steps forward toward reformation and modernisation of retail payment systems.

Its vision for the future is **“creating a contemporary and all-inclusive retail payments market, supported by safe and efficient infrastructure, and a broad range of instruments and services that satisfy the needs of the users”**.

The realisation of this vision requires legal, regulatory and infrastructural developments. It must be noted that the above-cited initiatives, formalised in the relevant national strategy, have been substantially supported by renowned international institutions such as the World Bank, the European Central Bank, and central banks from EU countries. Hence, let me now extend my sincere appreciation to these institutions for their support, and to their distinguished representatives who will share with you today their experience in the development of retail payment systems market.

From the perspective of communication and cooperation, the regional cooperation and sharing of experiences is deemed as very important and fruitful. As a result of market development and cultural characteristics and financial education level in the countries of our region, experience sharing assumes particular importance, as it may contribute significantly to achieving the goals more effectively.

Last but not least, another development is the joint initiative of the Bank of Albania, Ministry of Finance and Economy, and Minister of State for Diaspora for a higher attention related to attracting and effectively using remittances, as a component of retail payments.

At the international level, remittances make a significant contribution to the economy and welfare of the people, and are considered as accelerators to financial inclusion. The Bank of Albania, therefore, in addition to the aimed developments in the national strategy for reforming the retail payment systems, is engaged in preparing an annual publication on remittances. This publication aims to enhance the knowledge and information about remittances in the Albanian market, and to convey messages in the context of needs for intervention and the potential of remittances for various actors in the economy.

For all the issues addressed above, especially related with the commitment of various stakeholders in the modernisation of payment systems in Albania, I invite you to actively participate and contribute to this conference.

Concluding, I would like to wish you fruitful conference proceedings and thank you for your participation and attention.