

## Gent Sejko: Address on remittances of the Albania diaspora

Welcome address by Mr Gent Sejko, Governor of the Bank of Albania, at the high-level meeting on the remittances of the Albanian diaspora, Tirana, 14 December 2018.

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Your Excellency, Minister Majko,

Dear guests and colleagues,

It is a special pleasure to open today's meeting, which takes place after a year of intensive coordinated effort between our institutions toward the achievement of common objectives in relation to remittances of the diaspora, and other important issues. Today, a year after the Memorandum of Understanding was signed, I have the pleasure of noting that the materialization of these efforts has been reflected in the undertaking of a number of commitments and projects in pursuit of the objectives set out below.

The importance of remittances to the Albanian economy, to family welfare and to development in general is highlighted in many communications of the Bank of Albania. In this context, during 2018, the Bank of Albania engaged its resources in developments aimed at creating the necessary prerequisites for an efficient channelling of such incomes into the Albanian economy.

International initiatives in the field of remittances underline the importance of reducing the costs and increasing the efficiency of remittance services, thus implying the need to intervene in the retail payment market, in both remittance-sending and remittance-receiving countries.

For this reason, the Bank of Albania, as we have pointed out at the beginning of this cooperation, has engaged in a series of projects aimed at analysing the domestic market with a view to identifying and addressing the needs for intervention. These projects are assisted by the World Bank and funded by the SECO. I take this opportunity to once again thank these institutions for their contribution and support.

Moreover, the Bank of Albania and the National Payment Systems Committee has already adopted and is implementing the national strategy for the retail payments market. This strategy aims to create a contemporary and comprehensive market of retail payments, supported by secure and efficient infrastructures, as well as by a wide range of payment instruments and services that meet the needs of financially capable individuals to make payments across the country. Incorporating financial inclusion into the Bank of Albania's objectives, this strategy has set ambitious quantitative targets aimed at doubling the number of bank account holders (from 38% in 2014 to 70% in 2022) and increasing the number of electronic payments per capita (from 4.3 in 2016, to 10 in 2022).

However, in order to achieve these objectives, a concrete and detailed action plan is needed. This action plan would require the support of all the stakeholders in the payments market, as well as interventions in many aspects, such as:

1. improvement of the applicable legal and regulatory framework;
2. development and improvement of financial services infrastructures;
3. expansion of the number and use of accounts and payment services;
4. expansion of access points for these services;
5. increase of education, awareness and financial inclusion;
6. increase of the volumes of transactions processed by payment systems.

While the strategy was only recently approved, in June, concrete steps have been taken in this

regard, for example, the drafting of the bill “On Payment Services in the Republic of Albania”, which transposes the revised directive of the European Union “On payment services” (PSD2). The adoption and implementation of this bill is considered to have a direct impact for fostering competition and innovation in the field of retail payments, thus promoting efficiency and reduction of the costs for using them. Moreover, the bill is expected to enhance transparency in the services provided by the market and to create a consolidated framework on consumer protection, a very important component for our market. Last but not least, the bill also aims to expand the presence of bank services across the territory of the country (including rural areas).

Beyond legal improvements, important steps have been noted in the framework of financial education. I would like to highlight the initiative undertaken in cooperation with the World Bank, and funded by the SECO, for the implementation of Project Greenback 2.0 in Berat. This project consists in enhancing financial inclusion and financial education for emigrants and their families, who receive these funds, as well as in establishing effective channels in terms of costs for the delivery of these funds.

In addition, to expand the market knowledge regarding remittances, in June, the Bank of Albania published “Remittances: A support for development”. This publication is entirely dedicated to remittances and adopts a comprehensive approach to various aspects in the domestic market. Some of these aspects are the macro-level analysis of remittances and their impact on development in general and on the receiving families; the analysis of the infrastructure of the remittances market in Albania, and the need for intervention, as well as providing adequate statistics on remittances.

An important step in the framework of financial education was also undertaken by the Albanian Association of Banks. In June, a memorandum of cooperation was signed on establishing the Albanian Network for Financial Education and fostering inter-institutional cooperation and coordination in the field of financial education.

However, there is still much to be done, despite the developments I mentioned earlier. In this context, I would like to invite you all to continue with the efforts made so far, with the same intensity, in order to modernize the domestic payment market.

In the medium term, the Bank of Albania will focus its efforts on a number of initiatives, notably on further legal developments and infrastructure improvements.

An important step in the medium term is the drafting of the bill “On the payment account”. The bill will transpose the European Union Directive “On the Payments Account” and promote transparency by creating a public register to present all commissions applied by institutions, which can be easily compared.

At the same time, during this period, the Bank of Albania will engage in a number of infrastructure developments that support financial inclusion, reduce the costs of using these instruments and is estimated to have an impact on the remittance market, mainly from the point of view of remittance receivers and their use. Here we can mention the creation of a national platform for processing payments in real time (instant payment and processing of card payments). The platform creates conditions for the development of innovative and low-cost services and also aims at market segments that create ample volumes by targeting state institution payments as well as daily payments that Albanian citizens make.

Last but not least, I would like to thank the Government of Albania for the importance it places on this matter and its continuous support. In particular, I would like to thank the ministries such as the Ministry of Diaspora and the Ministry of Finance and Economy for their support and fruitful cooperation. I am confident that we will continue, with the same intensity, our joint efforts to integrate this very important factor into the Albanian economy at the fastest and broadest extent possible.

Thank you!