

Gent Sejko: Central banking and economic history - reflections and prospects

Welcome address by Mr Gent Sejko, Governor of the Bank of Albania, at the 5th Conference of the Museum of the Bank of Albania on "Central banking and economic history: reflections and prospects", Tirana, 11 June 2025.

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Dear colleagues, researchers and friends,

It is a special pleasure for me to welcome you to this significant event, which celebrates the 100th anniversary of the Bank of Albania's foundation. Today's conference represents a commemorative event as well as an opportunity to reflect on the journey of one of the fundamental institutions of our state, and more broadly, on the evolution of Albania's economy, identity, and institutional development, and that of the region.

Sami Frashëri, one of our most farsighted thinkers, was the first envisioning the idea of establishing a national Albanian bank. In his political manifesto in 1899, "Albania-What it Was, What it Is, and What it Will Become?" Frashëri wrote about a sovereign Albanian state, founded on strong institutions. Among them, he considered the central monetary authority crucial for national stability and progress. This idea, born during a time of turmoil in the Balkans, matured over a century characterised initially by instability, but also by reconstruction and reforms.

The history of the central bank in Albania reflects the evolution of the country itself, with three distinct phases shaped by different political and economic systems. Despite with no continuity, the first attempt to establish a national bank took place in 1913, immediately after the Declaration of Independence. Ismail Qemal Vlora, founding father of our independence, viewed the national bank as the second most important institution of the new state, after the Act of Independence. The foundation of the National Bank of Albania in 1925 brought to life his precious ambition. The bank, constructed according to architectural structures of European central banks and under Italian administration, issued the first national currency by operating based on the gold standard, and simultaneously performed both central banking and commercial banking functions.

After World War II, the foundation of the Bank of the Albanian State reflected the transition to a planned economy. Before pursuing a path of almost total isolation, during this period, Albania realigned through certain alliances, first with Yugoslavia, then with the Soviet Union, and finally with China. The central bank operated within a closed system for almost five decades, issuing currency, managing limited financial activities, and implementing policies in an economy disconnected from global markets.

In the early 1990s, the third chapter began, with the democratic transition and the establishment of the Bank of Albania, as a modern and independent institution. Our integration into international institutions such as the IMF and the World Bank marked a turning point, laying the foundation for market reforms, strengthening institutional capacities, and the path toward European integration. Nowadays, the Bank of Albania safeguards the price stability, financial stability, and macroeconomic stability.

Over time, the Bank has operated under practically all monetary regimes, from the gold standard to centralized planning, monetary targeting, and inflation targeting. The Bank, through each transition, has exhibited pragmatism and professionalism, always aiming to serve as a stabilizing force in times of uncertainty.

This evolution has taken place thanks also to the contributions of people - economists, civil servants, researchers, and even artists - whose expertise and dedication have shaped the Bank's identity. We are deeply appreciative of their extraordinary work in developing the institution. In addition we are grateful to researchers for documenting this journey: for example, the distinguished economist Haxhi Shkoza; the esteemed writer, academic, and former director of the Bank, Dhimitër Pasko; Professor Aristotel Pano, who co-curated with us the 20th and 21st-century sections of the Bank's museum and authored the official history of the Bank of Albania for this centennial; Professor Iljaz Fishta and Kristo Frashëri, along with many others who have contributed and continue to contribute to the writing of Albanian banking history.

However, the full story has yet to come to light. Over the past three years, as part of this anniversary, our museum and research teams have uncovered internal institutional discussions, political decisions, and cultural dimensions that still remain hidden in archives or scattered across publications of the time. We are devoted to preserving and expanding this institutional memory as understanding the past boosts the decisions we make for the future.

Albania's path toward integration into the European Union has been a key pillar of the undertaken institutional and economic reforms. The Bank of Albania plays a crucial role in this process, aligning its policies and practices with the European standards, aimed at building up the stability, transparency and the resilience necessary for the European Union membership. Looking ahead, we have embraced a strong dedication: to bolster institutional readiness, enhance regional cooperation, and ensure that Albania's financial system is prepared to face the challenges and benefits from opportunities of an integrated European future.

These new challenges or opportunities, like: digital currency, climate risks, artificial intelligence and financial innovation are transforming the global financial landscape. Albania is no exception. The next decades will require agility, foresight, and close cooperation with European and international partners. In this regard, we must continue to strengthen our institutional capacity- to meet our core mandate, also to support the stability and well-being of the Albanian citizens.

For these reasons, conferences like this one are important. By bringing together historians, museologists, researchers, and economists, we exchange new perspectives on how monetary institutions evolve, how monetary decision-making shapes outcomes, and how confidentiality is achieved and maintained. This conference is not confined in only studying the past. It also aims to open up the necessary dialogue about what comes next.

Thank you for your participation and contribution to this ongoing discussion.

I look forward to reading your reflections and research, along with the next chapters we will write together.

