



ALBANIAN ASSOCIATION OF BANKS
SHOQATA SHQIPTARE E BANKAVE



Banks and the pandemic



*May this be a flourishing healthy year, filled with
growth and prosperity, to a better economy for all!*

AAB MEMBERS



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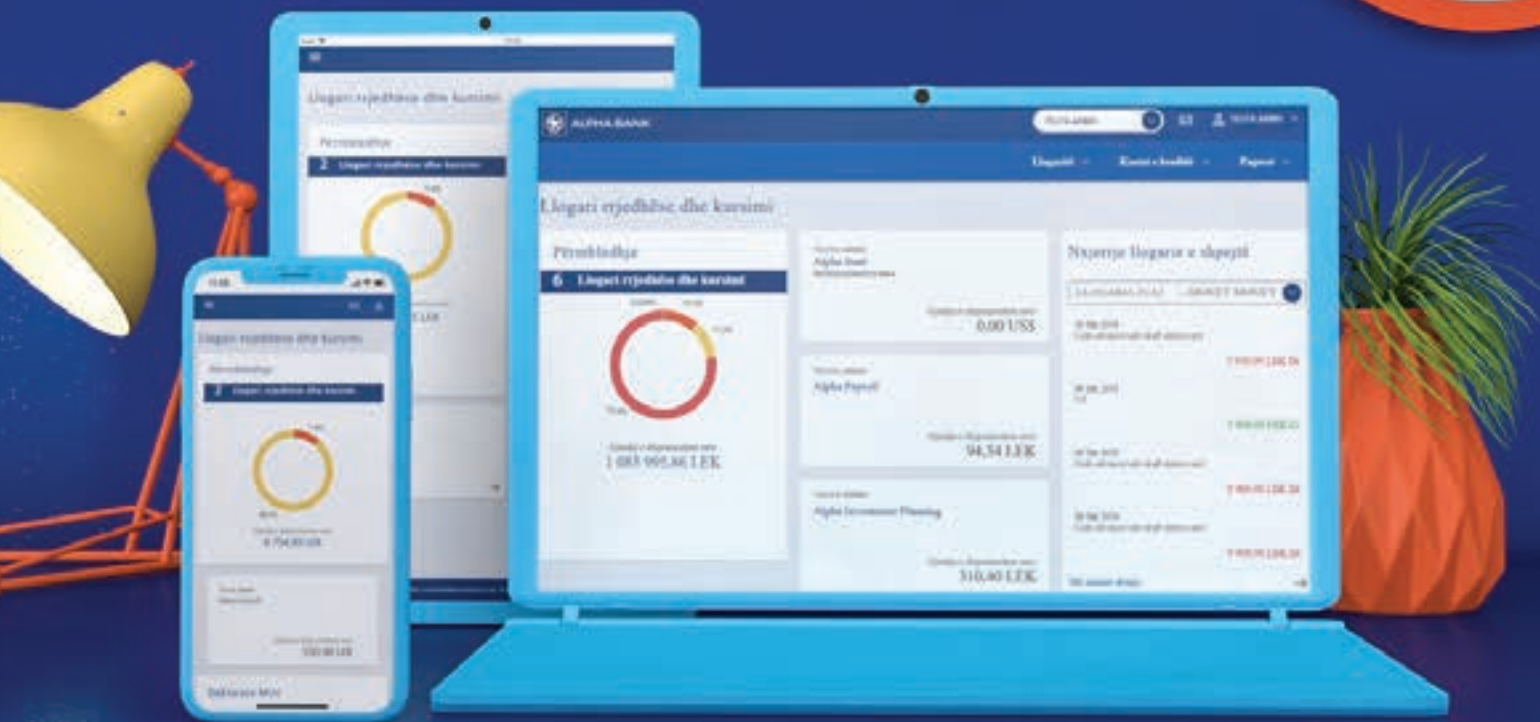
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- **Transferta** brenda dhe jashtë Shqipërisë
- **Pagesa** të ndryshme
- **Kontroll** llogarie



ALPHA BANK

Banks and the pandemic

from "banking as usual" to "banking as digital"



Prof. Asoc. Dr. Elvin MEKA¹
Editor-in-Chief

The year 2020, and a big part of 2021, may be undoubtedly named as "the pandemic year", with significant, if not devastating, implications and impact in all aspect of human life and society. The banking industry was among the worst hit, in all aspects, but one of the few, which remained open for business and service, in a time when a big chunk of businesses and services were shut down, due to harsh lockdown measures of governments for some months in a row.

Despite the fact that governments and central banks reacted swiftly, with various financial guarantees and loan repayment holiday programs, to help citizens, businesses and economy overcome the difficulties created by the pandemic's health emergency, banks learned their life's lesson: COVID-19 pandemic has already put an end to "banking as usual" model, therefore turning into a bold catalyst for an irreversible change of the financial

industry in general, and banking sector, in particular. It is crystal clear for everyone now that the confluence of COVID-19 pandemic, economic & social challenges and issues, as well as technological innovation and disruption, will profoundly re-shape the future of banking industry, throughout the world, even in Albania.

Banks in Albania are quite conscious that the pandemic has caused permanent changes in consumer behavior, and this fact will, unavoidably, require them to reinvent the banking operational model, while exploring and utilizing new opportunities for new segments for loan granting and new value-added services. Although they weathered the coronavirus pandemic storm quite well, thanks to their well-capitalization, liquidity abundance and a low NPL level, keeping the existing realm of banking and developing it in a completely new level will be not a difficult endeavor; instead it is an existential one, given that they are not facing a classic financial crisis, but a multi-layered and interconnected socio-economic-financial challenge.

Electronic banking, and especially internet and digital banking, has already been one of top priorities for the Albanian banks during recent years, but the pandemic just accelerated the run toward digitalization with an unprecedented pace, by crashing the digitalization's critical path. For the years to come, banks in Albania will need to visualize and create a revolutionary customer experience,

by way of offering integrated and seamless service to them, through brick-and-mortar and digital channels, in order to keep the existing customers and attract new ones, who belong to digital era, or are peers of the Fourth Industrial Revolution. They will critically need be agile, resilient and profitable organizations, while coping with and handling several challenges like:

- the new economic model and continuous economic hardships,
- the low interest rate and low profitability world,
- imminent rise in non-performing loans (NPLs),
- training staff, especially customer service staff, in becoming not only "seller", but also financial and economic "adviser" to the bank's clients,
- the multi-faceted competition, from the sector within and from the emerging FinTechs, as well as,
- the continuous "payment revolution" in Albania, which is expected to be evolved with instant payment and basic account components, which will proliferate the payment services within the Albanian financial system and make banks fight on a client-by-client basis.

Definitely, banks have already begun and will pursue the one-way journey, from **"banking as usual"** to **"banking as digital"**!

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Banks and the pandemic

Actual and future challenges

BANKIERI:

1. How COVID-19 pandemic has impacted the banking activity and respective results of your bank, during the year 2020?
2. How prepared, the banking sector is, when coping with the pandemic?
3. How the banking activity will evolve in the near and more distant future?



SEYHAN PENCABLIGIL

Chief Executive Officer & Member of
the Board of Directors
BANKA KOMBETARE TREGTARE
(BKT)

1 Pandemic is the biggest health concern worldwide after the Spanish Flu, also known as the deadliest 1918 flu pandemic after WWI. Effects of pandemic are not limited to health of people; they also affect health of companies and even economic and social health of states. Inevitably, banking sector has also been affected from pandemic, since customers of banking sector are not immune

from symptoms of the economic slowdown. Many companies have temporarily (even some of them permanently) closed down their business activities, or at least shrunk. If we consider loan repayments, difficulties should be expected in many countries, including Albania. Governments and some international organizations have made some positive interventions to relieve the burden of the businesses by offering some subsidized loan opportunities, or some supports for employment. Besides government, also banking sector supported businesses and individuals by postponing loan repayments with the support of the central bank's provisioning flexibility. But such supports are just sedatives that release some pains, but they are not the real cure for the problems arisen. We will see the real picture soon, NPL rates will start to increase. In the short run, we will see some positive impacts in the profitability of banks due to provisioning support, but in the midterm, we will see negative effects when the companies have to pay their debts. As BKT, we are in strong position because of our vigilant asset management strategy and strong capital structure. We

could manage to produce more than half of the sector's profit in the first half of the year.

2 There are two categories of "being prepared". The first one is business continuity aspects, where all banks in the sector, passed the test. They have taken all necessary precautions to give continuous service by minimizing the disease risk. All the sector is following the protocols issues by the Ministry of Health. Besides, banks are promoting to increase digital channel usage to reduce human interaction and mitigate contagion risk. The second one is financial preparedness, perfectly seen with the low liquidity risk during the pandemic. Albania has a systemic advantage, due to low loan to deposit ratio and banks, in general, are well-capitalized. We as BKT, are successfully dealing with the pandemic with our strong capital structure and highly liquid position and limited exposure to most affected sectors like: HoReCa/public transportation and shopping malls. Anyhow, some extra problems will come up for the sector since NPL rates will increase, due to contracted economy, lower turnover

and revenues of businesses which decrease payment capacities of companies. But we are optimistic that the sector will handle this difficulty with the cooperation of BoA and government bodies.

3 The pandemic has accelerated the digital transformation, and everybody has felt the necessity to use some alternative solutions without human interaction. During the pandemic, many customers have tried online shopping for the first time in their lives. Digital channel usage has increased considerably, although some services are not available through digital channels. In the future, digital channels (mostly mobile) will become the main channel for banking and then branches will come as alternative/complementary channels. Moreover, banks will be more disciplined and vigilant to avoid sector concentration in lending for better liquidity management, since dealing with financial effects of pandemic will be a lesson for the whole sector.



MALTIN KORKUTI
Chief Executive Officer
CREDINS BANK

1 In the last year, the Albanian economy was hit hard by two consecutive disasters, such as: the earthquake and the pandemic. Total lockdown for several months and gradual opening up, coupled with measures for social distance and restricted movements, are expected to create a 7% contraction of the economy. Although affected, the banking sector is well-capitalized, maintained satisfactory liquidity levels, amid low interest rates, coupled with increased deposits and slightly increased loans.

In response to the pandemic, Credins Bank immediately took a series of actions to ensure quality continuity of banking activity, such as:

- Application of measures to prevent the spread of COVID-19 to staff and customers;
- Creating necessary infrastructure to ensure telecommuting;
- Implementation of changes with the Bank of Albania's regulations, by creating necessary flexibility for clients, about loan holidays;
- Supporting businesses,

- operating in the health sector;
- Application of facilitating costs for the use of digital channels;
- Proceeding, within record time, the transfer of "war" salaries.

As per above, the bank incurred unexpected expenses in response to the situation, which negatively affected the projected bank's financial result. Following the gradual opening up, the bank undertook several customer support initiatives, such as:

- Launching "Together" loan, to support the needs of small and medium businesses, to resume operations with optimism;
- Launching the "business package", as a "one stop shop" for every business, to address any need for banking services;
- Support government needs in securities auctions, by providing necessary funds to deal with the pandemic.

The actions taken created a growing trend, especially in the payment sector, such as the use of cards, e-commerce service, transactions in digital channels, as well as online applications, etc. Credins Bank maintained its first position in the market, for total loan portfolio, with an annual growth of 4%. It is worth noting that keeping the loan portfolio under control, which must be carefully monitored in the coming months, remains a challenge that requires watchful monitoring, depending on further developments of the pandemic.

2 The pandemic situation brought a worsening economic situation for many businesses and individuals, thus causing additional costs to the bank. Beyond measures taken in record time, the economic recovery, the return to normal of many sectors of the economy, the return of

confidence in individuals to increase consumption and investment, etc., remain key challenges. Today, we are better-organized, as regards the banking infrastructure, to cope with the pandemic, but still the new normal may require additional measures, which will be further assessed.

3 The pandemic was a good boost, in accelerating some processes that would normally have been difficult to undertake. The pandemic led to significant increases in banking services through digital channels, which would have taken several years to be digested by customers. We overcame the extraordinary emergency and gained experience to cope with it; we are respecting measures for the most careful work for staff and clients, we have balanced the work from home with that in the office and we have increased the attention towards educating clients about digital channels. Our vision is to provide every service through online channels, and to enable customers a specialized service in our branches, for complex products, or for customers who have limited access to digital channels. Credins Bank has inaugurated the Smart branch, a bridge between traditional and digital banking. The objective is to train, educate and advise clients on the use of applications, as well as increase the use of banking services independently, as well as online applications for each service, through further automation of our internal processes. Credins Bank is indeed one of the largest banks in the banking market, but at an acceptable size to take initiatives and adapt to the digital journey of its customers.



CHRISTIAN CANACARIS
Chief Executive Officer
 RAIFFEISEN BANK ALBANIA

1 Since the beginning of the COVID-19 pandemic in Albania, our primary focus has been to ensure safe working conditions for our employees while providing all the necessary services to our customers, in the light of rules and protocols that must be applied. Therefore, within March we ensured the core bank's functions to work remotely. On the other hand, our branches adjusted working hours based on the government's restrictions, while offering our customers digital channels (ATMs cash in/ out, Raiffeisen ON services, call center) to complete their routine transactions.

Like all banks in the market, Raiffeisen Bank Albania suffered a visible decrease in the number and volume of transactions during the lockdown, but the situation slowly normalized in June-July. The pandemic triggered a substantial increase in the number of transactions coming from ATMs, POS, R-ON, Mobile supported by our channel mix, which continued to grow in the following months, proving once again the robust Raiffeisen innovative profile in supporting digitalization of banking services. Both consumer lending and mortgage

loans accompanied by marketing campaigns, while introducing faster and agile processing for specific target customer groups, are reaching 50% of the new volumes, originally planned for the year 2020. Banks have been active in accepting loan restructuring applications impacted by the pandemic, where the average accepted application ratio is over 90%. Like all banks in the market, our bank was impacted by the moratorium. As a result, the bank's profit is expected to decline in 2020 versus the previous year and what was forecast initially in the budget.

The corporate portfolio, on the other hand, proved to have stable quality. We have managed to provide the necessary financing to our customers, despite the economic recession in Albania, and more prudent lending criteria. Being one of the main market players, Raiffeisen Bank Albania had a major share in the sovereign guarantees 1 and 2, as communicated by the Ministry of Finance and Economy. Therefore, we have actively used this opportunity to finance our customers, supporting their immediate needs for liquidity and future performance. The real impacts of the COVID-19 pandemic on local businesses and lending to customers regarding loan performance and NPLs are expected to show by Q1 2021. Nevertheless, Raiffeisen Bank Albania is taking a conservative approach to provisioning based on most impacted industries and macroeconomic factors.

2 The pandemic found the banking sector in good financial performance and healthy enough to cope with it. The banking sector remained healthy, with capital adequacy and liquidity ratios significantly above the regulatory requirements. RoE remained in the double-digit

territory (13.45%), although the low rates environment continues to put pressure on banks' net interest income. At the end of September 2020, a month after the moratorium was no longer in force, the level of bad loans stood at 8.4% of total loans, indicating a relatively good quality level. Nevertheless, we are at the initial stages of the consequences of the pandemic, and next year we will be able to evaluate its full effects. Despite the restructurings, due to the uncertainty caused by the pandemic, banks expect to face declining quality of loans and increase provisions for credit risk. Notwithstanding the recognition of these provisions proactively, the effect of their increase on the result of the banks is expected to extend throughout 2021.

From my perspective, the reforms undertaken by all actors to strengthen the quality of loans and to improve the business climate have had a great impact on coping with this situation. Had this pandemic found the banking sector with a high ratio of NPL and other business impediments the situation could have been more challenging.

3 The model of the bank of the future is taking shape also in Albania. The market is increasingly focusing on innovation and branches are being transformed with a new commercial approach to focus more on high value-added activities.

Now, to answer your question more in detail, I would separate it into two parts. In the mid-term, technological shifts will transform the internal processes of the present banks. There is a whole set of the organization of people and processes within a bank that will be impacted, leading to the transformation of the business lines, channels, and products to achieve greater growth. In addition, the bank will reprioritize

its investments to improve the profitability and time to market. Digital transformation will shift the work to lower-cost channels and increased automation will reduce processing costs. Another component of the transformation will be redirecting existing investment plans to better align with the bank's digital and business needs that will also accelerate time to market through different technology partnerships. To give an idea of the transformation happening now, 1 billion users used a mobile payment app in 2020 and over 50% of Generation Z already use digital wallets. Cash payments globally have fallen from over 30% in 2018 to just over 20% in 2020. Debit and credit card payments are still on the rise, but at a much lower rate than the growth in mobile payments.

The second part of my answer focuses on the longer-term transformation of the banking sector. The keyword here is "data". Data-driven value creation is the opportunity in the next round of digital disruption. Retail banks have the potential in the user data they already possess. Learning how to interpret those habits is one of the keys to unlocking the power and the value of data by being able to offer personalized products. That is the revolution that I foresee will drastically transform the banking landscape in the future.

Last, but not least, Raiffeisen embraces the challenge of digital transformation and is ready to be an important player in this new field, opened up by technological changes and new regulations. A demonstration of this is the many initiatives of collaboration with startups and fintech companies. We are now at a consolidated phase of our innovative and fruitful collaboration derived through many programs, such as: Innovation Lab and

Elevator Ventures. This commitment to innovative change has been appreciated by our clients. Thus, it is not a surprise that Raiffeisen has been chosen as the most innovative bank in Albania according to our customer satisfaction surveys. We will continue to explore the boundaries of technology even in the future, in order to be the most recommended bank in the country.





SILVIO PEDRAZZI

Chief Executive Officer
INTESA SANPAOLO BANK ALBANIA

1 The Pandemic has impacted the banking activity from several different points of view:

- Additional efforts and costs spent, in order to ensure safety for employees and customers,
- The need to re-organize most of the activity based on remote work approach,
- Reduced revenues, due to the slowdown in lending activity, observed in the first half of the year,
- Additional booking of Credit Provisions, as a result of possible deterioration in the borrowers' financial conditions.

2 The Pandemic caught all the business entities unprepared, but I believe the banking industry was among the first to react efficiently. High level of resilience was shown, and our customers could use the full range of financial services, without any interruptions. I'd like also to point out the quick and proactive reaction in approving the majority of moratorium requests and the support in extending additional credit lines to the customers in need. All in all, I'm quite proud of

what we could do, both at individual level and as a sector. Let me finally add that, as a matter of facts, under these unfortunate circumstances, all banks gave clear priority to the interest of employees, customers and institutions, than to their own. The reduced profitability for the year 2020 is a clear evidence of these positive behaviors, keeping at the same time a high level of liquidity a solidity.

3 We have not yet overcome the Pandemic crisis, but we can look at the future with more optimism, at least from the public health perspective. Of course, even in the most optimistic scenario banks, and business as a whole, will need time to heal the inflicted wounds. Let's be honest, the Pandemic is a game changer in the human being and in the business: there will be winners but also casualties, there will be sectors with much better perspectives and other with a dark future, new jobs will be needed and maybe other can disappear. All these occurrences will impact severely the banking industry and the future is hard to be foreseen. What I'm sure of is the so-called Digital Revolution will be even faster, physical networks will lose importance, easing the relationship with customers will be of paramount importance: all these facts, as a matter of fact, imply also significant changes in the current attitude of the banks' top management. Personally, I believe the key success factor will be the quality of Human Capital.



BLEDAR SHELLA

Chief Executive Officer
OTP BANK ALBANIA

1 The period, since the commencement of COVID-19 pandemic, has been an unprecedented situation and has had an impact on the way we operate. Our bank, as well as other banks, and also many businesses, had to adapt to the new situation. Faced with the emergency, caused by the outbreak of the pandemic, lack of knowledge about the phenomenon, the uncertainties arising from the lack of a similar experience and the start of quarantine, our priorities shifted toward security aspects, where:

- staff safety,
- customer safety, and
- ensuring uninterrupted service continuity for our customers, stood absolutely on top.

Also, to help our customers during the quarantine, we immediately lifted commissions for all transactions, performed by the electronic e-banking platform and payments with OTP cards, while we conducted a massive advisory campaign for these platforms. As far as the network is concerned, in all our branches the safety protocol was strictly respected, and the service was offered even on Saturdays. I may say that such an emergency situation

passed quite well. All branches of the bank were open, at the service of customers, throughout the lockdown period, by providing safety measures for employees and customers. Even appreciation from our customers has not been lacking, in this regard.

After the lockdown phase is closed, the priority was given at supporting our clients, affected by the crisis. We embraced the decision of the government, and that of the Bank of Albania, for the loan moratorium and completed their postponement, within a very short time frame. I am pleased to say that we have approved 99% of loan forbearance requests and rescheduled about 36% of the total loan portfolio. It is at the core of our mission as a bank to be close to our customers, especially during difficult days; for this reason, lending has never stopped. We continued lending to customers, both existing and new ones. We have also been quite active in lending under government guarantee packages; we provided 100% of our share of salary loans, within a very short time, and we provided 100% of our share of loans, related to the second package, for working capital.

Currently, the activity continues normally, at the same pace, as before the COVID-19 period. We continue to lend at high rates, even more than before the COVID-19 pandemic. For this, I could mention some figures for the 12-month period of January-December:

- Loan stock increased by 10.74%
- Total deposits increased by 9.88%
- We have increased the market share by 0.6 points, consolidating our position as the fourth largest bank in the country, in terms of lending.

Surely, we are preparing for an effect from COVID-19, related to the deterioration of loan quality, and in this case, we are creating some additional provisioning. However, we

find that this impact is not high, so far. Following the two forbearances of loan installments, our customers have managed to get through the most difficult period and are already moving to more normal levels of their activity.

2 I think that the entire Albanian banking sector overcame the emergency, created by the pandemic, quite successfully. Banks have been among the few institutions that did not cease to operate, for a single day, and were at the service of customers. Also, the pro-active attitude shown in loan installment forbearances is to be welcomed. This crisis found the banking sector in a fairly healthy situation; it was well-capitalized with a level of capital significantly above regulatory requirements, with a fairly high level of liquidity, as well as a much lower rate of non-performing loans, as compared to several years ago. The banking sector, during this period, has been active and there is an increase in both loans and deposits. Liquidity is very high, both in local currency and in Euro, so I think that the banking sector is able to cope well with this situation.

3 I think that the Albanian banking sector is already consolidated and is in a very good situation in terms of financial parameters, which will make it possible to continue the upward trend of recent years, despite possible deteriorations of the loan portfolio and the not-very-positive economic situation. Also, I do believe that, in the near future, the banking sector will continue to be active, to lend and to further optimize costs.

This year showed that investing in digitalization and online banking is already a must. Banks have started investments in this area, but I think that these investments and this trend will be continuously strengthened. The future should increase the

culture of distant banking. The whole banking sector must move in the same direction, significant investment in human capital development must be made, in parallel with technological changes. Increasing banking services without the need for physical presence is necessary and this year proved it right.



ARMAND MUHARREMI

*Director of the Financial Division and
Member of the Board of Director
ABI BANK*

1 The COVID-19 Pandemic generated a demand and need for a more active role of the banking sector, in supporting individuals, businesses and the initiatives of the Albanian Government to cope with the consequences of the pandemic. In the frame of conditions imposed by the market demand, challenges and opportunities, ABI Bank's initial objectives, regarding the 2020 activity, were significantly exceeded. Here, I would especially emphasize the record growth in lending activity and deposit increase in deposits of our clients. Profitability indicators also reflect a very satisfactory progress, with double-

digit percentage Return on Equity and an increase of almost 100% of operational profitability, as compared to 2019. The pandemic slowed down some shackles, in the process of handling and resolving problem loans and imposed loan repayment rescheduling and restructuring terms, for a significant number of individuals and businesses, affected by the pandemic. Notwithstanding this, we managed to significantly reduce the NPL-to-total-loan ratio and remain optimistic that, with the relevant focus, approach and cooperation with our borrowers, we will be able to address and minimize loan performance issues, potentially related with the consequences of the pandemic. We believe that an important success factor in the 2020 results is our ability to quickly and effectively adapt our strategies and actions, in response to the reality created by the pandemic.

2 The banking sector is very liquid and well-capitalized. Over the last two years we have experienced a continuous adaptation of the regulatory framework with Basel III and the European Central Bank's directives, mainly in terms of further optimization of liquidity and credit risk management, as well as the provision of strong capital ratios, considering additional macroprudential measures, depending on the size and structure of the activity of specific banks. Banks continued to optimize their organizing model, invest in digital sectors and services, and strengthen the analysis' processes and performance quality measurement. While the Albanian banking sector has managed, in recent years, to reduce non-performing loans significantly, the loan-to-deposit ratio remains low, which represents a valuable potential for supporting the needs of economy for recovery.

Thus, we deem that the banking sector has the right space and is more than prepared to successfully deal with the pandemic. This was also shown by the flexibility and support, banks provided during 2020 to individuals, businesses and actions of the Albanian Government, to relieve the consequences of the pandemic. It is worth mentioning that the monetary and regulatory policies, adopted by the Bank of Albania, made our mission easier, in this regard. We may say with full confidence that the banking sector, as the key and most solid shackle of the Albanian financial sector, is not only prepared to face the pandemic, but is a big guarantee for the financial sector, and the economy in general, in dealing with the pandemic.

3 We estimate that the bank's activity for 2021 will maintain the upward trend of 2020. Lending and increasing customer deposits will continue to be the primary objective of the bank. We are working on updating our IT sectors to enable a faster, higher quality service and complete internet products and mobile banking. On the other hand, the pandemic and the behavior of capital markets are evidencing a reshaping of investors' perception for risk and diversification of their investments. Institutions and businesses are looking at other alternatives to loans, to meet their financing and liquidity needs. For this reason, the bank is expanding the range of activities enabled by its license, aiming to provide financial consulting services and various substituting, or complementary products, for financial investments. The following short and medium-term periods are expected to reflect the challenges of economic recovery and an increased demand for financial intermediation by banks. We are ready and committed to strongly support such a dynamic.



DRITAN MUSTAFA
Chief Executive Officer
 TIRANA BANK

1 This is a crisis situation, the origin of which were neither economic nor financial, but that nevertheless has created a significant impact on macroeconomic indicators of each country (including our national economy). With the outbreak of the pandemic and throughout 2020, all economic stakeholders (government, private and state-owned businesses, the segment of individual and households, etc.), faced particular challenges, which have clearly affected the country's economic life, level of investment and remittances, consumer behavior and demand for products and services, mobility and business dynamics, etc.

Important sectors, affected by the crisis, remain trade (especially small/medium business) and tourism, which are key pillars of national economy. The interventions done by the Albanian Government, in the form of direct financial assistance and the provision of state guarantees for financing, granted by the banking sector in favor of businesses affected by the crisis caused by the pandemic, are certainly considered an important support to reduce negative effects on the economy.

However, the duration of pandemic can also be considered as a risk, associated with the continuation of negative impacts on the economy.

The banking sector as a whole, and Tirana Bank in particular, has experienced negative effects of these developments during 2020, but the coordination of actions between government, Bank of Albania and the banking sector, regarding the financial support provided, the temporary easing of the financial burden for borrowers (in accordance with loan moratoriums applied during the 2nd and 3rd quarters), together with the opportunities to restructure loan liabilities (in accordance with the relief provided under the regulatory framework), I believe, have enabled an easier handling of financial difficulties, caused by the pandemic, by guaranteeing economic life, as well as support for the revitalization of consumption and investment.

Assessments conducted by various international institutions almost all converge on expectations for a positive trend of economic developments, in the country and the region, during 2021. Nevertheless, I do believe that the banking sector will continue to face the challenges and economic consequences of the pandemic, intertwined also with the potential impact of complex regulatory framework and financial reporting standards.

During 2020, Tirana Bank realized a healthy performance, in terms of activity growth, stable growth of deposits and investment portfolio, by utilizing the wide customer base, as well as commercial development synergies with our bank partners and associates, and the group to which we belong. The bank also continues to report positive financial results. Tirana Bank continues to adhere to the strategic objective of further activity growth, with a dynamic, but careful approach, in terms of

opportunities for development, as well as risks that characterize the internal market.

2 Within a relatively short period of time the pandemic dealt with an extraordinary situation for the banking sector, in terms of the issue of providing safe and health security measures for staff and customers, by adapting to restrictive rules to provide services for customers, the aspects of important operational, organizational, as well as infrastructure adaptation, etc. Despite challenges, dictated by the pandemic, in my view, the banking sector adapted very swiftly to the situation, for maintaining the level of service and stability of customer support. This is an important indicator that the banking sector remains the most regulated and dynamic sector, as well as a very important stakeholder in the sustainability of developing the national economy.

3 For the banking sector, the pandemic has also addressed issues of changes in consumer behavior, or the need to accelerate technological and infrastructural developments, to reduce negative impacts, in terms of service quality. Further investments, in the field of technology, as well as increasing penetration of online services to customers, which in turn, may lead to changes in the business model and service delivery to customers by banks, will pose significant challenges for the time to come. In this regard, Tirana Bank has undertaken a transformation process, currently at an important stage of implementation, in terms of modernization of operational infrastructure and information technology sectors.



GEORGIOS PAPANASTASIOU

Chief Executive Officer
ALPHA BANK ALBANIA

1 We entered this challenge with a consolidated capital position and increased liquidity, which allowed us to stand by our customers, supporting them to overcome their financial difficulties. During this period, we approved installment postponements, amounting to approx. EUR 63 million, in line with the Government moratorium, and financed businesses through the sovereign guarantee.

The pandemic affected the banking activity as per following:

- a) The public's trust in the bank was clearly demonstrated; customers realized that the bank ensured a safe and sound work environment, continuing its normal operations, fully respecting all relevant health and business regulations. They appreciated loyalty, professionalism and dedication of our personnel, especially those in the front line and our branches;
- b) Customer support was and still is our main priority; despite adverse conditions and high-risk levels, Alpha Bank Albania has continued its operations without interruption, offering

top level services, like before the pandemic;

- c) By valuing our human capital as always, we implemented a comprehensive program to protect the health of our staff and stand by their side offering real support whenever it was needed for them and their families.

The pandemic has also affected the banking portfolio structure, recording an increase in retail banking business. The investment activity had a higher impact in the Bank's income generation, due to the favorable conditions of financial markets. SMEs was the most exposed segments in need for financial support, and in this way, we supported them by restructuring existing loans and providing new financing even through the sovereign guarantee, in order to safeguard their liquidity and business planning. In addition, the pandemic accelerated the digitization of our operations and I am happy to say that our digital transformation has already began to enhance our digital footprint, optimizing our POS network, upgrading our ATM fleet (planned for the Q1 of 2021) and developing new functionalities in our Alpha e-Banking application. During this period, the bank launched new products and services based on the needs of the wider public, for both Individuals and businesses. Our focus has been on changing the sales processes and customer contact, directing them to digital channels, hence minimizing the need for physical presence in our Branches, always in compliance with the regulatory framework.

2 The COVID-19 pandemic has tested all aspects of the Albanian economy in general, and the banking sector particularly, and despite the high uncertainty, the banking sector remains strong and solid. One of

the biggest challenges, apart the restructuring of loans, was to ensure the normal continuation of our daily operations in a non-normal situation, and this challenge was successfully met by all the banks operating in Albania, which safeguarded financial stability and, once more, proved they are key players in the recovery of the country.

3 It is still early to forecast the post-COVID-19 era. Some things are almost certain though that will occur:

- a) The bank will continue to operate in an unfavorable environment with low interest rates and with asymmetric market request, like in the last 10 years. However, we remain positive that income will be steady, due to the long-term financing needs of individuals and businesses, because of the well-structured safety net for banking activities;
- b) Strict banking regulation will continue in the future. We will also continue to face competition from the new entry of Fintechs as well as other credit institutions, out of the regulatory framework of the responsible banking authority;

This will force banks to adopt more resilient business models, accelerating their digital transformation and focusing on the establishment of more diversified distribution channels without the need of physical presence, the transformation of networks facing more complex and sophisticated customer needs from both depositors and borrowers while not neglecting the need to educate the market accordingly.



FLUTURA VEIPI

*Chief Executive Officer
UNION BANK*

1 We are already in a pandemic situation for more than 10 months and we have learned to work and live with it, both personally and professionally. Initially, there was a lot of uncertainty, but over time, even these challenges have turned to be a professional experience. The bank showed that it could handle the additional workload, within a more limited time, developed decision-making with different amounts of information, previously theoretical processes, were now tested in reality and everything has made the staff and the institution stronger. The whole framework of measures that had to be implemented, has been a challenge in itself, to achieve maximum safety for staff and customers. So, operations' continuity under emergency conditions, was the main priority. Providing services through online platforms was a great help, but also an drive for significant improvements in the services and customer satisfaction, provided through digital platforms. COVID-19 accelerated the move towards digital services in the financial sector, to some extent, brand-new developments.

Furthermore, an important challenge was, of course, the loan portfolio management. The decision by the Bank of Albania, for an approach at the sector level, certainly pushed us to execute the processes related to loan holiday with greater speed. Given the sizeable number of requests and their concentration within a short period of time, this certainly translated into a significant workload, from an operational point of view.

However, despite the overall impact, Union Bank managed to be successful in coping with the challenge every day, since March, being open and operational for all customers. We have continued to grow in all indicators, we have also ensured profitability, supporting with additional funding the clients affected by the pandemic, to provide stronger foundations for increased stability in the future, despite the uncertainty that exists. This has been achieved thanks to the support of the bank staff and the closest partners, who have been the most efficient source of information.

2 During this period, the banking sector showed that it is healthy, has opportunities in capital, liquidity and structure to cope with such a situation. Certainly, banks will also have their costs, in terms of profitability, but I do not question the ability of the banking sector to successfully emerge from this situation. I do believe that the extent of the effects will depend more on the consequences in the real economy. Currently, we can say that a solution has been found for COVID-19 and here I am referring to the vaccine on the market, which makes us think about an improvement of the ongoing pandemic situation, but it is important to have economic policies, to support a rapid recovery. If the year 2020 will mark a 7% -8% slump

in the economy, the attention goes to the interactive and influential factors in economic growth, where free entrepreneurship is an important factor, but also the government and the quality of economic policies, which together should bring significant improvement during 2021.

3 Although it is difficult to make accurate predictions, I think the situation should be viewed positively, by taking measures to be well-prepared at dealing with the impact of such a situation. Current state of affairs, but also the future, have brought the challenge of digitalization at the banking sector's doorstep. Although a small country, with an economy where cash transactions remain in a strong position, with no evident change over the years, there will be more and more efforts to channel them into the banking sector, where the most obvious is the behavior toward online payments, which are in an incessantly increasing trajectory, and the high number of customers, served through digital channels. The situation created by COVID-19 highlighted this need boldly and turned it into a stimulus that educated, to some extent, even the most conservative customers. Therefore, I think that the focus of banking activity will be on the provision of services through digital platforms, on their improvement, equipping them with features that will facilitate the customer experience in their use. These platforms are an added value in customer time management, by providing services anytime and anywhere, where the customer is located. They also have profitability in the structure of bank costs for the client.

Challenges in the near future will be structural improvements in processes, by optimizing the way the work is done and the provision of services, but also an assessment for

income diversification in the banking sector, by expanding the of service base, both in relation to customers, but also in terms of investment. Our market should be developed and human capacities must be prepared for new challenges, more professional consulting with clients and financial education, entrepreneurship in more innovative fields and products, in function of the opportunities for development. The banking sector must be an active stakeholder, innovator in the industry where it operates, a real supporting partner for new businesses and to come to the spotlight (market), by being a supporter of both economic developments and new activities. The pandemic will bring about a distortion of market stability, both for employed individuals and for businesses; many will leave the market, even temporarily, and new ones will enter it, so the banking sector needs to review its often-conservative lending criteria and be more open in supporting new customers in the market.





AGAN AZEMI

Member of the Management Board
PROCREDIT BANK

1 The COVID-19 pandemic has been an unprecedented event, not only for Albania and its banking sector, but under a world-wide perspective as well. The immediate challenge we faced was to cope with the uncertainty and its unknown aspects, hence, to smooth and properly handle the related multi-dimensional effects, while still putting high focus and efforts to reach the business objectives. ProCredit Bank Albania is proud to assess and conclude today that all the related aspects have been managed in the best way, beyond what could be imagined at the very beginning. Firstly, we managed to adapt rapidly and be fully operational, since the first day of the lockdown, thanks to our already established business model and historically high focus and investments in technology and digital banking channels. Secondly, we assessed all immediate and long-term effects in relation to potential risks, by ensuring that every aspect was addressed in the proper way. Thanks to our business and risk strategy, which define both our clients' profile and the activities we are involved, the COVID-19 impacts have been limited. While now fully addressed,

despite the challenging environment, by reaching and exceeding the pre-crises business objectives. This has been accomplished as a result of institutional efforts, but above all, it is due to high commitment and professionalism of our staff. The human factor has been of an utmost importance, in order to successfully surpass all challenges, while ensuring at all time responsibility and all ethical aspects towards our customers.

2 The pandemic situation and year 2020 developments challenged all the aspects of the banking sector, by including operational aspects, as well as financial aspects, related to the ongoing changes and potential risk implications. The pandemic situation and related emergency was confined within the related direct aspects, without scaling further into dimensions with impacts in the banking sector, due to any reaction. The immediate response in ensuring normal continuity of operations under the new regime and rules imposed by the lockdown measures, was a determining factor for such situation not to significantly impact the banking sector. However, long-term and indirect effects are still to be seen, as a result of economic downturn. Nevertheless, future developments and any consequences are well-supported by the high liquidity and capital buffers that characterize the Albanian banking sector. Being said that, it should be noted that the long queues in branches and prolonged processing time of routine operations emphasize the necessity of the use of digital channels. In this regard, there should be an increased focus on the advising role of the banks in promoting these channels as not only efficient but necessary.

3 Following the above, the COVID-19 pandemic acted as a stress test,

by evidencing the weaknesses, strengths and capacities to support unexpected events. Prudential and responsible approaches have been rewarded and paid off themselves. In the near future, we expect more and more a shift from a traditional banking model to a modern one, which offers digital channels and services for the clients. For our bank this is not something new, as "ProCredit Direct", our scalable digital (direct) banking platform, offers from years now an innovative and transparent approach to transactions, savings accounts and investment loans. Using our electronic account facilities is attractive, not only for private clients, but also for our business and institutional clients. SME sector will be of central importance for the macroeconomic recovery of the country, especially after the COVID-19 pandemic. We are confident that our support will enable SMEs to overcome difficulties, caused by the pandemic, to develop further and find new business opportunities. We strive to address their challenges, and help them to invest in modern technology, engage in energy efficiency projects, and expand their market share.





BOZHIDAR TODOROV

*Chief Executive Officer
FIBANK*

1 The unusual situation we are facing during this year, affected all aspects of life; therefore, it is to be expected that would impact banking industry, as well. Albanian banking sector, however, was very healthy and appeared to have absorbed the negative impacts as result of the pandemic.

Banks were one of the few businesses together with the vital ones, which did not interrupt offering their services at almost normal level, even during the severe measures of lockdown. Not only did banks served their clients, but in the meantime, reacted fast in investing intensively in IT sectors and digitalization platforms, in order to facilitate as much as possible banking services online. Regarding Fibank Albania, during this year we managed to preserve very good financial stability and financial performance, despite how challenging this year was. Our bank's performance indicators did not deteriorate, whereas continued to follow the upward trend of recent years in profitability, capitalization and liquidity. We continued lending and our loan portfolio increased at very good pace, at around 20%, what might be among the highest

in the banking sector. Despite the situation created by pandemic, Fibank is certain to show increase in other main indicators as well, with a growth rate well above the average of the banking sector, in assets and deposits.

As per banking sector data for H1 2020, Fibank Albania results were marked by second highest RoA and RoE, consolidating its position as the fastest growing bank in Albania, during the last 3-4 years.

2 Immediate measures were taken by all banks as per the guidelines by government institutions, as well as from Bank of Albania, and there was a quick response with the will to manage as effectively as possible. As mentioned above, Albanian banking sector was well-capitalized and with a very good liquidity situation, which were very important in coping with the pandemic. The actions taken were the right ones, and banks had the possibility to help their clients which were affected to pass the difficult situation without consequences regarding their obligations toward banks. Banks played a very positive and crucial role by keeping their service running, as normal as possible, not only for operational point of view, but also lending continued with proper risk assessment. Though the effect of the pandemic will last in time, and there is a lot of uncertainty, until now Albanian banking sector appeared to have responded properly and is not noted any evident negative effect in overall.

3 Definitely, banks will continue to play their primary role as financial intermediaries and be very supportive for their clients and country's economy in general. The situation showed how vital banking industry is and how well-prepared they are in facing even such

extraordinary time if contrarians. Banks are investing heavily in technology, which make them frontrunners for new developments in this area. What happened this year accelerated what have been started from some time now. I am referring to developments in digitalization and specialized online products. This is not anymore the future, but the present, considering the real needs on this situation. Through digital banking platforms the customers banking operations are facilitated, and all banks are investing and going toward this direction.

Fibank Albania invested significantly in adapting to the changes and new technologies. In this regard, during the year we improved e-banking platform and launched a very easy-to-use mobile banking platform, which enables its clients to perform most of operations online. Furthermore, we invested in new high-tech ATM's which offer to card holders the possibility of payments 24/7 through cash deposit functionality. It is also worth mentioning our further investments in increasing security, like introducing 3D security feature for all cards and improvements of sectors to more digital solutions. Considering investments done and those planned in the short-term Fibank will definitively offer great digital banking solutions to all customers.





AMEL KOVAČEVIĆ

Chief Executive Officer
UNITED BANK OF ALBANIA

1 In the wake of the coronavirus pandemic, the financial institutions have been steering through uncharted waters. The negative impact of the pandemic on the financial sector was to a large extent unavoidable and, apart from the year 2020, depending on its intensity and duration, United Bank of Albania's projections for the coming years show that this negative impact will continue.

The measures taken by the Albanian government, at the beginning of the pandemic, had an immediate impact on the bank's business activities, demonstrated by the reduced volume of transactions, as well as customer interactions with the bank. The moratorium on financing repayments affected the financing of new clients and the lack of increase in the bank's financing portfolio, while at the same time increasing the bank's expenses. The extent of the recovery period and the eventual return to growth, is far from certain. In the short term, the speed of the recovery will depend on the way the pandemic evolves and the widespread distribution of the vaccine, which will allow for the gradual normalization of economic activity. Domestically, the recovery period will be dependent on

a return to fiscal sustainability and continued stability of the financial sector, as repayment moratoriums and other temporary measures are withdrawn and the normal repayment of the financings resume.

2 The banking industry's collective response to the pandemic, thus far, has been notable. It was no easy feat to go fully virtual and execute an untested operating model in a matter of weeks. The measures taken not only from the Albanian government, but also from banks, such as:

- Ensuring customer and staff safety,
- Reviewing the appropriateness of contingency plans to address a pandemic scenario,
- Maintaining clear communication with internal and external parties,
- Assessing telecommuting capabilities,
- Identifying critical financial workers,
- Coordinating with critical third-party service providers.

After creating the base needed to move on to the next level, banks must take into consideration a future focused on customer needs, while driving efficiency and building resilience. Moreover, the banking industry continues to fill an enormous credit gap by offering tolerance and giving customers greater access to the financing facilities. The banking sector has also played a crucial role in the distribution of various governments' fiscal packages. Looking ahead, there are three areas of focus that will reshape the sector and support a stronger recovery: serving customers in a better way, through the right channels with dynamic and relevant products and services; adapting to new ways of working; and building more resilient and agile organizations.

3. While banking practices seem to

be changing, so does its purpose. Societies around the world now expect banks to help address income inequality, racial and gender inequity, and climate change. As vital engines of growth in the global economy through a multitude of roles—financial market intermediaries, asset owners, investors, and employers, banks have a critical role to play in the financial stability. In addition to helping allocate or redirect capital toward economic activities that are net positive to societies, they can also nudge new behaviors among clients and counterparties.

Looking ahead, as banks adapt to the economic realities of 2021, bank leaders will likely need to make some hard decisions on optimal talent models. They must also move beyond current concerns about welfare and productivity, to enhance learning, team building and leadership roles. Using the right technology and tools will be critical to the success of these programs.

The question is how much of this change will prove to be permanent versus temporary. If COVID-19 was to end overnight, would old patterns of behavior return, or would new habits become permanent? For the banking industry, the answer leans more towards recent changes becoming more permanent. The pandemic has not suddenly caused the shift towards digitalization; it has simply accelerated the process, increasingly becoming part of people's lives, creating in this way a faster and more efficient and secure channel of the market functionality. COVID-19 made society focus on new solutions to problems as a result of the constraints that have occurred in their lives during the pandemic. Part of the service industry will change as people's expectations have changed, but what will remain the same are the banking services which has continued during the pandemic as well.

Notary service digitalization

A lever to strengthen the partnership between Albanian Notary Service and the Albanian Banking System

From the very first moments of conception of the platform, we have considered the banking institution as an authorized partner that will have access, exchange data and interact as a stakeholder integrated in communication, as referred to the circulation of notarial document, in electronic format.



Mimoza SADUSHAJ

Chairwoman

NATIONAL CHAMBER OF NOTARIES OF ALBANIA

The National Chamber of Notaries of Albania, as a member of the International Union of Notaries, implements and coordinates the work with such an important institution, by implementing its recommendations, but also considering the challenges of worldwide notary service, referring to the dynamic socio-economic developments. The Union recommends that competencies of notaries must be promoted, with regard to the introduction of new technologies, in order to favor the development of privileged and secure connections with public electronic registers and banking sector's information systems.

We are not afraid of developments

taking place in the society; we have avoided being conservative and reluctant to these changes. Modernization and digitalization have already provided the opportunity to establish privileged connections and interaction, direct access, which has improved the service to citizens. Notaries should establish these privileged links with economic world, in order to underline the collateral's usefulness and security, which enables the risk-free loans' provision, for the benefit of individuals and businesses.

One of features of social



The drafting and registration of notarial deeds and the way of interaction with other stakeholders, today is a fully automated process and through the opportunities, offered by information technology, we have the ability and opportunity to give best responds to all requests of the general public.

development that has occurred, and has positively affected the activity of the notary, is the implementation

of new technologies in the field of information and communication, where in most cases, notaries have been successful in adopting changes in society. In this regard, the National Chamber of Notaries is committed, for a period of three years, towards the digitalization of national notary service, based on the best European experiences in this area. After several study visits in Germany, Austria, France, Italy, we have chosen to use computer solutions of these countries, in terms of computerization of activity for every notary office in the country.

Since 2018 we have conceived, designed, built and implemented, and from February 10th of this year (2020), a national information system, presented as a secure and integrated electronic platform, which has facilitated the work of notaries, but on the other hand, has served as an opportunity for online communication and interaction with all institutions involved in a notarial deed or action. The platform we have built is named NISA (Notarial Information System of Acts), is registered as a state database, at the National Agency of Information Society and as part of GOVNET intergovernmental network, thus being an integrated database with other state databases.

We are very pleased to note that today, about 10 months after



commencing with the NISA system, we are presented with a totally digitalized system, which has met the main objectives of its creation:

- Today, the notary automatically produces notarial document in an electronic format, by digitizing the documentary archive of notarial deeds;
- Applications for registration of notarial deeds at the public real estate register are made in real time, the answer and certification documentation of property rights' transfer are automatically integrated in the system;
- The system provides financial administration for the activity of each notary office and provides the option of automatic reporting, for government agencies or state institutions;
- The National Chamber of Notaries guarantees the integration and two-way exchange of data from/to the parties in a notarial transaction, as well as in the procedures for granting and guaranteeing loans.

Based on the latter, the main partners of the notary activity are commercial banks, or other institutions, in the field of lending.

One of our challenges, specified in each introductory meeting, has been encouraging a fruitful cooperation with the Albanian Association of Banks, which will increase the level of services, as an important part of notaries' activity and banks, in an interactive binomial pair.

The new developments mentioned above, but also the recent legal changes in the field of

Notary, have created the appropriate conditions for a safer, faster communication and the provision of a better service to citizens by notary offices, as well as the banking sector in the country. Using the latest technology, introducing the concept of electronic document and electronic signature will ensure speed and efficiency, in terms of data usage. Also, at this point, I want to mention the integration of the notarial transaction with the financial one, where the connection with the banking system will bring the execution of transaction directly from the notary office.

Cooperation with the Albanian Association of Banks in this regard is considered very important by us, in order to improve and accelerate the operational processes of all actors involved in this process. So far, the cooperation has been unstructured, fragmented and there has not been a standardized communication and coordination protocol, for the best possible solution of issues concerning our two institutions, as referred to the current market demands. The strengthening of this cooperation has already begun and, following the meeting on October 22nd with the Albanian Association of Banks and representatives of member banks, we believe that the first step has been taken, some milestones of our common problems have been set towards the right path to resolve them.

As mentioned above, the drafting and registration of notarial deeds and the way of interaction with other stakeholders, today is a fully automated process and through the opportunities, offered by information technology, we have the ability and

opportunity to give best responds to all requests of the general public. From the very first moments of conception of the platform, we have considered the banking institution as an authorized partner that will have access, exchange data and interact as a stakeholder integrated in communication, as referred to the circulation of notarial document, in electronic format.

We are confident that the cooperation of the Chamber with the Albanian Association of Banks will continue in the future, where the focus of our joint work will be providing a quality, safe and fast service for the citizen. The notary is a living organism that must constantly adapt to the development of society, otherwise there is a risk of shrinkage and extinction. We need to develop our excellence to meet challenges of the time and for in this regard, our cooperation with banks is increasingly needed, every day. Only by working together will we maintain and strengthen the image, security and reliability of the service we provide. We need to be together, to coordinate activities to ensure security, efficiency, trust, and we need to be flexible and adopt, depending on the changes, the ways and forms of cooperation.

We are aware that we will face difficulties in this long road, but the important thing is that we already have a vision for the future, and we must work today for a joint clear perspective. The first meeting of the National Chamber of Notaries with the Albanian Association of Banks precedes the new challenges that await us, as partners of a service provided jointly by notary offices and commercial banks.

BANKING SYSTEM

Three things that will be different after 2020

The accelerator for digital innovation

Nearly half of the Europeans surveyed perceive the increasing role of digitization in banking and personal finance as positive, according to a Mastercard survey.



Vanya MANOVA

Country Manager for Albania, Kosovo, Bulgaria, North Macedonia
MASTERCARD

The Covid-19 pandemic catalyzed many processes, imposed various changes, but also challenged us to realize the truly valuable things and work towards not just preserving them, but improving them. In these challenging times, the directions in which it is worth investing knowledge and efforts in the future have become clear.

Pagesat e revolucionarizuar

The year 2020 was unprecedented, in many ways. The rapid change in global pandemic conditions has affected all sectors - banking, business, education, the overall way of life and people's daily lives. For several months, digitalization processes, for which we at Mastercard have been preparing for over 10 years, have been growing exponentially. Increased digitalization is an indispensable

step in the evolution of society, and we believe that it will maintain and increase its pace and people will discover even more its positive aspects, because it makes everyday processes easier, safer and faster.

The latest Mastercard "Evolution of Banking" survey found that this trend is getting a positive feedback from people, as well - 43% of Europeans surveyed from 12 countries rated the growing role of digitalization, especially in banking



We are proud that the Albanian market is showing a great fintech development, in the past years. Mastercard continues to strengthen the position, growing market share versus competition, as well as converting cash into electronic payments. In 2020, we have seen a growth in contactless usage as well as doubled the e-com transactions.

and personal finance under of COVID-19, as a good thing.

At the same time, banks remain the main and most trustworthy source of information for money management. Banks are also perceived as extremely stable, over time, by consumers. Some 85% of Europeans believe that bank branches will still exist in 10 years,

no matter that digital banking is so appealing with its ease, security and flexibility. The high trust in banking institutions and the growing positive assessment of digitalization as general are reflected towards online banking and mobile payment solutions, as well. Regarding them, Europeans point out that: they save time (63%), are easy to use (57%) and are suitable for their lifestyle - mobile, dynamic, fun and flexible (33%).

In the last few years, all banks in the country are working hard to deliver new digital financial management solutions to their customers, develop digital wallets and implement the latest Mastercard technologies for better user experience and security. We believe that, regardless the development of the situation around COVID-19, once adopted by the consumers, the flexible digital payment solutions will be broadly accepted, as people will be convinced from personal experience of their advantages and will prefer them in the future.



New base for trust

About 75% of all Mastercard transactions across Europe are now contactless. Today, behind the electronic payments with Mastercard are complex technological solutions. They are beyond purely financial operations and now address new consumer needs: security solutions, secured digital identity, biometrics and other key elements of the infrastructure, which allows us to use our

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Më Mirë,
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TË JESH PAGAMARRËS
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The boom of mobile wallets, which allow payments without a physical payment card, only with a few taps on the smartphone, is due to the development of technologies, in which Mastercard started investing a decade ago - "Digital Activation" (MDES), or Mastercard Digital Enablement Service. MDES allows sensitive payment card information to be replaced with a digital token that is unique to the smart device and unusable elsewhere. Tokenization and cryptography make the mobile payment the most secure one. When the user uses a Mastercard credit or debit card with a digital wallet, the actual card numbers are not stored on the device and do not reach the merchant's POS terminal. They are masked with a device-unique token and combined with a dynamic security code that is unique to each transaction.

The power is in the partnership and solidarity

Part of Mastercard's long-standing philosophy is to find established partners and with our combined expertise to achieve the most flexible, secure and convenient solutions for the consumers. When we talk about partnerships, we believe that one plus one is always more than two, because the synergistic results go beyond the simple combination of services.

Some 75% of Europeans involved in the company's survey on digital financial services also believe in partnerships in the financial sector. This is an indicator for us that our efforts in the fin-tech sector are visible and innovations are looked-for. Mastercard's partnerships with banks and fintech companies allow for many innovations, including more opportunities for contactless transactions.

Our partnership with the Albanian Association of Banks is among our

treasured relationships and is a great example, in the context of the above. In 2020, Mastercard and the AAB initiated a joint campaign to promote contactless payments, as the fastest and most secure way for both consumers and merchants in the pandemic situation and the risks for health.

We are proud that the Albanian market is showing a great fintech development, in the past years. Mastercard continues to strengthen the position, growing market share versus competition, as well as converting cash into electronic payments. In 2020, we have seen a growth in contactless usage as well as doubled the e-com transactions.

We at Mastercard are looking towards the new opportunities in 2021 the rapid digitalization brought to us and we hope that we all will take the good discoveries with us into new year and leave the hardship behind us.



Banks toward their digital journey

Credins Bank comes with the new Smart branch in Tirana, offering a unique experience for all clients, toward the personalized digital banking.



Valbona GURI

Head of Marketing Department
CREDINS BANK

Major technological changes continue to change customer behavior and expectations, as well as enabling a digital approach, for a customer centricity integrated service. Banks in Albania are becoming more visionary, by undertaking and assessing the opportunities offered by information technology. The Fourth Industrial Revolution is not only for technology but also for the marketing. Marketing and sales cannot operate through traditional means only; they require a new digital approach now, oriented toward customers' behavior and needs, by using digital channels efficiently. The sale of banking products have traditionally been carried out through physical outlets of each bank, but the trend today, and especially the consumer behavior, particularly that of the younger generation, follows a different path: the digital one, where

81% of consumers just search and interact online. Therefore, the sales and marketing strategy must be adapted, step by step, with the new consumers' trends, towards a digital ecosystem. Digital transformation offers a great opportunity to strengthen the relationship and value, the bank offers to the client. However, it should be seen as an opportunity to change the way financial products and services are conceived and delivered, to provide a personalized, fast, and customer-centric service.



Our objective is to bring a new way of using the bank by all customers, to deepen the use of digital payment channels, through a new way, which focuses on training and education.



Credins Bank, as one of the largest banks in the country, has started the process of transforming its branches from a traditional to a modern digital banking. Through the SMART branch concept, it brings an automated model, by combining digital experience with the human one, to provide a personalized service to each customer. The idea of SMART branch, initiated by the bank's management, has brought

a new concept of design, service and experience to customers. Transforming processes, through automation, is a novelty for every customer entering the branch. Customer behavior has changed with technology. Many clients are conducting their day-to-day banking business digitally, by reducing access to physical bank branches. However, for important decisions, or specialized products, they prefer a face-to-face talk to branch employees. Regardless of which target group, or product they belong, they want the interaction with the bank to be kept simple; that is why in this new SMART branch concept we are combining human communication of our advisors with digital interaction and self-service model. The role of the client advisor is not only clarifying and recommending, but also her/his education, especially with older-age groups, thus being a trainer of new technologies.

Our objective is to bring a new way of using the bank by all customers, to deepen the use of digital payment channels, through a new way, which focuses on training and education. This investment is expected to lead to a reduction of bank costs, a greater use of digital financial instruments and increased effectiveness of customer satisfaction, through a faster, around-the-clock service. The SMART branch has a dedicated 24-hour self-service area, where customers could manage their issues and needs. Also, this SMART

branch offers "Free Wi-Fi" service and e-ticket service, where the customer may scan the number for the requested service, while being notified by e-mail, or SMS for the newt in the queue. The branch brings a special corner, with touch screens for every customer who wants to be informed about bank's offers and products. If the customer is interested in a certain service, s/he may simply scan the offer code and may automatically access from smartphone, all the product details instantly, by finalizing the online application. Today, online applications, through the device from which the client requests information, are turning into a normal process. For example, a client wants to buy a car and while searching for a car on Google, s/he is shown a bank ad for a consumer loan. The bank enables the customer to satisfy a need, by bringing a personalized offer for the specific product. The application is made directly from the phone, where s/he is located. This application is channeled through the bank structures, which follow the processing and communication with the client, until the finalization of the request, within a short time frame. Credins Bank aims to create a unique experience, by offering the best service and further automating its internal processes. We want to give customers the best experience, both in digital channels and in all branches. The new concept tries to combine traditional banking with new customer expectations.

Goals for the future

The whole world is pursuing technology and changes towards digitalization are making our branches efficient. Today, many

purchases are made online, so the online presence of the bank is a must, if we want to be close to the customer, when s/he needs it. Online marketing and the ability to analytically understand digital behavior on bank channels, or social media, have taken a special importance. Digital marketing strategy is based on the use and orchestration of concepts and technologies, such as: Google Analytics, Google Adwords, SEO, website design and optimization, social networks, etc. Today, more connections are required with customers on social networks and better adaptation of products and offers through these channels.

Today customers have quite a sizeable power, and this is a result of connectivity, by being transformed from passive to active customers. By understanding the power they wield, we are able to respond to their expectations, demands, and needs. Their power is expressed through an increasing access to smartphones, more control and ability to choose, more information channels, more global access to choices, online feedback on products and services, or brand, etc. Such developments require another segmentation for digital customers, not that used for the traditional one, but based on the power that customers have, according to digital benefits, thus forcing banks to also adapt internal structures and operational mode of business. Here, the important point for digital transformation remains the development of models that combine marketing, sales, technology and operations, in front of new schemes of product development, segmentation and promotion, by taking into account that it is the customer who will

choose, in a more personalized way. Today, we need to invest by building a customer centricity business model. This means an interaction of all points where we meet with the customer, from the technology, the analysis of gathered information, the behavior and interaction of each sales staff, as well as what content we will offer to the customers. Digitalization has enabled a more sophisticated targeting, which comes as a result of the data collected (demographic, geographical, contextual), channel targeting, or behavior (product you see online, page you open, clicks, etc.)

Digital customer targeting is also moving towards the automated marketing, reaching the customer with the right message, at the right time and the right device. At Credins Bank, we have managed to build targeting and promotion schemes in all electronic forms through which we contact customers (e-mail marketing, SMS, Google Adwords, Ads on Facebook and Instagram, etc.); we have improved the design and content of the bank's website, by providing an optimal connection to any other digital media (every online application from any digital channel goes to the bank's website), and we are using analytical data, provided by Google Analytics, where the results are effectively measurable (such as: impression, clicks, CRT, conversion rate, etc.), for the most successful business campaigns. We still have many interesting ideas and projects underway, which we will gradually implement in practice, by offering a new system that will not only use automation in a brand-new way, but instead will make our lives simpler.

Relaks. Ju jeni në duar të sigurta



i sigurt



i shpejtë



kudo



kurdo



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Nr. 1

Deceased Orthodoxies and the new capitalism

The expected structural changes in the economy and their impact on the unequal distribution of wealth created, will affect an increase in the role of the state in these areas.



Prof. Asoc. Dr. Selami XHEPA

President,
EUROPEAN UNIVERSITY OF TIRANA, UET

Throughout history, the relationship between market and the state, has never been the same and unchanged. Usually, in times of great and severe crises with "disruptive" consequences, the role of state in capitalist societies has received more attention and priority (the example of the Great Depression that produced the "New Deal"), whereas in ex-communist societies the freaky failures of the state turned their attention toward the market (the most famous being the new economic policy (NEP) of the former USSR, by Lenin). In the years following the World War II, the triumph of Keynesian policies produced a generous system of social welfare, thus giving the state a central role in the economy and social policies. The next crisis of mid-1970s took a sharp turn for the worse in the state-market relationship: the fight against stagflation restored individualism and the free market, a triumph that would shine, on a global scale, with the collapse of the

communist system, in the late 1980s.

With the great recession of 2008, the pendulum was again set in motion with shifts towards increasing the role of the state. Many changes that began to be implemented, especially in the financial system reform, aimed to limit market power, and a process of the industry turnaround began, which required a stronger state presence, as a supervisor and monitor. Thus, several important movements arose out of the private sector itself, where the most well-known is Business



The lockdown, which came as a result of COVID-19, showed how important digitalization was to the economy. Firms with prior experience were more immune to negative effects of the crisis, while new firms were encouraged to move immediately towards digitalization.



Roundtable, which includes 181 CEOs of well-known American multinational companies. Business Roundtable is promoting a new corporate mission, from shareholder capitalism to stakeholder capitalism. Multibillionaires, such as Warren Buffet or Bill Gates, are calling for tax increases in order to create healthy financial opportunities to meet the social agenda and improve well-being for low-income groups.

But the impact of COVID-19 on reforming the capitalist system seems to be much stronger. The

changes launched after the Great Recession of 2008 were cosmetic, and in many cases, insufficient. The shock that the global economy received with the pandemic crisis stimulated a much more active role of the state. The expected structural changes in the economy and their impact on the unequal distribution of wealth created, will affect an increase in the role of the state in these areas.

The digital economy, after the pandemic, gets a strong boost, by accelerating trends that had begun long time ago. Supported by a modern technology infrastructure - Internet of Things - network of physical objects ("things") surrounded by sensors, software and other technologies, in order to connect and exchange data with other devices and systems via Internet - have transformed the economic life and the functioning of society. The lockdown, which came as a result of COVID-19, showed how important digitalization was to the economy. Firms with prior experience were more immune to negative effects of the crisis, while new firms were encouraged to move immediately towards digitalization. All human activity was oriented towards this new form of interaction with the outside world, including education and health sectors. E-commerce and online payments saw an unprecedented growth. The odds are already that digital services commerce will see strong growth in the coming years. The impact of all these rapidly evolving processes is that industries, firms and social groups are disproportionately affected.

The unusual mobilization of public funds to save jobs and provide

liquidity for all businesses, seems to be the right way, but now it is the time to make more studied decisions. Some companies (in professional terminology known as "zombies"), for example, may be unnecessarily saved, if they simply devour public money, but are destined to go bankrupt. The same thing happens with jobs: saving jobs in such industries may not prove beneficial at all, in a longer term. Likewise, social groups that will be hit hardest are those that come from the lower income sectors, from services. As a result, inequality and poverty are expected to worsen. Even actual estimations by the World Bank suggest that 150 million individuals could be added to the army of the poor, by 2021. The result of all these redistributions and structural adjustments, and the expected social impact, occurring in the coming years, require a more active role by the state.

As above mentioned, the debate on the reform of the capitalist system has long enjoyed the support of big business itself, but private initiatives do not seem to have any visible effect. By remaining voluntary initiatives, not embodied in laws and legal codes, they remain in the wish and will of the business, itself. Unfortunately, the data show that, throughout the pandemic, business solidarity with employees and vulnerable population was not manifested, at all. On the contrary, pay cuts and layoffs were practices that were massively implemented, even among corporations that are members of Business Roundtable. This is why the initiatives taken after the 2008 crisis, to reform the capitalist system, are insufficient and ineffective. Reforms need to be turned into rules of the game, which better balance the interests of society. So far, the system has worked better in protecting the interests of capital. This is simply a matter of public perceptions any longer, but of empirical data, collected

over more than three decades. So, there is a need for a rebalancing of the system, this time in favor of labor.

If we put this worldwide debate within the Albanian context, I think that during these years of transition we have built an orthodox capitalist system, just as we distinguished ourselves from all ex-communist countries, in building a communist system much more orthodox than other countries. Unfortunately, today we do not have a system of free market and competition, but an economy and power captured by interest groups, slowly giving it the features of an oligarchic system. In small countries it is always difficult to create a perfect market competition. High transaction costs do not make plenty room for the operation of a large number of firms, in a given industry. Consequently, market abuses are always quite present. This requires strong regulatory institutions of market surveillance, such as the Competition Authority, which monitors the compliance with the rules of the game, but it cannot be said that this the case for Albania. In many cases, the fiscal rule itself has stimulated the concentration of economic activities in a few hands. For example, reinvesting profits is considered a priority in fiscal policy, excluding firms that reinvest profits from income tax. But this fact has driven firms to operate at very high profit rates, and reinvestments have shifted toward new lines of business, thus producing a reality where only a few firms are taking control of entire business segments in many industries. By being more specific on this point, I'm afraid some specific names might come to mind immediately to the reader. Practically, fiscal holidays have stimulated the concentration of capital and business in a few hands. This outcome has been an undesirable consequence of a well-intentioned policy of stimulating

investment in the economy, but how can this policy be reformed, for example, to better balance labor and capital interests, in the context of the above discussion? An alternative could be for companies to be exempt them from income tax, only if the secured profits are invested within the firm (within the existing line of economic activity, where those profits are produced). Investments can be either in technology, or in human resource development. Investments in technology should be considered only those in patented and certified technologies, in accordance with the standards applied today in EU countries, in terms of respecting environment and that ensure a higher level of business sophistication. Investments in human resources are considered policies to increase salaries and bonuses for employees; training costs, through domestic or abroad training; expenses for creating facilities for employees, or their family members (food, school and kindergartens, etc.). This type of policy could modernize the activity of private enterprises and make them more competitive in world markets, by encouraging them to advance in technology and know-how.

This was merely an illustrative example of how public policies can be used to modernize society and the economy, to create an economic system that shares the benefits created by economic growth better and in a more balanced way. By undertaking such reforms, we have the opportunity to reshape the role of the state, saving even the capitalist free market system. As pointed out in one the latest issue of *The Economist*, with the right answers to the challenges we are experiencing today, it is very likely that the growing risks of political populism will be avoided and the advantages of free markets will be saved.

Marketing as a service to support shift to digital channels in banking industry

What remains crucial in communication is the relation you create with customers, to maintain what is really working, to be empathic and create exceptional experiences in all the touch points of the brand with our customers.



Greta LEKAJ

Head of PR & Marketing Department
RAIFFEISEN BANK ALBANIA

The pandemic, and the recession it created, changed the outlook for marketing plans and budgets, in a matter of few weeks. Initially, all brands and companies faced challenges related to the “unknown” ahead and marketing commitments went under review, content wise and budget wise, following the society behaviors and the switching needs for various products. Challenging times still bring new opportunities and test the ability of companies to show their agility and reaction to a changing environment. The COVID-19 crisis has been a double-sided story. It created fear and confusion, but it is also driving people to use new tools, and we at Raiffeisen Bank, were ready for this task.

Not surprisingly, the need for social distancing raised the request for more banking digital tools and digital transactions. Since banks are one of the key drivers in economy, they needed to continue satisfying the needs of Albanian families and businesses to keep on operating as “normal” as they could. Since customers asked for more remote tools and safety in their lives and transactions, we reacted immediately to satisfy their needs. Product wise, all focus went to perfection of our digital platform,



Significant changes bring with them a significant alteration in the role of marketing managers and departments. They are no longer seen as simply responsible for advertising, catchy visual, events and promotions; now their role is blended with the responsibility for driving growth and enhancing the entire customer experience, regardless of channel.

Raiffeisen ON, which was previously introduced quite successfully, as part of Bank digital transformation.

During this time, registrations in Raiffeisen ON increased by 36%, transactions through it approx. 20%, utility payments, mobile top ups, internet subscriptions, etc., increased by 64%.

Marketing communications role was to communicate the affinity with clients and the best functionalities of our digital products. Online transactions increased by 64%, accelerated by the legal facility of zero commission, for all online payments. An online application for the Credit Card has been developed within a week, in order to supply all customers who needed this banking product with new Credit Card delivered to their homes within 48h, so they could continue easily online purchases. It was worth it, as transaction via cards, through e-commerce, increased by 60%. QR scanning to request instantly a moratorium was a novelty, introduced briefly after such facility announcement by government, only by Raiffeisen Bank. Beyond all these, a good support went for the medical staff, via Special Packages, which have been introduced for medical personnel with improved banking conditions, as a “thank you” to their immense efforts.

The channels how the messages were delivered to the audience now changed, as well. The biggest hit was to outdoor advertising, print advertising and in-branch marketing. The biggest airtime and



budget increases came in e-mail marketing, social media, Google display, content marketing, and SMS-s, CRM. What remains crucial in communication is the relation you create with customers, to maintain what is really working, to be empathic and create exceptional experiences in all the touch points of the brand with our customers. Tactical activities and price offering in various bank products still stays dominant into our market. But what customer ask and what we can improve is their experience, wherever they are. Where we can show this better than in all Digital touch points, which they can access instantly from the comfort of their home?

It is the time now for intelligent digital banking experiences. The pace of technological change in our bank has not just transformed the customer experience and banks' back-end operations. It has also shifted the marketing communication function within the banks. As part of this evolution, technology has empowered consumers with more information and more ways to take what they want. New channels and social media offer new ways for informing. Now customers have a voice to give an instant feedback and affect even the purchase behavior of other customers. Despite the significant shift to digital transactions and interactions by consumers of all ages, pushed by banks and financial institutions, many consumers still struggle with the basics of digital

banking. Is it lack of trust, lack of understanding or practice to meet face to face a bank agent... or all of these factors together, it remains a task of marketing communications to educate and drive the market, versus these easy new ways.

We at Raiffeisen, as the innovation leader in banking, will undertake all that possible to improve the transition to digital channels. This includes, but is not limited to:

- educational communication to consumers how to use digital channels,
- simplified processes, created by digital products team,
- increase digital engagement
 - easy to find and easy to use functionalities, games, incentives,
 - personalization of offering, which remains a weak point for Albanian market,
 - culture shift, meaning to engage employees as customers, as the most real ambassadors.

The issue is: are we using marketing channels only for selling products and services, or are we also using these channels to educate, ask questions and build engagement? It should be both correlating with each other to gain the digital acquisition of our customers. We have transformed two of our branches to Cashless Branches with a human touch; practically the "Rruga Kavajës" branch (close to Embassies

quartier) and "Ali Demi" branch perform electronic transactions only, under the consultancy of our staff. ATMs are another important touch point with our customers, and we are working to enrich their functionalities to turn them into multifunctional devices and enable our customers to perform more actions, without entering in the physical branches. That explains the necessity to use a wider repertoire of marketing techniques during the pandemics, from information sharing, to education, kinship, sale ad, thus accompanying the clients through their digital customer journey.

These significant changes bring with them a significant alteration in the role of marketing managers and departments. They are no longer seen as simply responsible for advertising, catchy visual, events and promotions; now their role is blended with the responsibility for driving growth and enhancing the entire customer experience, regardless of channel. They need to stay attentive to marketing trends and make best usage of them, together with business lines. The large and growing importance of digital marketing will continue to dominate in 2021. What we can see as a future important development are loyalty programs. Moving from being transaction-based point systems to reinforce an emotional connection and trust with the consumer could result a winning formula.



Cybersecurity and banking services continuity during Covid-19

The new working model shifted employees from the secure and protected network of bank offices to home networks, without security measures and unknown vulnerabilities; steady and established direct connections were replaced by virtual connections, via Internet, direct physical communication was replaced by virtual collaboration tools.



Reglend XHANGO

Information Security Officer
INTESA SANPAOLO BANK ALBANIA

Emergency response to Covid-19

In the early days of the pandemic, when the risk was becoming real, a good number of banks began reviewing business continuity plans, to deal with the tide of health emergencies. In response to the situation, Intesa Sanpaolo Bank Albania, in full implementation of the crisis management model, activated the "pandemic plan", thus joining the parent bank in Italy, which coordinated the response to Covid-19, at the group level. Emergency structures were immediately set up, such as: the Covid-19 emergency unit, and the crisis steering committee, composed of executives and competent functions, to prevent and mitigate potential impact on staff, business and to ensure service continuity to customers.

During such a difficult period, banks, under the pressure from

Covid-19, learned to turn the crisis into a priority through the use of alternative channels. This response will most likely determine the future of customer service delivery, by improving processes and services, through the potential of digital innovation, transforming the way we work, through distant and remote work, as an element that will not remain just an emergency measure, but also an alternative to the labor force, in the future.

Cyber security threats during COVID-19.

The pandemic spurred the formation of the "New Normal", by forcing banks to shift most of



The pandemic led to the explosion of teleworking regime, the use of virtual collaboration technologies, but on the other hand, are found employees who are poorly trained on cyber risk; they constitute a weakness for information systems security and the storage of companies' sensitive data.



their workforce to a new model of telecommuting. In fact, between March and April of the year 2020, the number of employees of our bank's

head office, who worked from home, reached at 70%.

This new working model shifted employees from the secure and protected network of bank offices to home networks, without security measures and unknown vulnerabilities; steady and established direct connections were replaced by virtual connections, via Internet, direct physical communication was replaced by virtual collaboration tools, such as: Zoom, Skype, Teams, Webex, etc. At the same time, the crisis accelerated digital transformation projects: online payments, through banking platforms and cards increased rapidly, while the use of cash fell sharply. These rapid changes, due to the crisis, were exploited by cybercriminals, who began to carry out attacks, through phishing scams and targeted attacks, such as: Business Email Compromise, malware distribution, through fake links and attachments to mailing addresses.

What are the key factors driving the increase in cyber risk?

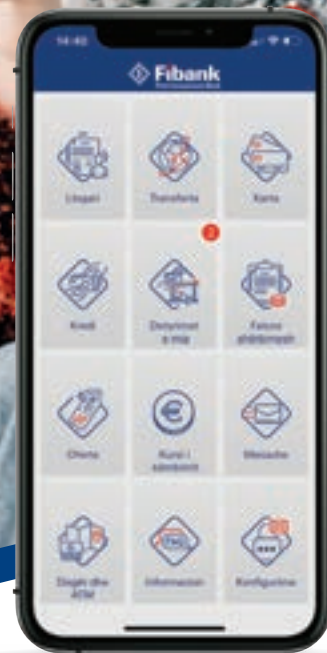
Taking into consideration the technological factor, the pandemic led to the explosion of teleworking regime, the use of virtual collaboration technologies, but on the other hand, are found employees who are poorly trained on cyber risk; they constitute a weakness for information systems security and the storage of companies' sensitive data. For a company, the problem is twofold, when it comes to its employees, who may choose to connect to different information



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systems, for convenience, or for work reasons, by using personal, or corporate equipment, such as: they can access a mailing address, which may have been previously compromised by a cyberattack, thus increasing the risk of infecting the company's device, and consequently, being distributed across the company's computer network.

Another factor is the anxiety, created by the crisis climate, described by psychologists as: "the predominance of instinctive behavior among the population", in other words crisis situations tend to provoke a reasoned behavior, which allows hackers to use fear to fall into their trap, for example by clicking an infected link, inside a fake e-mail, with the content: "Discovery of a new drug against COVID-19".

Although the facts show that, in most cases, the attacks are carried out against companies with a low level of digital maturity, the exposure to risk increases when most of a company's staff works remotely. Cybersecurity executives can provide teleworking and customer service through security awareness, technology, processes and controls:

- By promoting specific awareness campaigns for customers and employees, through practical tips on how to avoid phishing, or other online scams, which can be carried out through digital communication channels. For example: Intesa Sanpaolo Bank Albania has published on its official website material with content on cybersecurity. These materials are also promoted on official social media channels.

- Also, to protect the path towards digital transformation, it is suggested that high priority measures must be taken, as follows:

- **Multi-factor authentication:** The inclusion of additional authentication factors helps cybersecurity teams manage the risk of weak, or compromised passwords.

- **Network access control and mobile device management:** It must be ensured that all users are authenticated and devices are managed properly, inspected and controlled, when connected to the company's network.

- **Endpoint Detection & Response (EDR):** Ensuring security on endpoint equipment is more important than ever, because most home networks are quite vulnerable. EDR platforms can help secure end-users' equipment, without compromising productivity.

- **Data Loss Prevention (DLP):** Prevention of data leakage, classified as sensitive, through various information transfer channels.

- **Fraud prevention on online channels:** Strengthening the monitoring of digital channels, to prevent fraud with identity and financial transactions.

- It is essential to focus on reinforcing measures **against phishing, DDOS protection** and generally all logical protection.

- **Cyber intelligence activities,** to identify phishing sites and malware campaigns,

which exploit the COVID-19 emergency;

- Cooperation with **law enforcement agencies;**
- Strengthening the monitoring activities of **cybersecurity teams;**
- **In-depth investigation of possible access breaches** to the company's internal systems;
- Execution of cybersecurity checks;
- **Weakness assessment and safety tests,** on the perimeter of teleworking.

Here it is extremely important that the cyber culture must be extended and including the company as a whole, to guarantee a complete and uniform behavior, which improves security, considering the fact that more than 91% of security incidents are caused by the use of human element and more than 92% of ransomware attacks are a direct result of careless behavior with phishing emails, by clicking on malicious links, or opening attachments containing malicious code.

In conclusion, although not everyone has anticipated such a global impact of the COVID-19 pandemic, executives, including cybersecurity executives, are at the forefront, by tracking operations and protecting information, whereas delivering results and improving the user experience. By engaging in long-term, or permanent preparation for moving toward teleworking and digitalization of services, banks can guarantee sustainability, resilience, and security.



Agile Transformation and Digital Banking



Sascha Jürgens

Founder & CEO
AGISOLVE GMBH, GERMANY

The Digital New Normal

Since the financial crisis of 2008, the banking industry's comfort zone in Europe and abroad has been continuously shrinking. Traditional business models have been under fire from different directions. Established banks are being pushed towards a faster pace of change and innovation, not only due to evolving international standards and regulations, but also by a bustling fintech scene with its "digital first" approach and disruptive effects on the market.

The year 2020, with its devastating COVID-19 pandemic, has eliminated all ideas of digitalization as being "nice to have", or optional. Digitalization has become a cornerstone of a post pandemic world and it will stay with us in the future. The good news: a pandemic is not a systemic defect. Its impact lies mainly in an acceleration of pre-existing trends that banks were aware of and thus initially able to cope with. However, the year 2021 will prove to be the stress test that will show which market players have

managed to successfully transition from mere shock resistance and coping to pro-active digital leadership.

What is needed for a bank to develop their digital capabilities not only in technological terms but as organizations? The main keywords here are resilience and adaptiveness. Like an individual, an organization must first survive, secondly it needs the ability to adjust its behavior to new and unforeseen situations. Both factors, resilience and adaptiveness, form the very core of Agile methodologies and of the Agile mindset.

To make change sustainable it must come from within. The entire business must transform and incorporate change, as an integral part. This is why Agile Transformation is crucial for banks today.

Agile Powers Digitalization

Digitalization in banking, similar to other industries, involves a higher frequency of change. Digital markets are perfect examples of "VUCA" (volatile, uncertain, complex, ambiguous). In such environments, market participants no longer enjoy the luxury of predictability, over long planning periods. What a volatile market will demand at a certain time in the future is by definition unclear, so "one shot" solutions may sometimes hit the spot - but more often they will not and need to be adjusted and revised to match actual trends and developments which can only be identified short term or even retrospectively. This does not call for more perfect predictive planning but on the contrary for an Agile approach based on the foundational principles of "Inspect and Adapt" as well as

transparency.

The essential competencies of an Agile enterprise match those needed for successful digitalization:

- Fast end-to-end delivery: The ability to release products and services with minimal time to market (weeks, or months, rather than years).
- Facts, not fiction: the competency to process real market and customer feedback to enable decisive action.
- Continuous prioritization: The ability to re-focus business and development goals within short loops from strategy to execution.

Agile frameworks, such as Scrum and Kanban, have revolutionized the way technology products and services are being developed on a team and project level. While this aspect of Agile remains very much alive and relevant and still forms the basis for any larger change initiative, Agile has taken on a much wider scope. Applied to the organization as a whole, it has proven to be a powerful tool that can change an organization's culture affecting strategy, people, processes and technology with the main objective of delivering business objectives faster, closer to customers and markets and with better results.

Two trends have been emerging that are extending the potential of Agile: Agile Scaling and Agile Transformation. Agile Scaling answers the question how to enable large numbers of people (ranging from hundreds to thousands) to collaborate towards common goals, while keeping an effective balance between decentralized self-organization and centralized

¹Volatile, Uncertain, Complex, Ambiguous

alignment. Agile Transformation, on the other hand, aims to upgrade the whole organization: its culture, identity, and mindset. Transforming to Agile potentially affects all parts of an enterprise, from top level management to individual employees across all functions and departments. It involves rethinking concepts of specializations, hierarchy, communication and leadership.

International banks have successfully performed transformations towards Agile. To mention some recent examples:

- A Dutch banking group has successfully transformed its whole central organization (ca.

3.500 people) from a hierarchical to an Agile structure, divided into Squads and Tribes, inspired by the "Spotify Model", effectively shortening time to market, increasing customer satisfaction and employee engagement.

- A major European bank with headquarters in Italy has established Agile "End-2-End rooms" as ad-hoc Agile organizations, involving IT and business in parallel to the core organization's classical approach, combining digital innovation and core banking stability.
- An Albanian bank has launched its first digital MVP (Minimum

Viable Product) introducing Agile methodology (Scrum) and remote collaboration tools, during the height of the 2019 pandemic.

Even these brief examples show that Agile Transformations can take different forms and allow for a range of possible approaches depending on the specifics of the organization, its position in the market and strategic aims. Finding the right approach with the help of experienced specialists can be decisive for the success of the initiative.

²End-2-end rooms.



Lila Canaj

Chief Retail Officer
TIRANA BANK

Why Agile is Essential for Banking in Albania Now

Our Albanian two-tier banking system is young, compared to other European countries,

including those in the region. Over the last 15 years it has gone through a dynamic process of change, in terms of digitalization, innovation and customer centricity, triggered by competitive pressure and a price driven market. Customer centricity requires banks to re-evaluate what they know about their customers, what they value, and what drives them. This is more challenging, considering the fluctuating requirements of "Millennials" and "Generation Z".

Albanian customers have been conservative, in the past, in using digital banking services even though more than 62% of them are smartphone users. Efforts have been made by banks to educate them to use these services, but still the adoption has been quite low. During the year 2020, however, COVID-19 forced even our conservative customer base to use digital channels, such as e-banking,

more intensely. These changes will have a permanent effect on customer behavior, thus challenging banks to speed up the implementation of other digital solutions. Our banking sector can benefit from Agile practices on a business – wide basis, including customer service, wealth management and marketing. Digital innovation is expected to reduce the costs of banking services, facilitate the introduction of new internal processes, streamline internal decision making and eventually bring greater flexibility to the customers.

Agile organizations typically consist of high performing teams that take ownership of a shared mission and are responsible for a specific business outcome and can deliver end to end results

autonomously. The first movers towards Agility will be the ones that will benefit most from this new

direction and gain a competitive advantage. For this reason, some banks in Albania have already started introducing Agile, while others are still in a discovery phase. If implemented correctly, the Agile methodology can contribute positively to the whole banking industry in Albania moving it forward in the direction of what we call “The Bank of the Future”.

Agile Transformation Needs Leadership

Agile Transformations affect all areas of an enterprise as well as its overall structure and culture. Therefore, it cannot realistically be done from a mere bottom-up approach or without backing from top and senior management. Introducing Agile methodologies on a team level, or only in certain limited areas, such as software development, may work up to a certain level but will most likely not bring out the most relevant benefits of an Agile Transformation. In turn, support and personal engagement

of senior level management can make or break the whole effort and is necessary for change to cascade effectively downwards through the organization.

Leaders supporting an Agile Transition are faced with specific challenges:

- Reflecting on their own mindset and behavior, and changing it if necessary,
- Empowering their teams and encouraging them to work in new ways,
- Developing awareness and shared responsibility for the whole organization,
- Leading by example and developing competencies as coaches, teachers and servant or lateral leaders of their teams, giving them as much room for self-organization as possible.

Overcoming these challenges could be a huge step for more

traditional managers. However, just like digitalization, it is not optional. Transitioning to an Agile Leadership style provides an opportunity for personal growth for leaders that enables them to focus more on their role as leaders rather than managers. A core group of Agile leaders may act as ambassadors who will champion Agile throughout the organization while helping all the employees navigate the journey of this transformative process. Teams and leaders are typically supported by experienced Agile consultants who take an active part in leading the change.

The outcome of this will be an organization that is able to deliver solutions quickly and with the highest possible quality, planning ahead strategically, while remaining open for change, taking decisions autonomously and providing constant customer satisfaction.

ONLINE TRAININGS

Organized by AAB, October - December 2020

- **Root Cause Analysis (RCA)**, in collaboration with AIIA, October 8-9th.
- **Agile for Winners**, in collaboration with Agisolve, October 20 – 21st.
- **Digital Marketing**, in collaboration with AIEx, October 27-28-29 & 30th.
- **Credit/Counterparty Risk and Risk Modelling**, on November 4-6th & November 9-11th & **Agile Principles and Mindset** on November 12 – 13th.

AAB offered the trainings with ATTF and financially supported from Luxembourg Government.

- **Project Management**, in collaboration with Kosovo Banking Association, November 16-18-20th.
- **AML - Detect, Deter and Disrupt**, with the support of BACEE and in collaboration with Analysis International, November 12th.
- **Managing Remote Teams**, in collaboration with AIMS Albania, November 24 & 25th.
- **Operational Risk - Assurance & Improvement Delegates**, in collaboration with AIIA Albania, November 26 & 27th.
- **Innovation Management in the Digital Transformation Era**, in collaboration with AIEx, December 15-16th.

Integrity: A shared responsibility

Integrity is not the sole responsibility of a department or a responsible person. Rather, integrity is a responsibility for all employees and all parts of the organization.



Ardita SEKNAJ

Secretary General
INTERNATIONAL CHAMBER OF COMMERCE,
ALBANIA
(ICC ALBANIA)

If we navigate through the websites of public institutions, either central or local ones, law enforcement agencies or entities, companies operating in Albania or abroad, we will notice that most of them, if not all, provide statements about the importance of integrity, transparency or ethics has for their institution. The media also declares every day that transparency and accountability is at stake, while disseminating news, fact and analysis.

All stakeholders seem to have integrity at the heart of their values, either as transparency, accountability, ethics, good governance, social responsibility, the fight against corruption. But why is integrity at the heart of an organization's values? Does this serve only as a public relations strategy, or has the organization actually embedded integrity, as part

of their day-to-day work culture?

Determining the importance of integrity in the mission, vision or values of the organization, is for sure an added value aspect for that organization. But incorporating integrity, as a significant pillar of the activity, will make the organization more likable to the general public, more credible to stakeholders and more attractive to potential partners. Simply stating that you stand or appraise integrity is not enough! The company, institution, association, media or academia should build and maintain trust with the parties with whom it interacts. The organization must invest, both internally and externally by using instruments and tools that strengthen internal structures in respect to compliance and ethics and by building partnerships that would improve sustainability and reputation.

Integrity: A shared responsibility

The internal organization is essential for the translation into actions of the mission, vision and values of the organization. The tone set by the upper management is fundamental, but it is equally essential that these messages on integrity are conveyed and reach to the base of the organization, without distortion. The achievement of these goals is as well related to the establishment of some structures within the organization, whether they are specific purpose structures; such as units or departments dedicated for the fight against corruption (in the public sector), or for compliance and ethics (in the

private sector, associations, etc.), or cross-functional structures, such as: Board of Directors, General Manager, Minister, Audit Committee, Head of Finance, etc. Continuous and regular communication between these structures within the organization enables continuous review of its compliance status.

Above all, the department or responsible person for compliance or ethics, shall work on a strategy that goes beyond simply being "compliant by law" and include all employees at all levels in the process. To this end, the organization should develop ongoing training programs, related to integrity topics for staff at all levels. There is also a need to continually draft and improve the content of the integrity manuals or guides that need to be functional and reachable by the organization, as a whole.

Coordinated actions

Integrity is not the sole responsibility of a department, or a responsible person. Rather, it remains a responsibility for all employees and parts of the organization. The fight against corruption or integrity enhancement is not the sole responsibility of the National Coordinator against corruption. Line ministries and law enforcement agencies need to take a more active role and coordinate priorities with other actors, such as the Coordinator, as well as the private sector, academia, civil society organizations, or even with international partners.

Academia should activate its efforts in this area by conducting more research, enriching the

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academic curricula or developing specialized courses in the field of integrity. To this end, the academia should cooperate and be supported by other parties such as the private and public sectors. Building a culture of integrity in the private sector cannot be the sole responsibility of the compliance or ethics department, just as it cannot be an effort within the institution alone. The private sector needs to reflect and work on its social responsibility strategies to translate them into a more sustainable approach, extending it to other dimensions, such as responsibility for the environment and good governance. The private sector should work closer with chambers of commerce, business associations or sectoral ones to add their contribution in the policymaking and implementation for integrity.

Good practices

There are many documents and tools that can be adopted by stakeholders, which help them build sustainable strategies, improve their actions on integrity, or combat harmful practices that disrupt fair competition. In the last five years, ICC Albania has been active by submitting proposals and best practices for endorsement to policy makers and other actors with the aim of improving the business climate in Albania and strengthen trust in institutions and country.

The OECD Guidelines for Multinational Enterprises are recommendations from governments to multinational enterprises on responsible business conduct. They provide non-binding principles and standards for responsible business conduct in a global context consistent with applicable laws and internationally recognized standards. Since 2018, ICC Albania has submitted a proposal to the Albanian government, more specifically to the

Ministry of Finance and Economy, to adhere to this OECD Declaration. Albania's adhere would lead to the establishment of a National Contact Point (NCP) for Responsible Business Conduct. The NCP is an agency to be set up by the government to handle specific cases, as a non-judicial grievance mechanism for complaints, related to businesses operating in Albania or in the related countries. This proposal is under consideration by the Albanian government and the respective approach remains unclear.

Guide from ICC: ICC has produced a wide range of tools and instruments which help business and other stakeholders to improve the integrity regulatory framework. One of these is the ICC Anti-Corruption Clause. This clause has been drafted by the businesses themselves. ICC Albania has proposed to the government to include in its commercial agreements this clause will reassure parties about the integrity of their counterparts during the pre-contractual period as well as during the term of the contract and even thereafter.

Global Compact: This is a voluntary initiative based on CEO commitments to implement universal sustainability principles and to take steps to support the Sustainable Development Goals. Companies or business organizations in Albania, can apply to join the Global Compact through a simple process, at the end of which companies have opportunity to receive support for:

- Doing business responsibly by aligning their strategies and operations with Ten Principles on human rights, labor, environment and anti-corruption; and
- Taking strategic actions to advance broader societal goals, such as the UN Sustainable Development Goals, with an emphasis on collaboration and

innovation.

Week of Integrity (Wol): This is a national awareness campaign, which aims to bring to the public attention initiatives, activities, projects, ideas from various stakeholders, with the purpose of promoting transparency, accountability, ethics, accountability, good governance, the fight against corruption and every aspect of integrity. This initiative is organized every year, in the timeframe 1-9 December, in the context of the International Anti-Corruption Day (9 December). The Week of Integrity is a Dutch model and Albania is the second country to adopt it.

In Albania, "The Week of Integrity" comes as an initiative of ICC Albania, in cooperation with the Ministry of Justice and with the support of the Embassy of the Kingdom of the Netherlands in Albania and the Delegation of the European Union to Albania and with media partner A2 CNN.

In the second edition of the Week of Integrity, about fifty-three partners from the public sector, civil society organizations, academia, international partners and the private sector engaged in sixty initiatives. The greatest achievement of Week of Integrity is cooperation in collective actions in promoting integrity. The participation of the private sector in the Wol edition was less active than that of other actors. It seems that businesses in Albania are somehow reluctant to engage more actively in promoting and improving integrity and go beyond of what is strictly compliance.

Getting out the comfort zone always brings resistance, but it requires courage and determination to create a trustworthy and integrity environment. And as Mark Twain stated it: "*Courage is the foundation of integrity!*"

CORPORATE SOCIAL RESPONSIBILITY



ALPHA BANK

October is the Awareness Month for Down Syndrome, and the bank undertook initiatives, in cooperation with organizations operating in Albania, in support of this cause. Under the motto: "I have one chromosome more, but I'm like you", the bank prepared and shared with its followers a video, which aims to raise public awareness on the rights and the potential of individuals with Down syndrome. Alpha Bank - Albania, made donations to support the therapeutic services of children of "Pro Pak" Center, the "Down Syndrome Albania" Foundation (DSA) and Jonathan Center.

ABI AMERICAN BANK OF INVESTMENTS

- On November 13th, in cooperation with the Albanian Red Cross, the bank undertook the voluntary initiative of "Blood Donation", in support of children suffering from Thalassemia.
- Supported for the fourth consecutive year the YWCA Albania campaign, under the motto: "Pink ribbon reminds me". The novelty for this year was the lobbying for the opening of Center for Psycho-Social Support, for diagnosed women and their families. On October 23rd, ABI Bank, as a platinum sponsor, joined the symbolic walk, organized in the city of Elbasan.
- On October 10th, the World Mental Health Day, the bank

supported "TISS" center in Tirana - Center for Services and Psycho-Social Treatment, for children aged 1-12 years.

- The bank supported "Elbasan Women's Forum", in its primary service: "Emergency Shelter" for women and girls, victims of domestic violence. Support was also provided for 5 abused women, together with their children, in covering costs of paying the rent and food packages for 5 months, until the end of their reintegration period.
- On the eve of year-end holidays, in cooperation with "No to Blood Feud, Yes to Life" Foundation, some food packages were donated to 50 families in conditions of extreme poverty, affected by blood feud phenomenon, in the city of Shkodra.
- The bank supported Health Center No. 4 in Durrës, with protective materials and clothing for health personnel.

improving the infrastructure and working conditions.

- "Enjoy local products of Tirana" Fair. All customers of this sector were welcomed with the mobile bank facility.
- International Chefs' Day, an event organized for the third consecutive year.
- Albanian Aeronautics Federation, for organizing the event: "Albania Open 2020", in Vlora.
- "Culture without Borders-Egnatia", a Cultural Association, in organizing the cultural - artistic event: "Kastriot Tusha & Ardian Trebicka - Tirana Perfume - 100 years Live Show TV".
- Live concert: "Break the Darkness", by artist Eugent Bushpepa.
- Production of the publication: "Shejzat".
- The exhibition with the paintings of Abaz Hado, at the premises of bank's central branch in Tirana.
- Hackathon: "Mobile UX" - a great opportunity for any participant to be not only an award winner, but also a career winner in the banking system.

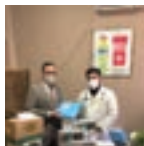
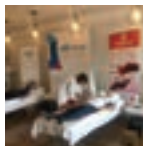
CREDINS bank

The Bank supported:

- Expenses for 2 children in the SOS Village, even during 2020, by promoting a further strengthening of "SOS Albanian Children's Villages".
- Kindergarten No. 31, by purchasing toys for children.
- National Conference of Medical Sciences No. 7, in organizing the Livestream event on the ZOOM platform.
- Prison Hospital Center, Berat Regional Hospital, Health Care Services Operator, in



- Supported the event, organized by AKKSHI (National Authority for Electronic Certification and Cybersecurity), on December 17-18th, in order to increase vigilance in the cybersecurity field, especially for infrastructure.
- Supported Delvina



Municipality, on the occasion of the end-year holidays, for distributing gifts for children of schools and kindergartens of the city of Delvina.



- Every year, Fibank Albania has played a key role to raise awareness and funds, to support various causes against cancer. This year all the funds, raised during October, including those donated by the bank, went to a Fibank staff member, who is battling such an illness.
- Fibank, in cooperation with the Albanian Red Cross, organized at bank's headquarters, in full compliance with anti-COVID-19 measures, the campaign: "Donate blood to save lives!".
- The bank personalized greeting cards for holidays, in support of the "Mother and Child Hospital" Foundation and its cause to help newborns and young families in need.



- Representatives of the bank's staff were engaged at conveying awareness messages, during the month of breast cancer awareness, through a video. The message was distributed to all official channels of the bank and to all

staff, via e-mail.

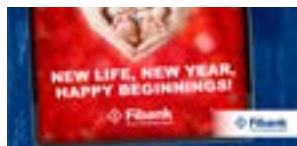
- In December, Intesa Sanpaolo Bank Albania was again part of the campaign: "Orange the World", where in the 16 days of this campaign messages of activism for the prevention of gender-based violence were distributed on the screens of ATM network, on official pages, on social media and bank staff, via e-mail.



- On October 2nd, a part of the staff donated blood, respecting all anti-COVID-19 measures.
- During October, Raiffeisen Bank supported the breast cancer awareness campaign, by joining the cause with a donation of 300 vouchers to female clients for a free mammogram check.
- Even this year Raiffeisen continued to support "Zyber Hallulli" orphanage in Tirana, by providing for every child, from 1st to 9th grade in the institute, new school bags and all other items, necessary for the learning process. Also, Raiffeisen donated 8 laptops, which will help children with the online learning process.
- Raiffeisen provided support by equipping several schools and kindergartens in the city of Berat and Kuçova with infrared thermometers.
- Another important project was donating furniture to

three kindergartens and two nurseries in the town of Burrel. Thanks to this project, about 500 children, who attend these institutions already have not only new beds, but also very comfortable entertainment spaces.

- On November 20th, on World Children's Day, with the support of Raiffeisen and "You are a sunflower" Foundation, the hospitalized children at "Mother Teresa" University Hospital Center, Tirana, were helped in the Pediatrics ward, through the art therapy. The "Art Club" project aims to bring joy and relief to all children, through puppet theater, paintings, reading books with the speech therapist and dancing.
- Raiffeisen was the general sponsor of the first edition of the International Short Documentary Film Festival: "Dardan Fest 2020", which was held from October 27-30th, in the capital. Another concert supported by Raiffeisen, respecting all safety protocols, was the "Three Musketeers" recital concert.
- Thanks to the support of Raiffeisen, "Sabaudin Gabrani" 9-year school in the capital has now two new sports fields. The inauguration of the works was attended by Mr. Christian Canacaris, Chief Executive Officer of Raiffeisen Bank, Mr. Erion Veliaj, Mayor of Tirana and Dr. Christian Steiner, Austrian Ambassador in Tirana.





- The Bank joined the Zumba Master Club Festival, which was organized on October 3rd, at the premises of the Artificial Lake of Tirana.
- Aiming at supporting all math – passionate children, OTP Bank Albania decided to sponsor the production of the book with mathematical exercises, which was prepared in the framework of the organization of "Kangaroo 2021, the International Mathematics Competition.
- A special support this time was given to the city of Gramsh, a newly place brought to the attention of local and soon foreign tourists. OTP Albania Bank sponsored the production of 64 road signs for 19 touristic areas in Gramsh Municipality, in order to enable an easy and safe journey for wildlife enthusiasts and the adventure of hiking, trekking, etc.
- These days, a special focus is given to partners. They come from the area of Albanian tourism, but not only, they are names with which our country is presented with dignity, in the eyes of the world, with "Made in Albania" services and products. The bank hopes to be a panoramic information window, not only what OTP represents itself, but much more than that. This year, more than ever, we must return to the tradition and "Made in Albania" products; only then we could face the economic challenges,

the pandemic brought to us.

- During all these months, the bank launched several competitions on social networks, which focused on the promotion of local tourism. We returned to our country, discovered destinations we had not previously visited; we traveled Albanian, from north to south. In fact, this was the bank's goal when it launched these photography competitions: to love our country even more, to discover the most beautiful locations, through photos, wherever we went on vacations.
- In order to support and help families and communities in need, affected by the pandemic, OTP Bank Albania donated food packages, on the occasion of the end-of-year holidays.
- OTP Bank Albania, in cooperation with the European Bank for Reconstruction and Development, provided the newest product: financing for efficient housing investments, in the frame of green economy.

TIRANA BANK

- By the initiative of Mr. Samir Mane, President of BALFIN Group, Tirana Bank returned the smile to Albina, the little daughter of Lezo family in Saranda. After the intervention of Tirana Bank, their apartment was reconstructed and furnished from scratch, with all necessary electrical appliances, hygiene and

sanitation, etc.

- The Bank provided computers and other work instruments for Local Health Care Unit in Elbasan.
- The bank organized activities, throughout the month of October, as a sign of awareness, with the motto: "We Are with You, to Make Triumph!" The symbol of this campaign: "Pink October", was the donation of a pink ribbon to every lady of the staff of Tirana Bank. A "Cut Out" was built, which was used for photos and stayed at the Head Office throughout the month of October, offering the opportunity to take various photos with the staff. Decorative elements were made at the main entrance of Tirana Bank and Friday was organized as: "Pink Day" (dates 16, 23 & 30 October).

UNIONBANK

- This year-end, Union Bank supported the project: "Secret Santa" of "Bridge" Association, by donating the book: "Santa's trip to the city of 1001 windows".
- Union Bank again this year chose to congratulate customers and associates with postcards, offered by "Down Syndrome Albania" Foundation. By purchasing these postcards, we contribute to the provision of free therapeutic services for children in need, in "Pro Pak" service center.



AAB ACTIVITIES



Sustainable Development Goals' 5th Anniversary

Mr. Silvio Pedrazzi, AAB Chairman and CEO of Intesa Sanpaolo Bank Albania attended the "SDGs and the Private Sector in Albania", organized on October 14th, on the occasion of the fifth anniversary of SDGs.

European Cybersecurity Month

October marks the European Cybersecurity Month. AAB and its Information Security Committee, organized a series of webinars.

- On October 15th, the 1st Webinar on: "Cybersecurity in digital age" focused on risks and challenges of the digital world.
- On October 22nd, the 2nd Webinar on: "Cyber Security and Challenges in a time of Social Distancing", focused on what are the dangers encountered in cyberspace, what are the frauds through different communication channels.
- On October 29th, the 3rd Webinar on: "Cybersecurity and the Albanian Experience", addressed legislative and regulatory issues of the system and ways for better collaboration.

World Savings Day

AAB, on the occasion of World Savings Day, on October 31st, and in order to promote savings to better plan the needs and opportunities for a better life, organized an online

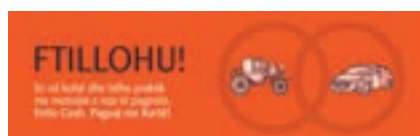
competition.

AAB Chairman participated in the forum: "Access to Finance Policies - Support for Albanian Products"

On November 2nd, the second forum of the dialogue: "Access to Finance Policies - Support for Albanian Products" was organized, an initiative undertaken by the Ministry of Finance and Economy and the Albanian Investment Development Agency (AIDA), for policies to support Albanian products. During the discussion, Mr. Silvio Pedrazzi, AAB Chairman, highlighted the support provided by commercial banks for lending to the economy sector, especially Small and Medium Enterprises.

New awareness campaign

AAB, in cooperation with Mastercard, launched an information campaign to raise consumer's awareness on the use of bank cards and to reduce



cash transactions in the economy. Under the slogan: "Get updated! Walk in time and be practical with latest ways of payments. Avoid Cash, Pay by Card!", the campaign exposed the traditional way of using cash, by putting emphasis on how unpractical and "old" it is, as a payment method. The concept is visually presented with two objects [old/new] placed next to each other in comparison form.

On November 4th, the AAB, through a press conference, presented the campaign to the media.

BACEE's 40th online Regional Conference

Mr. Spiro Brumbulli, AAB Secretary General attended the



BACEE's 40th online Regional Banking Conference, on November 17th, 2020. During his presentation, he briefly covered issues, such as: COVID-19 situation, latest statistics, restrictive measures, main government's measures to support economy, the situation of the banking sector, Q3 results, perspectives, etc. Some 149 participants, from 26 countries and 74 institutions, attended the online Conference and the AAB was one of the silver sponsors.

EnVISION ECM banking solution webinar

On November 19th, CBKSoft, in coordination with AAB, organized an online seminar on enterprise content management (ECM) & banking solution.

On Tax procedures

AAB was one of key contributors for changes in the Instruction of the Minister of Finance and Economy, No.24: "On tax procedures in the Republic of Albania". According to those changes, the instruction clarifies the procedures in blocking bank accounts of economic entities, which have tax arrears, as well as the procedure in case when tax liabilities of a juridical person are not fully paid and the tax administration transfers the remaining tax liability of the entity to the partner, shareholder and administrator.

