



Bankieri

ALBANIAN ASSOCIATION OF BANKS
SHOQATA SHQIPTARE E BANKAVE

Publication
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SUCCESSFUL CONCLUDING





AS I VJETËR E AS I RI, JAM THJESHT LEK!

Lexoje siç shkruhet!



ALBANIAN ASSOCIATION OF BANKS
SHOQATA SHQIPTARE E BANKAVE

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Bankieri

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Bankieri is the official publication of the Albanian Association of Banks which mainly focuses on the Albanian banking industry. **Bankieri** provides readers with valuable information on the financial industry's developments in general, and of commercial banks in particular

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Albanian banking on a strong rebound ... and a successful ending for “BANKIERI” Magazine!

Such impressive results are the best guarantee that the Albanian banking sector will carry on with substantial improvements of its activity, to tackle all the complex challenges that lay ahead for the rest of the century of the Fourth Industrial Revolution, and to stay above the curve.



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

Banking and financial activity of the Albanian banking sector scored an impressive and strong rebound during the whole 2021, although the year commenced with cautious assessments about the performance of the sector as a whole, given the prevailing health and economic issues, related to COVID-19 pandemic and its respective implications. However, the tide turned really positive, and the Albanian banking sector marked positive results and achievements in all key indicators: loans, deposits, capital adequacy, liquidity, and performance. Despite a difficult year for the economy, they thrived in providing more loans, ensuring a record deposit growth rate, while maintaining a robust capital

adequacy ratio, although coping with ever-increasing regulatory requirements, both domestically and internationally. Along with such impressive results banks in Albania thrived at decreasing, in a substantial way, the non-performing loan ratio, by reducing it at one-digit figure, not seen in a more than a decade long. This, in turn, helped at boosting profits and therefore producing welcoming and meaningful performance indicators (RoA and RoE).

Moreover, the whole 2021 witnessed an incessant endeavor by the banking sector towards digitalization and digital banking. The pandemic has changed the banking landscape forever, in the sense of reshaping the whole industry mindset for conducting the banking business according to new strategic objectives and targets, and their respective solutions to remain competitive and be prepared for the new wave of destructive creation in the financial environment.

Such impressive results are the best guarantee that the Albanian banking sector will carry on with substantial improvements of its activity, to tackle all the complex challenges that lay ahead for the rest of the century of the Fourth Industrial Revolution, and to stay above the curve.

In this regard, AAB has decided to end the journey of “BANKIERI” Magazine, after a successful trail of ten years, to refocus its efforts on other fields and mechanisms that will best serve the banking sector’s future interests and objectives.

While reaching this final station of “BANKIERI” journey, as its Editor-in-Chief for a seamless 41 editions period, I would allow myself a deep appreciation for AAB and banks in supporting, promoting and publishing a very professional magazine for banking and bankers, which addressed and handled with competence and proficiency a wide range of banking and financial issues, topics and ideas, pertaining to domestic and international banking and financial market. It served as a unique and helpful source of valuable information for bankers, practitioners, academicians, researchers, students and general public, regarding banking activity, and furthermore helped in laying some modest foundations of financial education for general public in Albania.

“BANKIERI” stops here, marking a successful ending and therefore becoming a success story for the Albanian Association of Banks and the Albanian Banking System!

¹ Dean of Faculty of Economics, Business and Development, European University of Tirana, UET.

Banks in Albania during 2021. Perspectives for 2022

Interview with CEOs of AAB member banks.

BANKIERI:

1. The year 2021 has closed as the first full year after the lockdown. What was your bank's performance and key achievements/developments in this regard?
2. What could be the key challenges your bank may face in 2022?
3. What is the consolidation within the sector expected to bring to your bank?



Seyhan PENCABLIGIL

Chief Executive Officer & Member of the Board of Directors

1.

The year 2021 is another successful for BKT, we are expecting to exceed our targets and achieve all internal KPIs at the end of the year. In terms of profitability, we have exceeded 2020, in IFRS terms,

but it is slightly less than 2020 according to NAS (BoA) profit, since there were some temporary one-off positive figures, due to BoA support during the pandemic. There is a strong growth in deposit figures, which are all-time high increase in a year. Moreover, several digital initiatives have been finalized, like: Smart Invest (Global Investment Platform), Smart Insurance (Online insurance Services), Smart Bankomat (New User Interfaces and functionalities on ATMs), Smart Pay (QR based payments) and some internal digital transformation items on progress like SmartTouch (Staff touchpoint) and SmarTI (a Shell software to unify all services).

2.

Increasing trend in inflation

globally (including Albania) may trigger some interest rate rises pioneered by FED and it may bring some volatilities in emerging markets,

Digital transformation is another ongoing challenge for the bank to reach world class benchmarks. This challenge is not limited to develop some new technological products, beyond that to convince and train the customers to change their habits.

3.

Consolidation is healthy for the sector, since the number of banks in the country is quite high in comparison to the scale of the country. BKT is neutral towards the consolidation effect as long as the main actor of consolidation is a systemic bank.


Christian CANACARIS

Chief Executive Officer

1.

The acceleration of the economic activity, surpassing the pre-earthquake level, and the improvement of consumer confidence, is also reflected in the expansion of our banks' activity. The bank's assets increased by 9.0% yoy at the end of September 2021 due to the expansion of lending and securities activities. Our bank was very active in lending during 2021, becoming the second largest lender with 15.8% of total loans at the end of September. Raiffeisen Bank remained the leader in the Individuals segment with 20.7% market share, and managed to slightly increase its share also for business loans. The volume of deposits expanded by 10.1% on an annual basis at the end of September, being the third bank in the market with a 15.1% share. Liquidity and capitalization levels also remain excellent, with a capital adequacy ratio of 22.1%, above the market average of 18.3%. On the other hand, Raiffeisen bank has carefully managed credit risk by ensuring

a significant reduction of non-performing loans from 11.8% in September 2020 to only 7.7% in September 2021. In addition to everyday banking activities, we have continued to progress towards our strategic goals of innovation and automation. New functionalities have been added to the bank's digital platform, Raiffesien On, which remains the most downloaded and recommended banking platform in Albania. The bank staff has successfully managed to launch the fastest loan in the market which is possible to have within minutes. We are the only bank in the market in Albania to offer End to End Digital Lending, a key element of our digital service offering for the future, and EUR 1.5 million have already been disbursed since August 2021 when it was launched. Designing a successful digital lending transformation remains a key goal of Raiffeisen Bank to increase customer satisfaction and continue to be recognized as the forefront leader in digital and innovative solutions in Albania.

2.

The main challenges of our bank are in line with those the banking sector is facing today in the world after Covid 19 with the add-on of the problematics but also the potential that transition countries such as Albania have. In addition, the need for a rapid digital transformation, the challenges brought by climate change, and the urgency to move towards new ESG products has become a paramount feature of banking activity nowadays. If we

add to this the fact that in 2022 we will continue to operate in a highly competitive environment with low interest rates and high liquidity, which impacts negatively the profitability of the banking sector, the challenges are quite significant. Adapting to the new regulations and moving at an increased pace towards the "bank of the future" are some other factors that will make banks operate in a challenging environment next year. Raiffeisen Bank is focused on being the most recommended bank, committing itself to undertake initiatives that facilitate the customer experience both in the bank's branches and in all other channels of contact with our bank. The need to adapt more quickly to new market needs due to digitalization, ESG, and increased competition (including fintechs) will of course have an impact on the financial resources of Raiffeisen Bank. Lending to the economy will continue to be a priority for the bank but our efforts will focus more on financing feasible projects with long-term benefits for the economy. In conclusion, taking into account the bank's ambitious objectives towards digital transformation and ESG on one hand and on the other hand, the need to be efficient in a challenging and competitive environment will be the main challenges of the bank's activity next year.

3.

Consolidation of the banking sector is a positive and important process to become more efficient, especially in a small market like ours. As such, the consolidation

of the banking market, including the recent acquisition of Alpha bank by OTP Bank Albania, will make the sector more competitive but also stronger in terms of capital and liquidity. In a more competitive market, it becomes especially difficult for medium and small actors to cover equity costs (COE). Raiffeisen Bank is one of the three largest players in the banking market and to maintain our position we

must focus on devoting all our efforts to continue implementing our strategy towards agile processes, digitalization of all bank's processes and operations, support innovation in partnership also with fintech, as well as accelerate work towards ESG products. Only the implementation of these drastic changes will make us be ready for the new challenges that the Albanian market will face in the

future. Finally, only consolidation will render possible the significant investments needed to transform the incumbents into the "banks of the future" and Raiffeisen has already demonstrated to be the leader in this field. We'll continue this path and will welcome newcomers to transform the banking landscape in Albania and bring it closer to that of the most developed countries.



Maltin KORKUTI
Chief Executive Officer

1.

Credins Bank closed 2021 with a satisfactory financial performance and in line with the agreed strategic objectives, even surpassing some of the budgeted figures. The results achieved at the end of this long and difficult year are a reflection of the joint work and energies of 997 employees and what we have done every day, together with each client and in each branch of Credins Bank.

The loan portfolio, during 2021 increased by 8.43%, compared to 2020, where we experienced the bulk of growth in the Medium

Business segment, and then in Micro and Agro, where our support has been unlimited, both in terms of consulting, and also in applying financial facilitating schemes for such sectors, like: trade, services, agriculture, etc. Vaccination of the population, reopening of businesses, accompanied by the movement of people and goods, the easing of restrictive measures and government support to businesses, through financial relief schemes, helped revive the business climate and increase loan demand. The rapid development of the construction sector, as well as keeping up with the positive levels of tourism and services sector, also marked an increase in lending, both to individuals and businesses, where Credins Bank has provided continued support, coupled with flexible procedures.

Credins Bank, in line with the mid-term strategy, continued to increase its presence in the retail segment, by offering innovations in product packages, dedicated offers for mortgage and consumer loans, but also offering new opportunities, created by digital channels. A more cautious approach has been with corporate

financing, which has been provided in key and performing sectors, such as: construction and health. The loan portfolio growth and mainly ALL financing in Credins Bank are in line with the loan growth in the banking sector, where private sector lending increased by + 7.7% in the first 6 months of 2021, influenced by investments, both in the business and individuals segments, mainly addressed in the construction sector, as well as maintaining a portfolio distribution in favor of local currency (61%) against the FX (39%), also guaranteeing risks' mitigation for our customers towards exposure to exchange rate fluctuations.

At the same time, this year has been accompanied by a significant reduction in the level of non-performing loans, in tandem with the banking sector, as result of various factors, but also related to the measures taken by the Bank of Albania, by improving and changing the regulatory framework. more prudent lending, etc. Also, deposits in the banking system experienced a significant increase, which is reflected in the upward trend in Credins Bank, thus maintaining

our position as the second bank, in terms of total deposits in the market and thus reflecting the confidence that individual customers or businesses, have put on us, over the years.

The transformation of the traditional way of performing banking services by customers at our branches towards digital channels was one of the priorities of our marketing strategy, highlighting our focus towards innovation and adaptation to continuous developments in consumer behavior, as result of technological developments. Our objective is, and still remains the customers' education to perform directly 24/7 banking services, both in the Credins Online application, and the unlimited opportunity, created by each customer, to apply online from any digital channel and from any device where they are present, by offering quick alternatives for bank access. Continuous developments in the application with new functionalities, further optimization of internal operational processes, correct follow-up of each online application, accompanied by attractive offers vis a vis the branch, produced very satisfactory results, both in terms of the number of new customers, as well as the increasing volume of transactions from digital channels.

The digital strategy has been accompanied by continuous technological investments, but keeping an eye on branches' modernization, for a convenient service to each client who enters the branch. Although in a difficult year, Credins Bank continued with the selection of talented young people at Youarecredins school, continuous and quality training of the bank staff, and we have

invested in creating an inspiring, promotional and developmental work environment for every employee. The focus has also been on non-typical banking activities, by bringing innovations where, beyond a further consolidation of the insurance intermediation activity, we successfully launched the new activity of the Depository for investment funds, and soon we will launch another financial activity, related to corporate securities underwriting, a service which will be offered for the first time in Albania and will create the opportunity for Albanian corporations to explore new ways of financing.

Another successful achievement, during 2021, is the expansion and consolidation of Credins Bank Kosovo, by bringing competitive advantages to customers, the selection of local staff and their training, as well as the building of a team of leaders and professionals who are laying strong foundations for further growth. Today, we are present with 4 new branches in Kosovo and are pursuing a further expansion strategy in other cities, during 2022. Credins Bank, already consolidated for 19 years in the Albanian banking market, has continued with maximum commitment the support towards 17 sustainable development objectives. Many new and very interesting initiatives have been assumed in the frame of fighting poverty, environmental protection or support of innovation. Credins Bank is the first corporation in the country to become a full member of the UN Global Compact, following international standards and best practices, in terms of global objectives, and we launched "Smile", the first crowdfunding platform in Albania, for realization of projects of social character for empower-

ment of the society.

2.

The challenges of the banking system for 2022 are not insignificant. They are mainly related to expectations for the country's economic development, which is projected to be at lower levels compared to 2021, further government support with easing fiscal policies, which are expected to probably be reduced due to economic growth during 2021, the development of strategic sectors, in line with the approved budget for 2022, the vaccination process and the pandemic situation that, beyond weaker virulence, continues to be present, as well as keeping inflation under control, to guarantee financial stability and increase consumption and investment, thus avoiding their contraction, which would bring negative effects. The forecasts are for an economic growth at the level of 3.8% in 2022 and a stabilization of the economic recovery cycle, after two extraordinary challenges the country went through, such as: earthquake and pandemic. Also, the Bank of Albania is continuing to undertake continuous initiatives to bring regulations and the regulatory framework in line with international standards, as well as to keep inflation at the appropriate level of 3%, as part of its monetary policy.

As per above, Credins Bank has crafted a development strategy, to maintain its dominant position in the market as the second bank, in terms of total assets and deposits, and the first one for the total loan portfolio, continuing to be the main choice of every Albanian citizen. Digitalization of banking products and services, education of customers towards digital

channels, further automation of internal processes, as a result of legal and regulatory changes that are being undertaken, lending to high-performing sectors, maintaining portfolio quality, etc., require further investment in technology, internal reorganizations in processes and new perspective and way of working.

3.

The banking system consolidation started several years ago,

and continued throughout 2021, by bringing a further change in bank ownership landscape, with a bold presence of banks with Albanian capital. This process was expected and appropriate, taking into account the limitations offered, due to the domestic market size in the eyes of large banking groups, where expectations are higher than what reality offers, and was also accompanied by an exit strategy, not only from our country but also from the region. A consolidated market expands the opportuni-

ties for more business, also positioning us in front of a constant challenge for new investments, quality of service and innovation, to which we remain fully committed. There is still room to increase the customer base and use of banking services by citizens who have still no access to the banking system, reduce cash usage in the economy, through digital channel payments, greater use of bank cards, etc., where each bank, in line with its growth strategy, has defined a further development.



Alessandro D'ORLA

Chief Executive Officer

1.

Year 2021 in Albania was a challenging year not only for the Banking Sector but also for the economy since many businesses sought opportunities to rise above financial projections and to fully overcome any negative financial impact that the pandemic brought to their business development. For Intesa Sanpaolo Bank Albania, 2021 was a very good and profitable year as all the indicators were well above the budget expectations,

both in terms of volumes and margins. The costs and provisions were also performing better than budget. The NPL Ratio in Intesa Sanpaolo Bank Albania remained the lowest in the market.

On top of all these aspects, ISP Albania could take advantage also of the strong international projection and the resilient and well-diversified business model which make Intesa Sanpaolo one of the most solid European banking Groups, something we are very proud of.

In 2021, the updated version of our Digital Banking application marked a significant achievement in relationships with all of our individual clients and rewards the efforts made by our people who aim to make customers' lives easier. Digital signature at a distance along with new functionalities open the doors to a new way of interaction with the Bank, offering an Omni-channel experience with loan processes that take place completely online thus highlighting the use of sophisticated technologies, but at

the same time maintaining a human relationship with customers. The progressive enhancement of the customers' digital experience reflects, after all, the state-of-the-art technological expertise we can leverage on as a bank of the International Subsidiary Bank Division, part of Intesa Sanpaolo Group.

Focusing the economic sectors development, the year 2021 was characterized by supporting solutions of banks for the tourism and accommodation sector customers, to anticipate needs and remain aligned with the real economic possibilities of the investors in this sector. This typology of businesses which had shown a steady growth and development before crisis but who were impacted specifically by the pandemic were strongly supported by the Banks in the country. This provided stability to the approach of the banks with the negative economic effects caused by Covid and granted to whole economy the necessary time to recover. The reactions from entrepreneurs and

the decision to keep the Country open to the touristic flows, gave the possibility to have a strong return in the profitability levels of 2019.

Moreover, for other business sectors year 2021 has been a year of transition; the concern about pandemic was high but other sectors were able to see growth and development. Construction as well shows some revived demand, which we see reflected in more financing for mortgages, where borrower incomes are still generated by sectors with no direct or cross impact from Covid; while financing of the construction companies themselves will remain quite selective, as far as legal requirements and clear funding schemes of the full business plans is concerned. With caution will be considered as well cross consequences among sectors. On the other hand, some sectors keep performing well, throughout 2021 such as renewables, pharmaceuticals, and agriculture, which have had little or no impact

from the pandemics.

The growth in almost all economic factors clearly indicates that the Albanian economy has overcome most difficulties created by the Covid pandemic.

2.

Banks have the potential to explore, in terms of adding new products and services to customers, which can give a boost to the diversification of commission income such as the intensification of activities related to investment funds; expanding the range of products offered in cooperation with insurance companies; increasing public participation in the secondary securities trading market.

We need to consolidate the results we achieved in 2021 and to further invest in innovation, digitalization, and leaner processes. The higher expectations are coming from new solutions that will be implemented for cash management, the

introduction of new categories of products for investments, and the further automation of processes. All these changes require skill-shaping for our employees and further professional but also career development opportunities for them. Even in pursuing these latter goals, we can count on the best international practices, made available by the relevant governance units of our Italian Head Office.

3.

A further consolidation in the Albanian banking system was expected since long time ago; what really the Country needs is the presence of strong Banks able to support the economic development. I believe that it is the competition that drives a bank to improve its performance and development, so I expect that we would be challenged to perform better at all levels in order to increase our market share and profitability.



Bledar SHELLA
Chief Executive Officer

1.

The year 2021 has been an excellent year for OTP Albania. The start of the 2021 was very much as the proceeding of 2020, but with the spring, also the prospective bloomed. The activity has a strong growth both in retail and corporate segment. Despite the challenges all through 2021, it has been a very positive year for OTP Bank Albania with highest results scored historically for our bank.

In terms of growth rate, the bank's loan portfolio has increased by 16.5% year on year basis. This growth was in both

segments, retail and corporate, and was due to very good performance in new lending which was 60% higher than in 2020. We continued to gain market share in loans and market share growth reached 85 basis points, year on year basis. In addition, there has been an increase in the deposits by 13% year on year, while active customer's base has also increased by 6% year on year. The quality of loan portfolio has been very good and continued to improve further. OTP Bank Albania had, in 2021, the highest historical yearly net profit of EUR 15.6 Million and

with a very satisfactory ROE of 20.3%.

2.

One of the biggest challenges for OTP Bank Albania is the expected merger with Alpha Bank Albania, which as communicated is subject to approvals from regulatory institutions, expected within 2022. This merger will further consolidate the banking sector in Albania, as well as the position of OTP Bank Albania, as one of the largest banks in the country.

Another challenge for OTP Bank Albania, during 2022, is keeping up the promise we have made to our customers, to be closer to them. This means that more OTP Bank branches will be opened, more ATMs shall bear the brand and more features added to online banking. The ever-existing challenge of our bank this year and in the years to come is the persisting improvement, in terms of processes, both

internal ones and those where the customer meets with the bank.

The growth of OTP Bank Albania, during 2021, has been very positive thus, one of the biggest challenges is to keep up with our pace, stay in tune with our own growth, and maintain the excellent service we are known of. Increasing our people's skills through more trainings and workshops will also be our focus for 2022. This will not only develop our teams but will also further improve their customer relationship skills, with the aim to advance the customer experience with our bank.

3.

The consolidation of the banking sector in Albania is a very positive and expected evolution. The Albanian banking system is still-fragmented and this is not a favorable context, when it comes to major projects and large investments especially

in digitalization.

With the consolidation and the increase of scale of banks, more room for expansion is naturally created. With more scale, banks can invest in more projects in digitalization, can improve more easily their processes, can invest more on staff, and provide more products and services to more people. OTP Albania is an active part of this consolidation process. As stated before, we will be soon in the planned merger with Alpha Bank Albania. This planned merger will further consolidate our position in the market and help us to continue with our strategy of growth, digitalization, and improvement of services. At the same time, this merger will contribute positively to the overall Albanian banking system. There will be an increase in the competition between the banking for more investments, new products, more innovation, and access in the banking products & services to customers.

abi AMERICAN BANK
OF INVESTMENTS



IGLI SULAJ

Head of Investments and Special Projects

1.

ABI Bank's performance, during 2021, followed the positive trajectory of previous year, by consolidating the supportive attitude towards businesses in long-term investment horizons, beyond the pandemic situation. The bank experienced growth in all key balance sheet items, including investments, loan portfolio, as well as customer deposits. The significant growth, especially in lending, is a clear indication that ABI Bank will continue to play an active role in financing development projects, both large and medium-sized businesses, as well as state-owned corporations, despite the

uncertainties caused by Covid-19. Also, profitability indicators proved the bank's positive performance, with an increase from 2020 not only for the operating profit, but also for the return on capital, a ratio which continues to remain at very satisfactory double-digit percentage levels. Meanwhile, the ratio of non-performing loans, by end-2021, fell to its lowest level since 2018, a year when following the merger of ABI Bank with ex-NBG Albania, such an indicator increased significantly, as a result of problems inherited from the purchased bank. This achievement was made possible by a mix of factors, such as: the dynamic

management of non-performing loan portfolio, the decision to write-off certain exposures and the overall expansion of loan portfolio.

2.

The year 2022 will be the year of the operational consolidation for ABI Bank, but will also be characterized by some internal challenges, in the form of product innovations and improvement of the bank's central operating system. Specifically, the bank's subsidiary - ABI Invest, has already three funds under its management, two out of them in foreign currencies and the bank will play an important role in bringing new investors and increasing the assets' value. Meanwhile, the operating system

that is expected to be installed within the first half of 2022 will be not only a serious financial investment, but also with a cutting-edge technology, that will enable the bank an enhanced operational efficiency.

3.

ABI Bank has been one of the most active banks in the consolidation of the banking sector in Albania, especially in recent years, when several international banks decided to quit the market. The official sale of Alpha Bank Albania, may mark the end of the consolidation process and the year 2022 will bring a clear outline of the main actors in the banking sector. This means a more distinctive

positioning of these actors towards the clientele, according to anyone's strengths. As for our bank, such a situation will unfurl our distinct features, such as: fast, transparent and flexible lending to companies and the "boutique" concept in building relationships where the reaction and response to requests will always be tailored to need and the customer. In this spirit, the orientation of the bank is focused towards offering a wider range of products and services, in the field of capital markets, enabling customers to find at ABI Bank a universal financial services institution, to address a wider field of investment, or capital needs, at home and abroad.

TIRANA BANK



Dritan MUSTAFA

Chief Executive Officer

1.

During 2021, the Albanian economy has functioned mainly under normal conditions, reporting significant growth compared to a year ago and ensuring the recovery of economic sectors, as well as increased consumption and investment.

The recovery in the tourism

and related services sector during the summer season has also been significant, by approaching the pre-pandemic level.

This economic environment has affected the positive performance of the banking sector, as a whole.

During 2021, Tirana Bank has achieved a very positive performance of the activity. Growth in key economic and commercial indicators, referring to total assets, customer deposit portfolio, and loan portfolio, is above the banking market average, for 2021. The bank continues to report positive financial results, increasing over years.

The increase of the bank's liquidity base, beyond our previous expectations, as well as the successful issuance of long-term corporate bond, is a clear indicator of the high level of customer trust in our bank.

Tirana Bank has been among

the most active banks in the local market for financing individuals and businesses, confirming our objective of supporting the development of the local economy.

We have also drastically reduced the non-performing loan portfolio, which currently stands at a rate lower than the local market average.

2.

Tirana Bank, in accordance with the short & medium-term strategy aims at the sustainable expansion of activity in the local market, and is evaluating development opportunities in the region.

Despite the more limited impact of the pandemic on economic developments, it remains a constraint to further performance enhancement, or exploiting the development potential in specific sectors, such as tourism and trade. The prolonged pandemic effects,

albeit to a lesser extent, may have effects on the performance of small & medium-sized business segment, mainly in the area of trade and services. In a broader context, some sectors of the economy may be impacted by inflationary trends over a long-term span, mainly caused by rising energy costs.

We remain aware of the impact

that these factors may have on consumer behavior, or even loan portfolio performance.

3.

The strategic objective of Tirana Bank remains the stable and healthy organic growth of the activity in the domestic market, referring to the positive

performance in this regard, over the last 3 years after the change of the shareholder's structure.

Consolidation in the banking sector is an opportunity for banks/financial groups with a long-term vision of investment and development in the local market. Our bank remains attentive to opportunities, in this regard.

UNIONBANK



Flutura VEIPI

Chief Executive Officer

1.

The year 2021 was the successor to the difficult year 2020, where the key element of its beginnings was the uncertainty over the pandemic. All in all, the year 2021 had a good impact on Union Bank's performance, which turned out to be much better than could have been predicted, not only financial terms, but also in terms of health, as a whole, and the human element in staff and family members. Such positive impact was reflected in the lending and the results of NPL or provisions which in the last year reached much better figures than our budget and forecast at the beginning of the year.

Our focus during 2021, was based on a strategic review we started

during 2020, by clarifying Union Bank's target position for a better focus on customers, employees and the community for long-term value ventures. In accomplishing such positioning, we focused in 2021 on the transformation of branches, which is a radical change that strengthens the banking service, with a focus on the customer. In our branch network we have expanded the cash desk areas, by transforming them into service areas. This transformation was accompanied by an increase in the number of transactions, without compromising the staff's professionalism, and always guaranteeing a high quality and fast service. The increase in the quality of our customer service also came through a high number of staff training and digital investments, related to the technology of UB Online platform and the increase in the number of ATMs, by increasing their functionality, like the cash deposit service. Today, our customers have added benefits, related not only to shortening the operations' time but also to providing better services, having the a 24/7 bank service.

In terms of profit, the results have been very satisfactory, based on a very good investment strategy within the bank, in terms of diversified portfolio, between loan

portfolio and investments. Deposits have increased beyond the plan, by 15% (EUR 27 million above the plan, out of a total increase of EUR 66 million), which have led to a total increase of our assets of 15.3%. In addition to loans and investment portfolio, the bank has also invested in technology, with a large number of projects, so that the digitalization of services is accompanied by automation and fast processing of services. Despite the high level of investments, they have not impacted our satisfactory result, where even this year we have a return on equity of over 14.5%, which is very good for the sector and the basis for further growth.

2.

At Union Bank we are already in a phase of transformation, which does not end with branches' transformation, but will continue with the Head Office's transformation, including the change of control processes and methods, so that the new strategy does not bring additional risk but enables an even more qualitative control. The implementation of these objectives is accompanied by changes in technology, where we are in the midst of several parallel projects, related to supplementary monitoring and processing systems. Specifically, we are in the process

of upgrading our Core Banking System, building a Datawarehouse, automating reporting and risk management systems, and conducting a review of all customer service processes. Also, these transformations shall automatically require changes in the work culture, so we are working even harder, in terms of strengthening our internal communication and strengthening the role of teamwork.

This year we will also continue to work at further improving online platforms and add new financial services. In this frame, we are building an institution that does not shy away from change but considers them as opportunities.

We have also added a new service, since we got the license in 2021, to provide alternative investments for clients, mainly in securities, and following the testing period we are ready to launch it on the market.

3.

Regarding the banking system, first of all, I wish it to achieve the optimization that comes from the

acquisitions of recent years and having a sector that will continue to focus on incessant development and improvement. The banking sector, in general, has entered for years in a continuous transformation, driven by technological developments, which the COVID-19 pandemic highlighted, mainly in terms of digitalization of services, but also the way of working, which has changed, and I do not believe there will any turning back. Banks need to bring more and more innovative products to the market and be more open to attract more people to the banking system, as it seems as if the banking system is sticking in a certain category of clients. Meanwhile, the packages of regulatory changes, which stem from the Bank of Albania's strategy, in terms of the national payment strategy, and among them, the basic account package, the revision of interest rates ceilings for consumer loans, are creating opportunities for clients to behave and be increasingly attracted by banking system.

In fact, it is a system approach

to the entire customer base. The system can do this alone, but it can also do it in collaboration with agents, such as the most probable scenario in the making. I wish that such consolidation brings more attention from the sector, to the market and the customer, putting the customer in focus and making banks increasingly persistent in analyzing, considering and bringing innovative quality products and services for the customer.

The development of FinTech is a fact in our market and will complement some of the financial services, which banks do not provide and have the potential to be more attractive to the younger generation. The banking system has got the drive now more than ever, to wish and demand that innovation and customer focus be the foundations of the way banks think and act. For Union Bank this is how we operate, in parallel with a focus on each client segment, being inclusive and raising value in diversification both in client bases, investment portfolio and services.



Bozhidar TODOROV
Chief Executive Officer

1.

2021 was a crucial year and of significant challenges, everyone faced due to the ongoing pandemic and its impact on everyday life. There was uncertainty about how the economy would recover and what were the real consequences of the pandemic. In this regard, the Albanian banking system coped very well in 2020 and it appears it did so even during 2021. This new global situation has somehow imposed developments like improving the digital experience,

efforts to gain new customers, etc. Banks were vital and fast reacting to the market demand for products and services that would satisfy customer needs. The most important and common reaction was investing intensively in IT systems and digitalization platforms in order to facilitate as much as possible banking services online for a good customer experience.

Fibank Albania had another successful year in the continuous and stable trend of very positive ones with an impressive growth

of all financial indicators by reaching a ROE of around 20% and a profit of above EUR 5 million. We are proud to say that 2021 went through a very successful process with all our clients impacted by the situation and stood by them to come out of this difficult period. It was crucial to respond and to show flexibility in accordance with their needs and offer our support and cooperation. And the positive result that came out of this process is what I consider as our key achievement for 2021.

It was the most successful year for Fibank Albania, our growth was impressive, and we believe was the highest in the Albanian banking system when taking into consideration all components combined. All our performance indicators followed upward trend of last 4-5 years. Loans, deposits, and total assets showed an increase of around 25% each, return-on-assets and return-on-equity are among the highest in the Banking system as profitability was the highest, we have ever had.

2.

Focusing our attention toward the coming year, the industry of financial institutions in 2022 will have its own challenges in the overall situation.

Our biggest challenge is healthy stable growth! Fibank group has a very clear target where is going and path to follow, to have a strong presence in Albania with a growing bank playing our role in the Albanian banking system. Fibank Albania main strategic goals in the coming period are Retail loans and further digitalization of its services for an innovative advanced customer experience.

The focus on improving the customer experience is certainly something curtail whether it's via better digital capabilities or via personalizing the experience to strengthen the connection for a continuous relation. Further developments in digitalization will continue to be in the loop.

Fibank Albania will continue its team efforts on increasing market share and pursue its stable growth with the focus mainly on retail lending. Our efforts will be in our existing and new customers' satisfaction and improving their experience either in our branches network or through our digital platforms.

3.

Merges in the banking system will have their effect on the dynamic of market shares and increasing competition. All banks will strengthen their efforts with the aim of more profitability and efficiency.

Banks have an important role as financial intermediaries on the country's economy in general. The consolidation of the

banking sector is important to the economic developments in Albania and all the players will have to strengthen their position in the new dynamics.

Fibank will intensify its professional aspiration as a very effective team in order to continue to be a dynamic player fully in compliance with the sector developments and requests. We will continue our investments in embracing new technologies that will offer facilities to our customers and improve their banking experience with us.

Considering investments done and those planned in the short-term Fibank will definitively offer great digital banking solutions to all customers. As per our stable continuous progress, we also have strong support from our shareholders on strongly increasing Albanian operations of the group.

The year 2022 will be extremely intensive on our professional dedication in all possible directions and sure-enough interesting in terms of competition in the banking sector.





Mirsad HALITI

Member of the Management Board

1.

After the experience faced in the year 2020 and successful overcoming of the challenges, the year 2021 seemed much more ordinary, or maybe we can say that we have adapted to a "new normal" in living and working alongside the COVID-19 pandemic. Nevertheless, we have never neglected the threats and risks of the pandemic and we have taken seriously all the recommendations from responsible local and international institutions. We have followed in a strict manner all recommended measures and in 2021 we have achieved to have 100% of our staff vaccinated. What we mainly missed are the in-presence meetings in larger groups, but thanks to digital platforms we were able to overcome this obstacle via virtual meetings.

The banking industry, even during these difficult times, played a significant role in keeping the economy alive. Banks, in general, had to undertake investments in digital solutions in order to keep

the operations up and running.

ProCredit Bank has continuously, long before the pandemic outbreak, embraced investments in digital solutions and is considered as the pioneer in Albania for bringing innovations in the market. Thanks to these investments and the unique business model in general, we were able to cope much easier in continuing to offer qualitative services to our clients.

The year 2021 has been quite successful in terms of our operations. We have managed to increase our loan portfolio by 9% and the deposit base by 13%. We have continued to pay a special focus in supporting environment-friendly investments, where the participation of these loans' accounts for around 20% of our total loan portfolio. In addition, due to our responsible and prudent approach in credit operations, the quality of our loan portfolio continued to be good, by outperforming the market, despite the fact that the market, in general, has improved. All these results have contributed to achieving a significant improvement in our financial performance overall.

2.

As with all the banks, our challenges, as well as opportunities, in general, are closely related to the performance of the economy overall. Unfortunately, the pandemic is not over yet but we hope that its negative impact on the economy will continue to decrease.

Another challenge that is not exclusive to the current year, despite gradual improvements

over the years, is the presence of the gray economy and informal transactions performed via cash-on-hand payments. These challenges do pose limits in utilizing the full banking potential, especially for a bank like us who promote formal and digital transactions. We hope that overall infrastructure in the country and in the business, environment will improve in order to utilize more the potential that technology and digital solutions offer.

The global energy crisis is another challenge that might directly or indirectly impact the businesses in Albania by increasing the cost of production or supply, resulting in increased prices of products and services. In this regard, we are proactively promoting the utilization of Photovoltaic systems as clean and independent source of energy. In addition, with the aim to contribute in a sustainable environment, we are heavily promoting the usage of electric cars where we contributed in improving the infrastructure by investing in a network of 25 electric stations accessible from everyone throughout the country.

3.

As long as healthy competition prevails, we do welcome the consolidation of the banking sector. We believe that consolidation enables more efficient utilization of the resources, thus providing more affordable and qualitative banking services to the clients. The healthy competition might increase and it will push the banks to become better and more efficient, but it is not expected to have an impact on our bank.



Amel KOVAČEVIĆ
Chief Executive Officer

1.

Forus, 2021 will be remembered as a year when the United Bank of Albania has commenced its full transformation including brand identity, redesign of its products, processes, branches, distribution channels, technologies, portfolios, organization structure, and shareholders' structure. It was an exciting year when we simultaneously managed to achieve remarkable growth of our key performance indicators. Our total assets grew 23% on annual basis, and financing portfolio and deposit portfolio grew 22% in 2021. We are especially proud of the remarkable growth of our operating income in 2021 by 644%. Furthermore, 2021 is the year when we intensified communication of our values and the vision of the bank to our clients, partners, and the general public. All this was not possible without the support of our shareholders and the hard work and determination of our employees to make the United Bank of Albania shine again.

2.

There are various challenges that will be faced by our bank in the year 2022. Some of them are exogenous and some endogenous, in their nature. The external factors that will affect our business and all other banking and business entities in Albania, or globally, are related to the continuation of Covid-19 pandemics. These factors have health, social, economic, and technological implications for all of us. Covid-19 has accelerated the efforts towards digital transformations in bank operations and service delivery. Also, supply chain issues can't be ignored when assessing the risk environment in 2022. Industries that wouldn't normally be affected are feeling the pinch in supply availability and logistics disruptions, and the effects are rippling downstream in unanticipated ways.

We have witnessed a preference for digital channels, compared to traditional in-person channels, boosting digital finance and e-commerce. A significant surge in the volume of online and contactless transactions, mobile and web platforms was recorded, especially during citywide lockdowns. Given this trend, the bank has started projects for the implementation of digital infrastructure, in order to make digital finance more resilient.

The most important challenges for the United Bank of Albania are internal in nature. This year is crucial in the continuation of our business transformation. Agile management with prompt and wise decisions will be fundamental for pushing forward undertaken processes that will eventually result in superb client satisfaction, efficient and convenient business proposition, an increase of the

market share, and sustainable financial performance.

Furthermore, challenges are always opportunities that could strengthen one's fundamentals. For the United Bank of Albania, we see a great potential utilization of synergies that could be achieved with our shareholders. Locally, exploration of business opportunities where our major shareholder Eurosig Group can cooperate with UBA has already started and will be more visible in the time to come. On the international level, the United Bank of Albania can harvest benefits of the Islamic Development Bank cooperation with its member country Albania. We are confident that the vision of our shareholders to synergize their complementary comparative advantages will be materialized in UBA's business success.

3.

The banking consolidation process in Albania is going to bring benefits to the banking sector and the Albanian economy, as a whole. A stronger banking sector will have more capacity to facilitate the developmental needs of Albanian society, as well as to offer more cost-effective services to its retail and corporate clients. United Bank of Albania welcomes these activities and believes to have a specific role to play in the Albanian society. It will be a serious effort on our side to meet the expectations of our future customers and to be able to compete in a consolidated market. However, we are confident that our business vision, values, business proposition, and continuous efforts in strengthening our comparative advantages will be recognized by the market.

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Consolidation - an effective "remedy" for the banking sector

The banking sector is recording the highest credit growth and the lowest level of non-performing loans in more than a decade.



Ersuin SHEHU
JOURNALIST



To face the new challenges, stronger and perhaps bigger banks, are required. In this sense, further consolidation of the banking sector in the country could be beneficial.



could impair public confidence in the banking sector.

In Albania, the consolidation process has a relatively short history, but the results achieved so far, in the main indicators, are encouraging. Despite the impact of the pandemic, lending to the economy is growing at the highest rate in a decade. Based on the Albanian Association of Banks' data, the net loan portfolio of the banking sector, by end-2020 (according to IFRS standards), reached the value of ALL 614 billion, or about Eur 5 billion. The growth of loan portfolio, on yearly basis, has reached at 8.5%. This growth rate is the highest, since 2011. In the last year, all banks without exception, have increased lending, despite different rates.

Profits have reached their highest level in a decade

According to the Albanian Association of Banks, the banking sector's profit reached ALL 15.8 billion, the highest recorded during the last decade. For the first time in the last ten years, by end-September, all commercial banks

have reported a positive financial result. The improvement in their performance is also reflected in the profitability indicators. The average return on equity, by end-September, reached 12.45%, from 9.01% in the same period of the last year and 10.67% in the same period of 2019, before the pandemic. Statistics also show that, over the past two years, there is a growing number of banks that are managing to realize double-digit returns on equity. Particularly, in recent years, some medium-sized banks have significantly improved their profitability. Increasing their size, even through mergers and acquisitions, is a factor that seems to have a positive impact on improving the average returns of the sector. Profitability indicators are not yet at the levels that investors would expect in normal times, but seen in a comparative context, they stand at satisfactory levels.

"The Banker" Magazine provides comparative information, regarding the returns on capital in major global regions, by 2020. As for the past year, the banking sectors with the highest returns on equity were those of Latin America, with 10.5%, and Central & Eastern Europe, with 10.3%. The return on equity in Albanian banking sector, is 9.01% using IFRS and 10.65% with local standards, which was comparable to the average levels of Central & Eastern European markets.

European Union countries recorded the lowest profitability levels for the previous year, both measured as return on assets, with 0.16%, and as return on equity,

with 2.75%. The banking system in EU countries suffered serious consequences from the financial crisis, which further brought a wave of regulatory tightening, which have made it even more challenging for banks to achieve higher profit rates. Based on these figures, it seems that the Albanian banking market is towards a recovery of financial performance, by showing indicators higher than the EU average and similar to the regional average levels.

The increase in the banking sector's profits reflects the further expansion of assets, especially the improvement of lending, but above all, the ability to keep under control and further reduce the non-performing loans ratio, despite the shock given by the pandemic. Measured by local standards, the non-performing loan ratio, by end-October, fell to 6.35%, the lowest level since November 2008. The decline in non-performing loans cuts banks' expenditures on provisions, which usually have a strong impact to fluctuations in commercial banks' profits.

Market concentration has not increased

One of key concerns when the number of firms in a market is declining is the reduction of competition. Due to the specifics of the banking market, in practice the opposite is more likely to happen; often banks exiting the market are not very competitive, while larger banks created by mergers and acquisitions are more solid, more willing to undertake risks, giving more impetus to competition.

The most common way to measure the degree of concentration of a market is the Herfindahl-Hirschmann Index (HHI), which is built as the sum of the market share, raised to the second

power, of each firm. The threshold below, which a market is generally accepted as competitive, is 1500. Based on the data of the Bank of Albania's Annual Supervision Report, the market concentration is below this threshold, measured for total assets, deposits and loans. The data of the Bank of Albania show that these indicators remain approximately at the same level, as in 2015, when 16 banks operated in the market. The HHI index, at the end of the last year, was 1500 for assets and deposits, while it was significantly lower for loans, close to 1,200. This is particularly as a result of growing competition from medium-sized banks in the sector, which in recent years are gaining more market share, through organic growth, as well as acquisitions.

Rising regulatory costs push further the consolidation process

Profitability recovery is especially important, in the context of a new regulatory era, which has undoubtedly made banking activity more costly. Following the crisis, which erupted in 2008, the regulatory authorities gradually undertook new measures and increased regulatory requirements on commercial banks. This policy was driven by the need that arose in some European countries to resolve individual banks through bail-out (injection of publicly funds). Albania did not face such a need, but nevertheless the need for an alignment of the regulatory framework with European Union requirements brought the transposition of new measures, in the legal and regulatory framework for banks in Albania. The Law "On Recovery and Resolution of Banks in Republic of Albania" provides for the creation of a resolution fund with banks' contribution, which is added to the contribution to the deposit

insurance fund. The regulation: "On macro-prudential capital buffers" provides for a gradual increase of capital adequacy ratios, until 2025, while in parallel the regulation: "On the minimum requirement for regulatory capital instruments and eligible liabilities", strengthens the qualitative requirements for the above instruments (topic covered extensively in issue 40 of "Bankieri" Magazine). The above developments, of course create additional costs for the banking sector. Particularly, the increase in capital requirements makes it vital to set up healthier and more solid banking institutions to cope with such increases, without requiring a periodic injection of shareholders equity, which is certainly not desirable for any investor.

Certainly, the digital transformation of today's society is also reflected in the financial markets. Today, a large part of banking services and products are offered through digital channels, without the need for customers to physically go to the bank. Digitalization is a process that creates convenience and saves time and money. But, on the other hand, digital transformation requires huge investments in technology and human resources. It should be kept in mind that digitalization also has a very strong competitive dimension, not only between banks, but also with the new financial institutions of the FinTech model. The new law: "On payment services" transposes the European directive PSD 2 and introduces the concept of "open banking", which will create more competition space for financial payment institutions.

To face the new challenges, stronger and perhaps bigger banks, are required. In this sense, further consolidation of the banking sector in the country could be beneficial.

INTERVIEW

Banking and Green Products

BANKIERI:

- 1. Green banking is an emerging area of creating competitive advantages and new business opportunities, in the frame of Sustainable Development Goals. Has the green banking any slot within your bank's activity?*
- 2. Has your bank developed green products, in the frame of SDG and how well do they fit in the everyday banking activity?*
- 3. What are the main challenges and obstacles for your bank, regarding green banking, and what is expected in the near future and beyond?*



Fatih KARLI

Central Marketing and
Operation Group Head

1.

As BKT, we have taken some steps for green banking. First of all, we became member of United Nations Global Compact in 2020 to follow green banking initiatives, in the framework of

Sustainable Development Goals, although we had many actions and activities before. It had started many years before, as an initiative of "responsible banking" principles, in line with World Saving Bank Institution (WSBI) membership requirements. We are evaluating green banking in two different aspects.

The first one is an obligation of being a world citizen and being responsible for the society's future and being contributor for Corporate Social Responsibilities' activities. We have started to decrease our carbon footprints, by reducing paper usage for our internal usage and we have been investing to digital banking to minimize environmental effect of daily banking. Moreover, starting from energy usage for lighting, heating, insulation etc., for our

internal purposes we improved and reached expected levels. We have used solar panel for some of our ATMs and we are planning to install solar panels on top of our buildings to produce our own renewable energy. We are supporting reforestation activities of municipalities with financial contributions.

The second one is a business area and business opportunities by creating new products and services for this aim, directly or indirectly. We are financing energy efficiency projects in business and individual levels with collaboration of Green for Growth Fund (GGF). Renewable energy projects have been reached remarkable size in our loan portfolio. Moreover, we are already financing insulation, solar power for heating and electricity production for

household needs although portfolio size is not so big. In recent years there is a visible drought that is affecting energy production in Albania, which depends, more than 90%, on hydropower plants, and it is creating a need for investment on renewable and sustainable energy production to create balance for energy production diversification. It is bringing a new business opportunity to banking sector to finance such kind of investments.

2.

Bank's products can be classified separately:

Daily usage products, like mobile banking (BKT Smart), e-banking, Smart Bankomat (ATM) are pushing our customers

to use digital channels to use less energy, less transportation, less paper usage and less carbon emission. Recently, we have generated new flow in Smart ATMs to avoid statement printing by sending e-mail.

Financing products to enable investments aiming at decreasing energy usage or increasing production capacity for renewable energy are other product type to bring green economy to our lives. And the latter one is giving opportunity of being individual investor for green economy by using SMART Invest which is global investment platform opening doors to invest green economy funds, ETFs or stocks to contribute sustainability of the world by gaining return.

3.

Green banking for daily banking transaction habits is creating more opportunities than obstacles, since it is promoting digital banking usage. Our challenge is mainly related to financial education and increasing awareness about green economy. SDG principles pushing banks to scarify from some potential revenue areas, industries, which are conflicting with green economy aims. Banks becomes in trade-off to give up some good customers for the sake of being loyal to SDG principles. We hope that collective standing in banking sector may make easier to overcome such hesitation and force the industries to invest on green economy.



Rovena DUBALI

Manager,
Product Management Department

1.

OTP Bank Albania, as the Group it belongs to, pays special attention and importance to the green banking. We are working with our mother bank to create

the right foundations for a more sustainable future and a greener banking.

This is the only way to guarantee a healthier future for our offspring and the generations to come, and our bank is fully aware of that.

Green economy's financing is applied in our bank and stand completely in line with OTP Bank Corporate Social Responsibility. We are investing more and more of our focus in financing projects that promote efficient energy consumption and lower the carbon footprint.

2.

OTP Albania, supported by EBRD, offers GEFF Green loan dedicated to private individuals

for energy efficiency investments in houses.

The banking products meeting the GEFF criterions are: non-collateral consumer loans, mortgage loans including reconstructions, as well as mortgage loans (for houses where investments recognized by GEFF are effected).

Clients obtain up to 20% of the loan in reimbursement directly, if the investments are done via GEFF loan financing scheme. On the other side, by using the efficient equipment or construction solutions, the client saves energy continuously in the future and pays less for it.

The bank favors through GEFF exactly the purchasing and usage of certified equipment

and systems, friendly with environment.

3.

Among the challenges, one remains the key one: the increase of awareness among citizens that green economy is the future. This is a target set worldwide and the sooner we

embrace it, the better for our future. The calculations must be done considering a long-term horizon and not the impulsive purchase that might look cheap at first sight, but eventually each month the costs remain the same, or even increasing.

Obviously, the energy is not a cheap commodity anymore.

Investing in efficiency is smart, not only financially speaking, but also healthier for the families.

People need to understand immediately that investing in efficient and environmentally protective technology, is the right investment and the good one to impact positively the living zones.

 **INTESA SANPAOLO BANK**
Albania



Alberto De STAVOLA

Deputy CEO,
ESG (environmental and social governance) Manager

1.

The actual linear economic model of “taking, producing, using, disposing” and based on the exploitation of large quantities of finite resources, if on one hand was the basis of the global industrial development and has allowed an unprecedented level of growth, on the other hand, is drastically producing negative consequences that cannot be neglected, such as the effects on climate change and the loss of the natural ecosystem and the biodiversity.

Nowadays, the value of financial institutions is not related only to its financial

results, but also to its approach and strategy towards Environmental, Social and Governance (ESG) themes.

Intesa Sanpaolo Bank Albania (ISBA) is fully aligned to Intesa Sanpaolo Group’s (ISP Group) commitment to sustainability and ESG principles, which are going to be one of the main pillars in terms of value generation in the upcoming years. The most recent initiative that ISP Group adhered to is the Net Zero Banking Alliance (NZBA), according to which banks need to reduce their direct and indirect CO₂ emissions, in order to reach Net-Zero emission globally by 2050, thus limiting global warming to 1.5°C vs. pre-industrial levels.

In Albania, the importance of investing in green finance is increasing and the sensibility to the topic is becoming greater for all economic actors and consumers (also due to the current energy crisis).

2.

The offer of products and services with a positive impact on the environment to our customers includes different solutions, among these: loans for green residential buildings

and leasing for electric vehicles.

Furthermore, ISBA is also specialized in providing several solutions for financing photovoltaic systems for self-production, targeting all business segments from Large Corporate, SME, Small Business and Individuals.

Embracing ESG principles is a transformational process involving external and internal stakeholders, with the aim of creating value in different ways. ISBA target is to accelerate the penetration of environmentally friendly green products and services. ISBA strongly believes that allocating capital to more promising and more sustainable opportunities will allow a reduction of the environmental footprint of its customers.

3.

We are at the beginning of a possible recovery phase and as we share a renewed sense of safety and trust, the real challenge for all of us is to make this recovery solid, inclusive and sustainable for the next upcoming years.

The pandemic has rapidly elevated some industries – especially in the technology sector – while pushing other

ones to revisit their fundamental viability and, overall, it has enhanced the way we take care of the needs of our people, our territories and our customers, by increasing our drive to do things better, both domestically and globally, notably over climate, diversity, equity and inclusion. Impact investing within a sustainable framework - and one that is ESG compliant - is increasingly becoming the reference point of all involved long-term stakeholders acting with a purpose, focused as they are in having welfare not

only not declining, but actually growing over time. In line with these trends, we need to make a decisive shift towards a new model of capitalism with a greater focus on sustainability, social and territorial cohesion.

Governments and Multilateral Development Banks should consider creating investment-ready pipelines of projects to facilitate the participation of private institutional investors in urban and suburban regeneration investments, focused in particular, on increasing

infrastructure resilience and improving access to affordable healthcare and transport. This would speed up the ability of investors to make capital allocation choices that support the transition to a sustainable economy. Global financial regulation should take into account the impact of the pandemic crisis on prudential reforms, aiming at increasing regulatory coherence, transparency and accountability and to ensure resiliency from systemic risks.



Robert TOMJA

Head of Business Development
Department

1.

Every ProCredit institution has set high standards regarding the environmental impact of its operations. Protecting the environment and ensuring that the economic development, supported by the ProCredit institutions, is as environmentally and socially sustainable as possible is a central component of ProCredit's group-wide development mission. As

part of the ProCredit group, ProCredit Bank Albania regards protecting the environment and helping to slow the advance of climate change to be part of its corporate social responsibility and considers these endeavors to be critical components of socially responsible economic development. With our accumulated in-house expertise, we are perceived as pioneers in Albania for supporting green investments, since 2009. ProCredit Bank Albania aims to promote economic development that is environmentally sustainable.

2.

ProCredit Bank Albania has implemented an internal system to minimize its negative impact on the environment, and also minimize the negative impact in dealing with our clients. Environment Management System, is a well-defined system, which is strictly applied by all

the banks, part of the ProCredit Group. The first pillar of this system is dedicated to the internal environmental management, in order to recuse our direct environmental footprint. The second pillar is dedicated to managing of environmental and social risk in our lending activities in general, whereas the third pillar is dedicated to promoting of green loans through the design and provision of special credit services ("Eco loans") to both business and private clients for investments in energy efficiency (EE), renewable energies (RE) and environmentally - friendly investments.

As the first bank in Albania to promote and provide green loans, we remain highly committed to environmental issues and energy efficiency. We have started promoting our Eco-Loans since 2009 and we have maintained our position as a leading bank that supports innovative investments, such as new technologies,

PVs, and e-vehicles with very attractive terms.

3.

The biggest challenges can be considered the insufficient awareness and the reluctant approach towards environment – friendly investments. There are also lack of incentives towards promoting these types of investments. Last but not the least, the challenge is also related with a lack of expertise into various promoters of these investments, including banks. The last one for our bank is a competitive advantage. We have an Environmental Unit with

well-trained professionals who provide knowledge-sharing and the exchange of ideas and best practices among our business client advisors, making them capable to understand in details green investments and offer advice to our clients. Our share of green loans account for around 20% of our total loan portfolio. In financing photovoltaic systems, although it is under initial phase of development, our bank has the leading position in offering financing towards these investments.

ProCredit Bank, throughout its years of operation, has proved itself for being a bank oriented

towards sustainable development and focused on environmental – friendly projects. Supporting investments in e-vehicles is one of our strategic objectives. In this regard, we have started to address the obstacles that people face when deciding to buy an electric vehicle, which is the supporting infrastructure. We have invested in setting up network of 25 electric stations, accessible from everyone throughout the country. In addition, our sister banks have invested other hundreds in the region, enabling thus long trips with e-vehicles in the Balkans.



INTERVIEW

Financing the green economy in Albania

The involvement and training of the private sector, in preparing bankable ready projects remains crucial at obtaining quick financing by banks, especially to understand those that generate hefty profits, or tangible and measurable savings.



Atty. Lorenc GORDANI, PhD

Lecturer and Energy Lawyer

There is a great interest in what is the situation of the financing mechanisms, proper not only to save energy but also to increase the value of productivity and reach the energy target in sustainability and better protection of the environment, by meeting European standards for candidate countries, such as Albania.

Indeed, the transition to Clean Energy requires a significant investment. As a result, energy projects usually require high preliminary costs, which are recovered over a long period. To this end, donors and development banks have played a crucial role in opening up the regional market over the past decade through long-term financing, technical assistance and incentives. They still provide most of the financing available to commercial banks. After the initial phase of learning using IFI and donor funding and technical assistance, the latter manage to finance their funding scheme to increase energy efficiency and renewable energy.

Some of the primary sources of financing in Albania, enriched and

gradually expanded over time are: Union Bank - European Bank for Reconstruction and Development (EBRD)' Green Economy Financing Facility (GEFF) program; Fondi Besa - EBRD/GEFF, OTP Bank Albania - EBRD/GEFF; BKT - SMEs & RE projects, residential GGF, Procredit Bank - Households & SMEs; NOA - Microfinance Residential & SME, IFC (TA), Credins Bank, IFC (TA).

Actually, some commercial banks are well-capitalized and finance their renewable energy investment programs, albeit generally in smaller volumes. What has hitherto been considered a barrier includes, among others:

- the perception of high energy costs by RES¹ and the need for subsidies;
- old transmission and network infrastructure struggling to cope with large variable volumes of energy from RES;
- slow and unpredictable planning processes;
- regulatory uncertainty, as the country is moving towards competitive support schemes,
- underdeveloped power market,
- limited regional integration.

However, nowadays, we are assisting in raising the price of electricity on power exchanges. As a result, prices have gone from the average standard of around 50 Euro/MWh to over 300 Euro/MWh, reaching peaks of up to 450 Euro/MWh. A context that is expected to stabilize at around 150 Euro/MWh for the coming years makes the above support measure no longer necessary, including Power Purchase Agreements (PPAs).

What remains is that the country,

having no fully liberalized market, had to adopt detailed rules for any development it undertakes. Then, as they are constructed in a table, some remain challenging to apply in practice, for example, even in small net metering projects. Moreover, there is a lack of comprehensive understanding of the legislation and regulatory framework, even, e.g. for small-scale renewable installations for self-consumption.

There is also a slow pace of adapting to changes by public authorities, which also hinders private sector financing by banks. However, given that projects are contract-based and the latter in technical studies, it is also essential to involve and train the private sector in preparing bankable ready projects to obtain quick financing by banks, especially to understand those that generate hefty profits or tangible and measurable savings.

To comprehend that, such instruments are aimed at specific groups of beneficiaries, such as: households, entrepreneurs (mainly the SME sector) and other entities, like: local government, housing communities and cooperatives. Against this background is that banks, investors, and local authorities have little experience developing partnering in the renewable energy projects and energy efficiency, increasing the cost and overall investment time.

Mitigation of these risks can be achieved through partnering where state institutions, companies and businesses, as well as those of education, senior experts in the field, and other stakeholders work together. In this context, it is also essential to apply for public funding in the form of soft loans, grants and insurance programs in a project suitable for the benefit of the public and the general interest.

¹ Renewable Energy Sources.

“BKT Smart Invest” - A Visa Free Investment

BKT Smart Invest is a serious investment tool, not a casino to gamble. BKT Smart Invest offers competitive and transparent fees and spreads, in the most efficient trading platform, and strongly suggest our clients to try first the demo version of BKT Smart Invest, to become familiar with the tool, take our short investment suitability, test in our branches, decide about his/her risk appetite and then start to invest globally.



Kaan PEKIN

Treasury and FI Group Head
BANKA KOMBËTARE TREGTARE

In the month of November, we announced our latest investment tool, our online trading and investment service platform that we call BKT Smart Invest. Our online trading platform, BKT Smart Invest, a revolutionary online tool for financial investment, is filling a huge gap for Albania and our clients would be literally able to do safe and sound financial investment globally, trading 24 hours a day 5 days a week. We prove one more time that we think ahead and challenge the status quo, which gives our clients, a distinct advantage, global market access, powerful investment platform – BKT Smart Invest – with industry-leading prices.

To offer BKT Smart Invest

as a white label product, we collaborated with an European Investment Bank, also prime Broker and Fintech Company, which is well – regulated by several financial authorities globally, including the Danish Financial Services Agency (FSA) and the UK Financial Conduct Authority (FCA). We consider our partner – Saxo Bank – safest, because it has a long track record, a banking background and is regulated by top-tier financial authorities. We were able to offer BKT Smart Invest earlier, but we didn't and waited for regulatory framework to be in power and then applied and received necessary approval from AFSA.

Our partner, Saxo Bank, holds already six tier-1 jurisdiction licenses in all over the world, including Australian Securities & Investment Commission (ASIC), Securities Futures Commission (SFC), Japanese Financial Services Authority (JFSA), Monetary Authority of Singapore (MAS), Swiss Financial Market Supervisory Authority (FINMA) and the Financial Conduct Authority (FCA). Our partner has clients in over 150 countries and processes over 1 million transaction every day.

BKT Smart Invest platform, offered to our clients as white label product, has countless

awards including: Best Prime-of-prime Broker, Best Retail FX Platform, Best CFD and DMA (Direct Market Access) Broker, Best B2B Liquidity Provider, Best Platform for the Active Trader, Best Trading Platform Project and in the field of banking technology: Best White Label Solution and Best Use of IT in Private Banking and many other awards. The product we offer to our clients here have been chosen as: “Best trading platform in web, mobile, and desktop”.

In BKT Smart Invest, there are over 25,000 international financial products to trade, across 40 global exchanges. Investment products you can chose to trade are: stocks, commodities, forex with leverage, Futures, CFDs ETFs and mutual funds. BKT Smart Invest offers to trade 11,500 stocks, 7,000 CFDs on shares, stock indices, commodities, ETFs and Futures.

Transfer to BKT Smart Invest is easy and immediate and there is much more work indeed on the background. As long as you are a BKT client, you need only a current account in EUR. You can transfer EUR in seconds from your current account in Smart Invest, or withdraw back to your current account. Minimum opening balance is EUR 5,000. The significance of immediate

money transfer is the following: Let's suppose that you started to invest with EUR 7,000 and bought some blue - chips companies with CFD, as long-term investment and somehow, but things go bad and there was a big correction in stock market and your Smart Invest balance declines, due to market-to-market of your positions and you risk to sell back your blue - chips stocks (that you plan to hold longer term), due to stop loss triggering. With BKT Smart, you can instantly add money to your smart invest account from your current account, you don't need to wait for the transfer of money and reconciliation of the bank you sent money to credit your account. If you are in profit and want

to withdraw some money, you can immediately withdraw back to your current account, as well. I hereby would like to talk in more details about CFDs (Contract for Differences) which are financial contracts that pay the differences of the settlement price between two trades of opening and closing one position. It is said that CFDs essentially allow investors to trade the direction of securities over the short-term and are especially popular in stocks, FX and commodities products. But nowadays, when we face lowest interest rates environment for hard currencies: EUR, USD and GBP, CFDs can also be used for having position in mid to longer maturities.

Suppose that you buy Spanish Bank Banco de Sabadell stocks through CFDs with ongoing prices of nowadays, which are 0.675 and let's say, you

buy 100,000 shares, which corresponds to EUR 67,500. In BKT Smart Invest, you can buy these shares buy consuming only EUR 10,119 – initial margin, but the system actually goes and buy on your behalf 100,000 actual Banco de Sabadell shares and pays EUR 67,500. The leverage you use is about 6.4 times for that specific CFD. BKT Smart Invest shows you transparently how much you will pay to fund the purchase of these shares per day and this is EUR 5.63. In other words, if you carry this long position for 100 days, in a fixed-interest environment, you will pay EUR 563 – as total funding cost of that CFD transaction for 100 days of carrying period. At the end of 100 days period, if you can sell the shares at a higher price of 0.775, which makes EUR 77,500, the difference of opening trade and closing trades, which is EUR 10,000 (EUR 77.500 - EUR

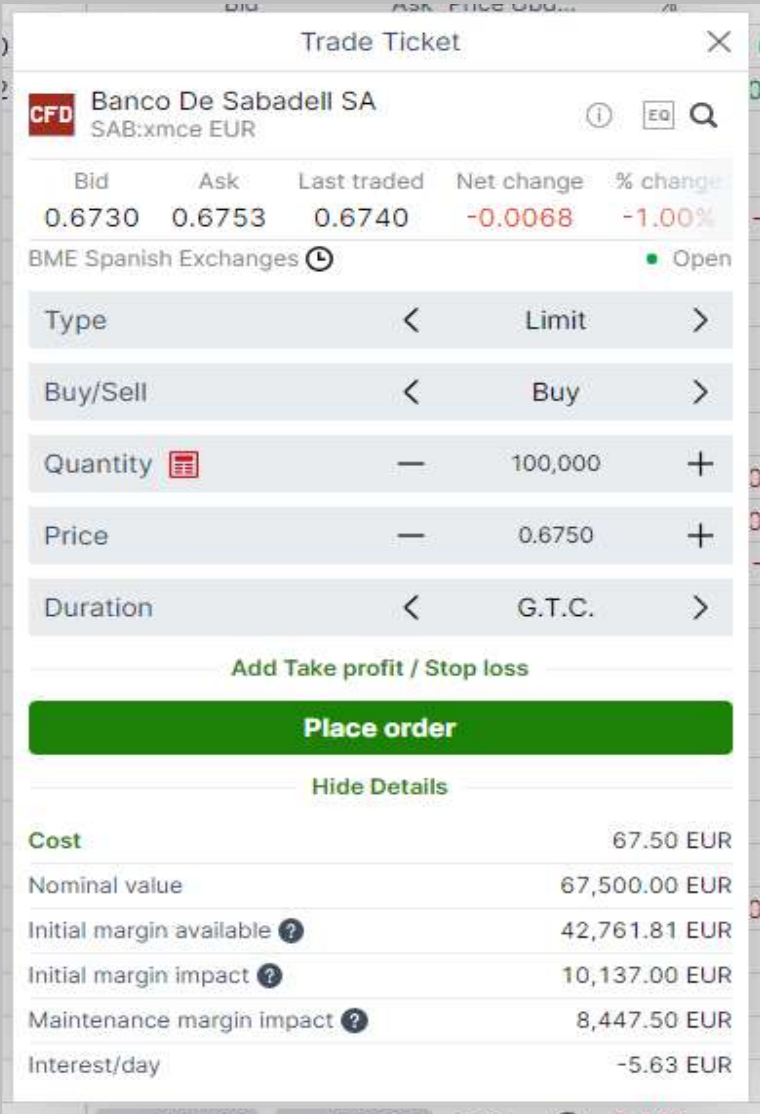
67,500) – Carriage Cost for 100 days (EUR 563) – transaction fees, is credited to your account. In the above optimistic scenario, the money you earn is EUR 9,292, using EUR 10,119 as initial margin. When you close the position margin amount blocked from your account is released, too.

However, when you take a position, you should always be ready for the worst outcome. Suppose that after you buy the shares with CFD at 0.675, price of the shares falls 0.575, such a fall of 14.8% may consume all of your margin, because the system books momentarily your market-to-market loss or profit and decreases EUR 10,000 from your account balances, in case when the prices are falling and if you don't have an additional EUR 10,000 available in your account, the system may run stop loss and close your position with loss.



BKT Smart Invest offers a crisp, clean design, focused on usability. It's a brilliant platform. Watchlists display neatly on the left side of the platform. Watchlists link to the product overview on the right side of the platform, so clicking on a new symbol automatically refreshes the chart. Adding new stocks to a watchlist or adding price alerts is a seamless experience. You can perform a quick trade, send market/limit order for having a position and put "one cancel other" take profit/stop loss orders too, when you have a position. A total of 62 technical indicators can be added into charting, 20 drawing tools are available for annotations, and trades can be placed and managed directly on the chart. Seven bar types are available, and the ability to set custom time-period views. The customization offered allows traders to identify trends efficiently. The research tab on BKT Smart Invest includes news, market analysis, an economic calendar with global economic events. BKT Smart Invest is available on both your desktop computer and Mobile.

I suggest potential clients not to see themselves as investment wizards and be patient on their investment and not to buy any stocks of which they think are undervalued. Here, I would use some famous quotes from Warren Buffet. He once said: "You can't produce a baby in one month by getting nine women pregnant!" As for the patience on having investment, he quoted: "If you aren't willing to own a stock for ten years, don't even think about owning it for



Bid	Ask	Last traded	Net change	% change
0.6730	0.6753	0.6740	-0.0068	-1.00%

BME Spanish Exchanges 🕒 ● Open

Type < Limit >

Buy/Sell < Buy >

Quantity 📄 - 100,000 +

Price - 0.6750 +

Duration < G.T.C. >

Add Take profit / Stop loss

Place order

Hide Details

Cost	67.50 EUR
Nominal value	67,500.00 EUR
Initial margin available ?	42,761.81 EUR
Initial margin impact ?	10,137.00 EUR
Maintenance margin impact ?	8,447.50 EUR
Interest/day	-5.63 EUR

ten minutes."

Please bear in mind that BKT Smart Invest is a serious investment tool, not a casino to gamble. BKT Smart Invest offers competitive and transparent fees and spreads, in the most efficient trading platform. We strongly suggest our clients to try first the demo version of BKT Smart Invest, to become familiar with the tool, take our short

investment suitability, test in our branches, decide about his/her risk appetite and then start to invest globally. We set higher beginning balance requirement, because we don't want to allow anybody to gamble here, this is an investment platform.

BE successful with BKT Smart Invest!

Fiscalization - big challenge, big opportunity

We advocate to go further and fully embrace the digitalization opportunities the system brings.



Elona LABINOTI

Chief Operational Officer
FIBANK ALBANIA

The draft law: “On invoice and circulation monitoring system” (the so called “fiscalization”) was introduced to the involved parties almost two years ago and the majority was skeptical on its functionality and right implementation. Nevertheless, none of the fiscal principles was changed, the operational part of issuing and receiving invoices is a substantial digital development, one of the most advanced compared to other platforms.

Fibank has seen this development as a big opportunity and we chose to be proactive in the process by perceiving it thoroughly and help our clients understand considering the question marks they had. Starting from spring of last year and up to late autumn, we run the awareness campaign on the process. Our business clients were approached physically, or by phone, by our relationship

managers and were explained what they needed to have in place and what they needed to do to start the process.

Currently, the majority of businesses are live and proceeding properly, despite issues that need to be addressed, accordingly. Up to now there are 59.000 business fiscalized and 127 million invoices issued, out of which 4.2 million invoices are non-cash ones.

We would like to focus on the opportunities, this process is bringing to the economy in general, as well as to many stakeholders. First, business owners may check the performance of their activities in real time with no need of physically being present in their business, so practically anywhere by accessing business data through a phone or tablet. Almost all the certified solutions on issuing invoices, bring along with them various management reports like: daily sales, best performers from employees, supplier’s payments, non-paid invoices, etc. Possessing the real data in real time is the main added value to this group.

Banks is another group that has an additional role as payment institutions. They need to declare, in real time, all the invoice payments done between two business through bank channels to the central invoice platform. In order to assure reporting accuracy, banks need to have certified solutions, as required by the law.

Fibank was the first bank to be certified for this purpose, in

June 2021. We chose this moment and seized the opportunity to reduce the time of processing such transactions. All payment details, including the amount and the currency of the transactions, seller’s NIPT, beneficiary’s NIPT, beneficiary’s IBAN, the Bank and its SWIFT code are automatically retrieved by reading the QR Code of the invoice. Basically, the client just needs to sign or order the payment, because every other element is automatically retrieved.

We advocate to go further and fully embrace the digitalization opportunities the system brings. Let us think of a webservice between payment institutions and the central invoice platform. In this way, would allow to show all the invoices issued to any of our customers, chose which invoice to pay and report back the payment. Only then we would be able to fully utilize the big system created, the digital infrastructure by removing the need for bringing the invoice, either in paper or in electronic format, costs and time from our clients, errors from amounts paid more or less etc. This would allow to show in real time in mobile applications, or internet banking, the invoices issued, but not paid, to our clients, which would then pay with just a click.

Fibank employees embrace the latest developments in general and digitalization in particular, do their best to master the skills on new opportunities in order to make the best out of them.

Payments with cards and the pandemic

An approach to bank cards and their respective performance in the last five years, and the impact of the pandemic on the increase of their use.



Denisa DUKA

Head of Product Management Unit
UNION BANK

Digitalization, payments or online purchases have been among the most used words for several years now on television, social networks, etc. They seem to have become headlines with the pandemic situation, along with the needs and technology developments, innovations that modern life offers and the pace that must be caught and followed.

» Performance of card ownership during 2016 - 2020

Except for Montenegro, all countries in the region had experienced an increase in the number of cards, during 2020. If we analyze the five-year period, Albania has marked the lowest growth of these years, in 2020.

The year 2020 was accompanied by dense information through every means of communication with the public, visual & printed media and social networks, with an added focus on: awareness messages and

Total Cards (in thousand)	2016	2017	2018	2019	2020
Albania	958	1,010	1,060	1,139	1,192
Kosovo	1,013	1,091	1,185	1,293	1,377
Montenegro	461	492	430	479	447
North Macedonia	1,819	1,822	1,821	1,847	2,114
Serbia	6,923	7,239	7,742	8,559	9,455
Croatia	7,014	7,066	6,773	7,016	7,085
Bosnia - Herzegovina	1,907	1,869	2,012	1,974	2,009

Cards per capita	2016	2017	2018	2019	2020	Growth from 2019-2020
Albania	0.33	0.35	0.35	0.4	0.42	5.37%
Kosovo	0.57	0.61	0.67	0.73	0.77	6.50%
Montenegro	0.74	0.78	0.7	0.77	0.72	-6.65%
North Macedonia	0.88	0.88	0.86	0.89	1.02	14.44%
Serbia	0.98	1.03	1.1	1.23	1.37	11.26%
Croatia	1.67	1.68	1.59	1.72	1.75	1.74%
Bosnia - Herzegovina	0.54	0.49	0.52	0.52	0.61	18.88%

numerous tips for being careful, emphasizing security for staying healthy, by way of making secure card payments.

» Cards per capita

The trend for card indicator per capita goes in line with cards in total. Our country has had the lowest number of cards per capita each year, while the fact that such indicator has increased, remains an optimistic sign. Having an indicator at the lowest level in the region, creates room for significant growth and opportunity for growing at a faster pace. Meanwhile, other countries are reaching, to some extent, the saturation point.

» Cards' prevalence and their performance during 2016 - 2020

Throughout the five-year period, debit cards are prevalent in each

country, an understandable figure dictated by the customer's basic relationship with the bank: Current Account - Debit Card. During 2020 each country marked an increase in the number of debit cards, while credit cards were declining. Except for Montenegro, compared to any other country in the region, our country ranks last, both for debit and credit cards.

» Card use during 2016 - 2020

The use of cards has been increasing from year to year and for 2020 Kosovo has been in decrease, only. Albania has the lowest number of card transactions in 5 years, as well as the lowest number of card transactions.

Despite such indicators, the fact that our country has recorded the highest increase in total transactions each year, remains extremely positive.

Cards by type	2016		2017		2018		2019		2020	
	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit
In thousand										
Albania	872	86	914	96	955	105	1,026	114	1,083	109
Kosovo	857	156	926	165	1,012	173	1,108	185	1,202	175
Montenegro	422	40	453	39	397	33	420	59	418	29
North Macedonia	1,443	376	1,447	375	1,449	372	1,474	373	1,756	358
Serbia	5,926	998	6,186	1,054	6,680	1,062	7,457	1,102	8,395	1,059
Croatia	6,873	141	6,932	134	6,644	130	6,837	179	6,925	161
Bosnia - Herzegovina	1,687	221	1,641	228	1,755	256	1,728	246	1,780	230

Meanwhile, there is a lack of impact of dense promotion during 2020, to encourage the use of cards.

In terms of the volume of transactions, an upward trend has been maintained from year to year, but regarding the number of transactions, the pandemic situation has not had an impact on increasing their use. This is also valid for our country, where the increase from 2018-2019 was 68%, while in 2019-2020 it was 44%. Only in 2020, Albania managed to win a place in the regional ranking, leaving behind Montenegro, only.

» Cards, banks and developments

Digitalization and increased competition from FinTechs have prompted banks to increasingly seek to find and offer alternatives that make the bank – customer relationship more practical, friendly and comfortable. In this regard, investments and initiatives have been numerous in the cards' world.

- "Contactless" payment technology, a maximum relief in card payment. Contactless card payment technology was first introduced in 2016 and today all cards have such an option. Contactless

payments became even more important during the past year, as a security requirement. Cash is not touched, POS device is not physically touched. This seems to have paved the way for other innovations and developments in the electronics industry.

- Digital card, integrated as a phone application.
- Accessory – integrated Card, integrated with daily use objects. Making payments today does not necessarily require having a physical card. The card may be already integrated in smartphones, bracelets, smartwatches, rings, etc.
- Banks are applying different collaborations with merchants of different products and services, offering different benefit schemes, where cardholders receive a bonus or discount on the price for each use of the card.
- Loyalty schemes, as an additional incentive to use card instead of cash in payments.
- Various campaigns are carried out periodically by the international payment institutions like VISA, MasterCard.
- In all the above steps, taken to encourage the use of the card in payments, the vector has always been orientated from Bank to the Client, while there has been and still missing a certain scheme that encourages merchants to accept and stimulate card payments.

Total transaction number (in thousand)	2016	2017	2018	2019	2020
Albania	3,200	4,094	5,310	8,079	11,054
Kosovo	19,098	21,404	26,068	30,835	30,694
Montenegro	12,856	16,252	15,744	19,087	23,508
North Macedonia	40,633	48,771	59,792	71,600	84,216
Serbia	154,041	182,748	218,932	266,345	303,170
Croatia	373,579	407,124	445,071	498,050	508,842
Bosnia - Herzegovina	na	na	na	na	na

Transactions' volume (in EUR million)	2016	2017	2018	2019	2020
Albania	203	248	292	492	711
Kosovo	1,873	2,166	2,754	3,225	3,307
Montenegro	547	653	407	437	513
North Macedonia	718	843	991	1,169	1,305
Serbia	2,694	3,156	3,725	4,464	5,049
Croatia	17,903	19,143	20,698	22,816	23,052
Bosnia - Herzegovina	4,483	4,850	5,248	5,692	5,885

QR code payments and their perspective in Albania

Several banks in Albania have adopted QR code payments offered by OpenPay. This payment method is expanding rapidly, establishing a new standard in the payment industry.



Dritan MOLLANJI

Cofounder / General Manager
SYMMETRIC

Background

In the frame of instant payment directives, the majority of the European countries have implemented SEPA Instant Payment, which offers the ability for funds transfer from an EU bank account to another EU bank account within a time interval shorter than 10 seconds. This payment method is now extensively applied in retail payments, using the QR code, including Swish (Sweden), Bancontact Payconiq (Belgium), Ideal (Netherlands), MobilePay (Denmark), SIBS (Portugal), etc.

Certain Western Balkans countries, like Serbia, have already implemented instant payments for national transfers and the QR code for small value payments. Other countries, like North Macedonia, Bosnia and Hercegovina, Montenegro,

Albania, and Kosovo are currently at different stages of adopting the legislation and implementation of instant payments, which will be a revolution for the domestic and small value payments.

Identified problems in the region

QR code payments offer a wide range of benefits compared to card payments, like low processing and infrastructure costs for payment acceptance. More precisely, cashier computers, online pages, or social networks can be utilized as a point of sale to accept QR code payments.

Card payments bear a high cost which is often a burden for the bank, including the licenses from international card payments schemes, certification, the investment, and maintenance of the card payment Point of Sales for both physical and online shops. Card payments also are impacting higher costs to the merchants, especially in e-commerce. Even though the transactions are domestic, the payments are reflected after a couple of days in the Merchant's account.

On the other side, clients do not feel safe providing their card numbers on local internet pages, and the utilization of the 3D code is not comfortable, which causes the payments to be abandoned quite often during the checkout process.



All merchants regardless of their size, have the ability to generate the QR code in their (Point of sale) or by downloading the Openpay app, offered for free to all small merchants in Android or iOS version



OPENPAY as an alternative to card payments

Openpay is an innovative payments system, developed by Symmetric Group Sh.p.k., offering banks and other non-banking financial institutions the necessary infrastructure to accept QR payments. Openpay is one of the first FinTechs in Albania, which offers payment services in the international market, including Kosovo, and North Macedonia, facilitating the services between the well-known EU banks that operate in these countries and aims at further expanding in the Balkans.

All clients of financial institutions can pay, via Openpay, at the merchant point of sales through Mobile Banking, using their banking account, instead of the card. Openpay uses the QR code or NFC (near field communication) to read the information and authorize the payment.

This new payment ecosystem

SMART INVEST



Mënyra më e zgjuar për të bërë
investime globale!

Investoni në tregjet ndërkombëtare vetëm me një klikim
përmes platformës "Shumëpalëshe të Tregtimit" për të
aksesuar më shumë se 45,000 instrumenta
nga çdo kompjuter, tablet apo celular.



creates a win-win situation for both counterparties (the merchant and the client):

- Clients use the Mobile Banking app and benefit by paying fast and securely,
- Merchants accepting the QR code payments in e-Commerce and physical shops may immediately check the payment reflected in their account in real-time.

To effectuate a payment, the client should scan the QR code displayed in the merchant's point of sale, via the mobile banking app, and confirm the payment by "fingerprint" or "face ID." At the point of sale, the merchant is immediately notified that the payment is successfully executed and funds are transferred to their account. Openpay can be

integrated at once with the point of sales and banks, creating a new payments ecosystem, which helps banks to offer innovative products, including instant loans or loyalty programs.

The impact of QR code payments in Albania

Several banks in Albania have already started to adopt the QR code payments, offered by Openpay. This method will soon establish a new standard in the payment industry. A significant step forward would be implementing Instant Payment regulations from the Bank of Albania, which will offer instant clearing and settlement for the inter-bank small value payments.

All merchants, regardless of their size, could generate the QR code in their existing devices,

or by downloading the Openpay app, offered for free to all small merchants in Android, or iOS versions. This payment method aims at decreasing the payment processing cost and may be offered in a wide variety of industries, such as: e-commerce, supermarkets, restaurants, small merchants, professional services, self-service devices, but also for government services, including e-Albania payments, utility payments, and municipality payments.

This payment scheme aims to create a common payment network payment in Albania that will offer a secure service to the banking clients, accept payments at a lower cost for the merchants, and generate incomes from alternative methods and products to the banks.

Expectations for payments during 2022

In general, the last two years are showing that digitalization and innovation are not a differentiator anymore for payment providers in the market. On the contrary, maintaining a sustainable growth of market share, where payment service providers are sprouting like mushrooms after the rain, is paramount.



Eneida THOMAJ

Managing Director
PAYLINK

The year 2020, following the last year's trend, produced high expectations, regarding innovation in payments, especially being affected from the pandemic, as the later still continues to be amongst us. Surely expectations have reached a satisfactory level, not only in terms of innovative technological solutions, but also in terms of regulatory framework supporting cashless payments. As per innovative payment solution, we can mention solutions in the market, which are focusing more and more not only in service digitalization (being the keyword during the last two years), but innovative solutions, which aim higher interaction with the end user, associated with increased sense of security from the latter (such as 3DS payments through two-factor authentication, e-pin solution, where the clients asks for a pin through a SMS, digital

onboarding, etc.)

Both these patterns are interconnected with a clear aim from the payment providers, which is retaining loyal customers, and continuous customer base growth, in a time when innovative solutions are often seen in the market. In terms of regulatory framework, a number of positive changes have been observed during this year that support the competitiveness of payment service providers, giving priority to innovative "cashless" products in the market (the new Law: "On Payment Services", draft regulations for the licensing of payment/e-money institutions, or payment service providers; draft regulation: "On the transparency of fees related to payment account and for the service of payment account transferring", draft regulation: "On domestic settlement of national transfers in Euro", and also the draft regulation: "On direct interbank debit").

All these incentives in the market have produced some positive impacts. According to Bank of Albania's statistics, the annual growth of payment cards, through 2019-2020, was 4.8%, a growth tendency continuing through 2021, where for the first 9-month period there is a 5.4% growth in total portfolio of domestic payment cards. This is an interesting figure, because as per absolute terms of debit cards number for the 9-month period of 2021 there are in total 1.141 million cards, compared to 1.083



According to Accenture (November 2021), banks should switch from their traditional business model, by aiming digital transformation through "outsourced" models, thus having a chance of increased annual revenues by 4%.



million cards, by end-2020.

An increasing trend is also observed in acceptance terminal of payment cards. For 2019-2020 there was an increase of 4.4% in ATM terminals comparing to the 9M of 2021, while as per 2020 there was an increase of 10% in ATM terminals; an increase of 8.5% of POS terminals for 2019-2020, and also an increase of 9.9% for 9M of 2021-2020. A considerable increase is observed for e-money transactions, where the total number of payments through e-money means, during the first half of 2021, reached 78% of total number of e-money transactions for 2020. All of the above present a change in the Albanian customer's behavior. This change is in line with what is observed even in the international markets. In the MasterCard report: "Breaking through the Digital Noise" (2021), it is emphasized that 20 - 30% of global customer switch to online digitalization is expected to be permanent, meanwhile a 95%

increase is observed in online sales of July 2021, comparing to 2019.

The consolidation of payment trends during 2021, following 2020 as a benchmark year impacted from the pandemic, is observed not only at a global level, but also locally. Regional initiatives, such as a European Payment Scheme, or local schemes focusing in "tailored" products as per local requests, are increasingly becoming present in the market, aiming at consolidating actors in the payment industry. According to the Payment Innovation Jury report of April 2021, during 2018-2021, the confidence towards local/regional payment schemes has increased especially from higher investments being done from payment scheme providers, but also from the support by regulatory entities. The Capgemini report: "Payments, Top Trends 2021, Drivers, opportunities, and risks shaping financial services" emphasizes the advantages of local or regional schemes towards international brand payments schemes, related to: a) cost efficiency, transactional processing realized within the country; b) offering tailor - made products according to domestic market demands; c) support from local regulatory entities.

Having a high level of competition in the market, the solutions "payment as a service" are becoming more and more noticeable, as a fragmented solution from companies operating in a chain structure, aiming at minimizing operational costs. According to Capgemini Report on the payment trend analysis for 2021, some 68% of payment companies CEOs

included in their study, think that they have a higher risk of losing potential customers if they do not prioritize technological transformation. For this reason, "payment as a service" solutions are gaining momentum during these years. On the other hand, PaaS, are responsible for fraud increase, due to fragmentation of payment service. For the latter, payment service providers are considering to investing continuously in technologies, which detect and prevent fraud (Capgemini Financial Services Analysis, 2020), where 85% of companies included in the survey, are outsourcing their services to certified specialized third parties; 79% of them are enhancing in-house solutions for their mobile application; and 67% of them are increasing due diligence of outsourced third parties.

Capgemini report (Payments, Top Trends 2021, Drivers, opportunities, and risks shaping financial services), notes that payment institutions are offering products based upon customer data analysis. This is achieved through enhanced loyalty schemes that these institutions have launched. The same trend is also observed in our market, where loyalty schemes are being marketed through payment channels, especially through payment cards. In this way, these institutions are driving different payment channels, built in their application, aiming to the so-called "super application". These super applications are able to adapt all customer categories that payments institutions have (including those who need support in using digital services, but also youngster generation who are advanced in digital payment

services). The same report notes that digital identification of the customer is nowadays the key to offer innovative payment solutions. The combination of digital identification, mobile access and data analysis is a successful combination in offering added value services for the end-customer.

If we take a look at the American market, according to the last report from Endava, payment trend are summarized as per: a) "open banking" consolidation (also the Albanian market is moving towards the finalization of the draft regulation in this regard); b) revenue maximization from BNPL service (a feature associated to youngsters who are keen in immediate buying of quality products, with a short-term borrowing, up to 1 year); c) evolution of payment acceptance (in our market, banks are offering more acceptance channels for payments, as per their customer base portfolio).

In general, the last two years are showing that digitalization and innovation are not a differentiator anymore for payment providers in the market. On the contrary, maintaining a sustainable growth of market share, where payment service providers are sprouting like mushrooms after the rain, is paramount. This was observed in the latest study from Accenture (November 2021), including approximately 100 banks from North America, Europe, Asia, and Latin America, where it was emphasized the recommendation that banks should switch from their traditional business model, by aiming digital transformation through "outsourced" models, thus having a chance of increased annual revenues by 4%. And this where our market is heading for!

 CREDINS bank

VISA



Karta Planetit



Leveraging Gamified Apps for helping Banks realize Digital Success

i-exceed's digital solutions are open, scalable, technology agnostic (cross DB and cross application server) and their micro-services and micro-app based architecture enables banks to innovate and offer newer products and services faster.



Nikos GOUTSOULAS

SVP, CEO i-exceed Hellas,
I-EXCEED TECHNOLOGY SOLUTIONS LTD.
GREECE

Digital Banking channels have witnessed an unprecedented usage surge nowadays. The wide adoption of mobile devices and more recently the consequences of the COVID-19 pandemic have led banks and financial institutions to strengthen their digital presence and expand the offering available to their customers. In a competitive landscape, such as the Albanian banking market, where 12 banks and 34 non-bank financial institutions strive to provide products and services to the local population and diaspora, digital leaders need to explore innovative ways of improving and increasing the quality of customer engagement. One trend that has picked up, due to the shifting paradigms of user behavior is gamification.

So, what exactly does gamification of banking apps mean?

In a nutshell, gamification transforms the way users engage with apps into a more fun-filled and rewarding experience. This in turn, increases user engagement and the quality of relationship they share with their banks.

However, people share strong sentiments with their hard-earned money and would always associate banking transactions to carry a certain element of poise and seriousness. This implies that there are certain aspects of banking that can be gamified and certain others that are better left the way it is.

Some of the scenarios, where gamification can play a refreshing role in improving user engagement include offering rewards for realizing savings and investment milestones, learning about new products/tools for financial literacy, and building a community with other customers, among several others.

It must also be noted that when customers spend time interacting with gamified apps, they generate useful behavioral data that can be studied to better understand their preferences, which can be used to delivering personalized user journeys while navigating different apps.

Listed below are some



Adoption of digital technology is no more limited to millennials alone, but rather by people of different ages and socio-economic backgrounds. It is thus of utmost importance to consider all user segments, while gamifying digital apps.



key factors to consider when evaluating a gamification strategy for your digital banking solutions.

Does Gamification Effect Security?

Digital leaders, all over the world, today stress on the importance of data privacy and security. Therefore, it is of top-most priority for bankers to ensure that while interactions can be made fun and engaging, it must never compromise user security, in any way.

Are Gamified Apps Efficient?

There are times when certain transaction must be fulfilled without delay [it could be for medical reasons, or any other form of emergencies]. In such cases, it is better avoiding the gamification route. However, if there are certain repetitive transactions like utility payments

or something similar, it must be optimized and completed in the quickest possible way, with the least number of clicks.

Gamified Apps Must be Easy to Use

Adoption of digital technology is no more limited to millennials alone, but rather by people of different ages and socio-economic backgrounds. It is thus of utmost importance to consider all user segments, while gamifying digital apps. Banks can use data generated from app usage to better understand user behavior to make interactions optimal and intuitive.

Can Gamified Apps be Auto Scaled?

On an average, the highest usage of digital banking services is found to be the highest around pay day when transactions are made - activities, such as paying rent, utility bills, and so much more. These can be made fun-filled and engaging with the help of gamification. But during other times in the month, the activities are more ad-doc merchant payments. In order to maximize efficiency, banks need to explore options for auto scalable applications so that the usage is optimized, on a need basis.

How can Appzillon DX Platform help?

Appzillon Digital Experience Platform, is a unique combination of a low-code digital banking platform built on composable architecture and suite of digital banking solutions designed for digital banking, digital onboarding, sales enablement and of course building gamification aspects for banks' apps.

i-exceed technology solutions

(i-exceed.com) is a FinTech company with global presence (India, USA, Greece, UK, Malaysia, Singapore, UAE) that powers the digital transformation of the world's leading banks and financial institutions.

Having an extensive knowledge of the Banking Industry globally gives i-exceed the comfort to support banks' digital transformation goals, as i-exceed works with more than 100 banks and financial institutions around the world, including Citibank, Barclays, Rothchild, DBS Singapore, India Post Payments Bank, Anglo-Gulf Trade Bank, United Bank of Albania, several tier-1 banks, regional banks, FinTechs and micro finance institutions to power rapid digital transformation:

- Consumer and SME/Corporate Onboarding solutions have revolutionized the onboarding experience and reduced overall end-to-end onboarding times by more than 50%,
- Consumer and Corporate Banking, and Sales Enablement solutions helps banks streamline their user journeys, optimize process flows, and improve operational efficiencies.

i-exceed's digital solutions are open, scalable, technology agnostic (cross DB and cross application server) and their micro-services and micro-app based architecture enables banks to innovate and offer newer products and services faster.



Neither old nor new, I am simply LEK!

World history witnesses numerous cases where governments have taken measures to mechanically reduce the nominal value of the national currency by any multiple of ten, or as it is otherwise known zero removals. In general, currency denomination has come as a result of a broad package of economic and political reforms, as an attempt to reduce hyperinflation, or as a reaffirmation of monetary sovereignty to restore confidence in a country's national currency.

For example, in January 2005, Turkey replaced its currency Lira with the New Turkish Lira, removing six zeros, thus giving the message that mistakes of economic policy were a thing of the past. The denomination may be part of a broader package of economic and political reforms, as it was in the case of Afghanistan, in October 2002; after years of currency devaluation, a new Afghan (currency) was introduced, having removed three zeros. The most extreme case in the world's monetary history is that of Zimbabwe, which dropped 25 zeros, over a 3-year period, during 2006-2009, as an attempt to defeat hyperinflation.

In Albania, one of the most important monetary reforms was that of 1965, which brought the exchange of currency in circulation in the ratio of 10 to 1, where 10 old LEK were exchanged for 1 new LEK. Based upon the same exchange rate, all prices, wages, and every financial transaction were changed, too. The Albanian State Bank (BSHSH) was authorized to issue new coins and banknotes and the swap should have been effected within a short time span, from August 16th, 1965 to October 15th, 1965.

The economy's expansion and its indicators, during the 1945-1960 period, are thought to be the reason that brought the need for the denomination of national currency. The BSHSH, with its activity, should have definitely served to the realization of the country's economic development plans, which determined that Albania should be transformed from an agro-industrial country into an industrial-agrarian country.

When a country decides to denominate the national currency, it faces two processes that run parallel to each other: the physical process of scaling, which means the immediate rewriting of all prices and financial accounts in the new currency, and the psychological process of learning, which means the use of new prices by individual consumers. If the former is somewhat simple and depends on the institutional steps to manage the process, the second one is more complex and depends on individual behavior and the interaction within society.

According to the results of a survey, conducted by the Bank of Albania in 2020, more than half (54%) of respondents have instinctively read or mistakenly identified the value of 500 LEK banknote. Situations or places, in which respondents say that they usually talk, with "old money", in over 80% of cases, are mainly informal or family talks: small shops or fruit/vegetable markets; conversations with family, friends and colleagues; followed by public transport means. On the other hand, the data show that the miscommunication of the value of LEK happens less frequently in financial institutions (banks, non-banks, etc.) with only 28.1%, or in public administration offices (39.4%), although it was

expected such figures to be even lower.

The Bank of Albania has undertaken an awareness campaign to uproot the wrong practice of reading the value of the national currency. In Albania, LEK is the national currency and the face value of each banknote or coin is the value written on it. The campaign aims to raise awareness and educate the general public about the correct reading of the face value written on national LEK banknotes and coins, without adding zeros, or unnecessary add-ons, like "new" or "old", and it will be extended for several years, as it aims to remove a mentality that has accompanied Albanian society for more than five decades.

This campaign is a national challenge, which needs the joint commitment of all institutions, stakeholders, and the citizens themselves, to educate the entire Albanian society about leaving, once and forever, the use of such wrong terminology in economic and financial relations. A very important actor in this campaign is the banking sector, which may continuously impact its banking customers in breaking a 55-year-old chain and not following it further.

In the past, perhaps the nostalgia of reminding people with their pockets full of money, the monetary illusion that you are richer if communicating with old LEK, the easiness with which you can perform actions with 10, switching from "old" to "new", or vice versa, maybe the psychological and factual reasons for such a prolonged situation extended in some entire generations. But today, we all need to recall that our currency is neither old nor new, instead is simply LEK! And the value of LEK should be read, as it is written on the banknote.

The first crowdfunding platform Smile.al is launched in Albania



Smile.al is introduced for the first time in Albania. It is an innovative platform that will enable the collection of funds for social contribution projects from all interested persons, wherever they are worldwide. Smile.al platform includes 7 areas, from social welfare and solidarity, promotion of cultural heritage, environment, social entrepreneurship, education and training, sports activities, and innovative entrepreneurship. Smile.al platform, as the first crowdfunding platform in Albania, enables collection of funds from the public, giving everyone the opportunity to be informed about open projects, financial or voluntary contributions needed to be realized, the relevant field, and to select one or more projects to contribute directly online. The first 11 social projects have already been launched on the crowdfunding platform: Smile.al. The special feature of Smile.al platform is that "it provides maximum security for each

contributor as it ensures full transparency for every donation made, real-time information on the progress of the contribution for each project supported, as well as information on the project implementation until it is finalized".

Public online fundraising is a simple practice, by which an entity, whether an individual, business, or any other body, can contribute, in line with their means, in-kind or in cash, to various initiatives for the welfare of the entire society. The practice of seeking funding from a large number of people, thus giving rise to the term "crowdfunding", has become easier to achieve thanks to the spread of the internet. Crowdfunding motivates the public to support on a collective basis and in a truly practical way, any kind of social or business venture that they feel merits their backing. Now it's time to show that we can succeed in many ways if we are all prepared to give something. The Smile.al program offers huge potential for the pooling of resources, whether in money or in kind, through the crowdfunding model, whether contributors are in Albania or abroad.

The Smile.al platform is an initiative of Credins Foundation, owned 100% by Credins Bank, and it is also an initiative of the bank's executives and shareholders to create a platform that serves

to raise public awareness and motivate people to contribute in implementing projects that are necessary for the development and welfare of the Albanian society. Credins Foundation has a strategic partnership with some of the most well-known local Institutions in the field of social responsibility such as Partners Albania, Vodafone Foundation, and Grant Thornton. Now it's time to show that we can succeed if we are all willing to give something. Smile.al offers a new way for people to think and act.

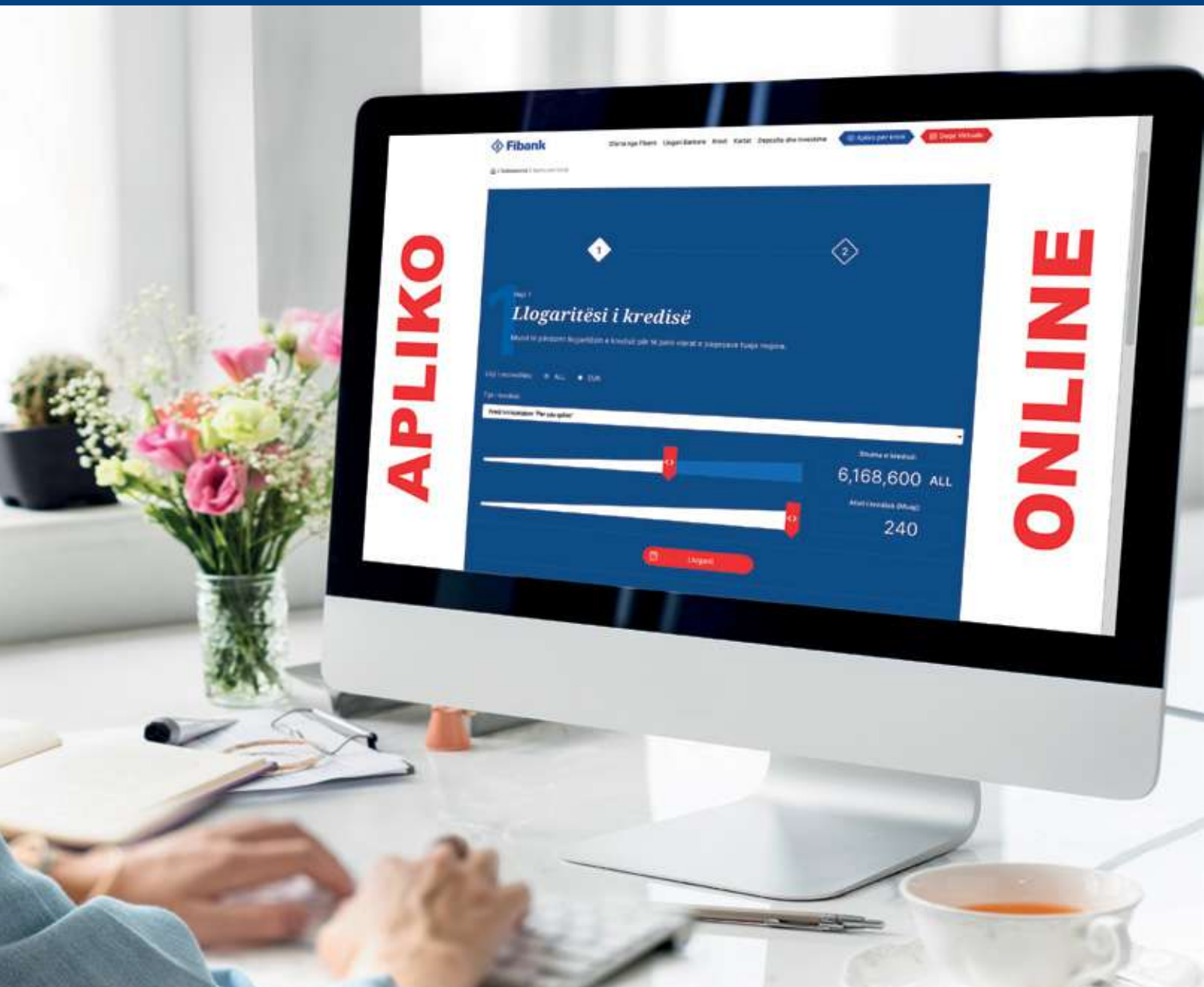
All of you are invited to donate to Smile.al, as the platform offers a new way of thinking and acting and the contribution of each of us as a person, no matter how small, is truly very precious.



Partners of Smile.a



KREDI KONSUMATORE ONLINE



- Apliko direkt në www.fibank.al
- Aprovim brenda 24 orësh
- Deri në 500 000 Lekë



Fibank
First Investment Bank

A book on personal finance for young people, but not only...



Junida TAF AJ (KATROSHI)

Coordinator for Trainings and Financial Education

ALBANIAN ASSOCIATION OF BANKS

As anyone may have read the international surveys of many European countries, they show that the majority of general public have no knowledge about basic concepts of finance. Meanwhile, other studies have proved that, financially educated individuals have the ability to make informed choices about saving, investing, borrowing and many more activities.

As OECD defines, the financial culture is: *"Knowledge knowledge and understanding of financial concepts and risks, and the skills, motivation and confidence to apply such knowledge and understanding in order to make effective decisions across a range of financial contexts, to improve the financial wellbeing of individuals and society, and to enable participation in economic life"*.

This is a lifelong process that begins with placing the first coin in the bank's savings account and evolves throughout life into decisions about investments and financial asset management.

The level of financial education provided for young people and children in Albania is insufficient, whereas the ability to manage (personal) finances is one of the most important life skills. Most children grow up by knowing nothing, or getting just a little education about finances, even though this is something that people deal with, almost every day.

The Albanian Association of Banks, being driven to raise awareness about the importance of financial education and to create opportunities for each individual to understand how to manage personal finances in the real economy, in order to avoid unnecessary risks and excessive debt, has brought (in Albanian) the publication of Gunnar Baldvinsson: "First Steps in Finance", an internationally acclaimed book dedicated for children, teachers and adults to gain basic knowledge on finance.

More than a book, this publication comes in the form of a practical guide, where anyone can find knowledge, skills and behaviors, conveyed in a simple and understandable language.

The key pillars of the book are:

- **Earning and Spending:**
This chapter discusses about wages and disposable income, taxes and duties, entitlements and obligations every newly hired young person should learn, pension planning and information on money and bank cards.
- **Assets and debts:**
The second chapter introduces concepts, such as: the interest rate, how it is calculated on



AAB publishes the book **"First Steps in Finance"** in the Albanian language

deposits, or what the benchmark (policy) rate is. A very important concept addressed here is also the compounding. Loans and debts are briefly discussed and details are given on how their repayment is calculated.

- **Financial tips:**
In this third chapter the author provides tips on how everyone may become independent, be aware of inflation and make the right decisions about savings and anticipate the potential risks of her/his investments.

As we have said, this book is a valuable endeavor on the long road to financial education and we have brought it to all readers with a great dedication. We invite you to browse and share it with your family or friends!

"It's never too early to learn smart financial habits. Even saving a portion of your weekly wage or planning a monthly portion of your wage for saving, starting from your first paycheck, is a skill that, if acquired at a young age, can last a lifetime."

SOCIAL DEVELOPMENT GOALS

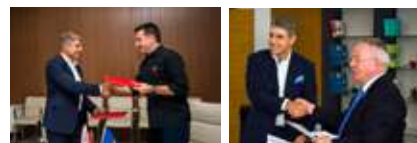


Supported:

- "Përparim Tepelena" Hospital in Tepelenë, for purchasing air conditioners for blood collection room and maintenance of laboratory kits.
- "Xhavit Mara" Hospital in Mat district, for purchasing laboratory equipment.
- reconstruction of Kindergarten No.2 in Peshkopi, as well as the purchase of teaching materials.
- Albanian Red Cross, Tirana branch, with 100 food packages, which were distributed on Christmas Day to families in difficult economic conditions.
- the organizing of virtual training: "Road to success 2021", whose proceeds went to support various social initiatives (causes).
- "Pro Pak" Center, run by the Down Syndrome Albania Foundation, in organizing the End-Year party, where gifts to 45 children were distributed.

October 15th, ABI Bank joined the symbolic walk, organized in Tirana, as a platinum sponsor of this campaign.

- Women and Girls community shelter in Tirana. The project aimed to improve the physical conditions of internal spaces and provided different materials for art therapy to women and children, victims of domestic violence.
- World Vision Albania, for the "HelloLife" Program, by helping children with disabilities in Lezha municipality and Administrative Units of Balldre, Blinisht, Dajç, Kallmet, Zejmen, Kolsh, Shëngjin.
- "My Key" Foundation, in the frame of "Christmas Shoes" Project, where 100 pairs of children's shoes were donated to families in need, in the remote areas of Shkodra, Korça and Lushnja cities.
- 56 families in need, in cooperation with "Food Bank Albania". The ABI Bank and ABI Invest staff voluntarily undertook the initiative of donating food products, on the eve of end-year holidays.



Supported:

- for the fifth consecutive year, the YWCA Albania campaign, with the motto: "The pink ribbon reminds me". On

- the construction of tennis courts in "Petro Nini Luarasi" school, in Tirana.
- the restoration of St. Athanasius church in Voskopoja.
- the cinematographic production: "Planting Trees".
- the National Theater of Opera, Ballet, and Folk Ensemble.



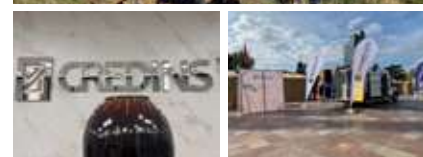
Supported:

- the purchase of electronic devices to improve teaching activity in "Rakip Kryeziu" agricultural high school, in Fier.
- "Seit Gaçi" 9-year school in Stjar, to improve the working conditions.
- Pustec Municipality, Liqenas and the Military Department no.1001, Zall Herr, by donating different equipment to improve their working conditions.
- Albanian Basketball Federation for the event: "3X3 Basket Tirana".
- the Embassy of the Republic of Albania in Ankara, for organizing the festivities of Independence Day of Albania, on November 28th.
- the General Consulate of Albania in Istanbul, for organizing the event on the occasion of Independence Day of Albania.
- the Health Care Local Unit in Fier, for purchasing and donating some electronic devices.
- General Directorate of Industrial Property (DPPI) with the purchase of IT equipment.
- the initiative of Kamza Municipality: "Afforestation of Lake Paskuqan".
- "Yunus Emre" institution for organizing a special event for students.

- Public Health Institute, to meet the standard requirements for providing a good service to the public.



- In cooperation with the Red Cross, food packages were distributed in Vlora, Shkodra and the surrounding areas.
- The bank continued its support for two children of "SOS Village".
- This year participated in the "Albania Works the Land" fair, too.
- Supported "Dominic Scaglione, Albanian Children Foundation.
- Donated computers to "Mehmet Akif" school.
- "Tirana Inc", a program that brings together students from several universities in Tirana, who provide their innovative ideas for start-ups in many fields and industries, with international partners, such as: "EU for Innovation", "Preneurz Amsterdam" and "GIZ". The bank staff delivered some lectures to these young people, at Credins Bank Head Office.
- Even this year, the bank was the main partner sponsoring "Uplift Albania 2021" accelerator, a program which extends to 3 different countries: Albania (host), Kosovo and North Macedonia.



- Te bank donated musical instruments for talented students of the "Martyrs of Youth", 9-year school.
- It supported: "Leader for one day" initiative, by JA Albania.
- It helped in planting 20 linden trees, near Paskuqan Lake.
- In cooperation with Tirana Municipality, it organized an activity for planting trees in Shkozë.
- Credins Bank joined the UN Global Compact, by supporting the 10 Principles based on the 4 main pillars: human rights, employment, environment, and anti-corruption.

Credins Bank supported the following institutions:

- Shkodra Municipality, IECD Vaqar, UKKA- Kavaja, OSHKSH Shkodër, Golem Health Center, Helmas Health Center, Luz i Vogël Health Center, Red Cross, Berat, Health Center No.1 in Berat, through donations of office equipment.
- Kavaja Municipality-MZSH, ASHK Gjirokastrë, State Inspectorate of Labor and Social Services, Directorate of Rescue and Fire Protection, Red Cross, Fier branch, Kodër-Kamza Health Center, by donating offices equipment, such as printers, copiers, and computers.
- Shkoza Community Center for its rehabilitation, through donations of equipment and furniture for completing the canteen.

Credins Bank supported:

- "One Man Show" theatrical play.
- the climbing activity with "Rock Tirana".
- "God created the world for love" Poetic Evening.
- "RedLipstick" event.
- "Christmas in Tirana" Festival.
- "Gravity forms of spiritual" Exhibition, by artist Anjeza Kolevica.
- the Albanian Sports Federation (FSHSU) in the handball game between the youth teams.
- the Albanian Federation of School Sports, in the publication of book: "How to grow up healthy".
- the Pop Art Festival.



- On the occasion of Dritëro Agolli 90th birth anniversary, the "Dritëro Agolli" Foundation organized special cultural and social events, supported by Fibank as a general sponsor. "Dritëro Agolli" Foundation published his book: "A ballad for me and my father".
- Throughout October, Fibank developed an awareness filter on Instagram, which was used to post and distribute selfies by staff and customers. This event was a way to



raise funds for breast cancer research.

- On November 5th, Fibank, in cooperation with Red Cross, organized a blood donation event.
- Fibank supported the awareness campaign by the Bank of Albania for the proper use of our daily terminology for the Albanian Lek
- It supported the activity: "NPO - Business Speed Dating - Creating an Effective Partnership Between Civil Society and the Business Sector".
- It supported Down Syndrome Albania, by buying greeting cards made by children of this foundation.



The bank invited employees to celebrate:

- October 4th, World Habitat Day.
- October 10th, World Mental Health Day.
- October 16 & 17th, International Food and Poverty Eradication Days,
- November 14th, World Diabetes Day.
- December 4th, World Bank Day.
- December 8th, World Youth Day.
- December 10th, World Human Rights Day & closure of the

campaign for against women violence.

- December 20th, International Day of Human Solidarity.
- Launched: "Share your Smart Story" initiative, where bank employees shared their experiences during the pandemic period.
- For the second time, the bank joined the largest sporting event in the country: @ tiranamarathon, in support of the cause: run @ # WithRefugees.
- During breast cancer awareness month, the bank staff invited all women to make necessary check-ups periodically, under the slogan: "Life is precious, take care of it! Get Examined!" The bank also prepared a video, in this regard.
- On November 5th, it participated in the celebrations for World Savings Day and organized the fourth event: "SAVE: The Ideal City".
- On November 25th, the International Day for the Elimination of Violence against Women and Girls, it joined "UN Women Albania" in the 16 Days of Activism against Gender Based Violence.
- For the 11th year in a row and for the second time in a year, the bank employees joined the voluntary initiative for blood donation.
- The Bank joined the new awareness campaign of the



Bank of Albania: "Neither old nor new, I am just LEK!".

- During 2021, ISBA recorded a total of 34 videos of financial education and broadcasted them on the A2CNN television channel.



- Raiffeisen supported the rehabilitation of one of squares in the neighborhood No.4, in Saranda.
- Puppet Theater: "Water Drop" was the year-end surprise for children of 8 Social Centers in Tirana. The theater was held in both social centers, which are supported by the Stepic CEE Charity Foundation. The bank also donated the book: "Santa's trip to the city of 1001 Windows".
- Thanks to Raiffeisen annual initiative: "We take care of the heart", it distributed 250 food packages for some families in need in the municipal unit No.6, in Kombinat.
- Raiffeisen Bank signed the cooperation agreement with UNFPA Albania, as a champion company for a family-friendly work environment.
- Technology is the main ally of learning for blind children, which is why Raiffeisen, in the last two years, has provided cutting edge assistive technology tools for this community of

students, with the aim of providing an independent study environment.

- On December 6-8th, Raiffeisen, in cooperation with National Authority for Electronic Certification and Cyber Security, supported #CyberCampAlbania.
- On the occasion of November 20th, the International Children's Day, it supported "Window of Knowledge" community daily center, which is supported by "Stepic CEE Charity" Foundation, by organizing several activities with children of the center.
- The bank provided 165 beds for children of Kindergarten No.1, Kukës.
- Climate change tops the list of concerns around the globe, so in support of such a cause the Head Office of Raiffeisen Bank was illuminated in green, throughout November.
- Raiffeisen supported the 5th edition of Tirana Marathon.
- During the month dedicated to the fight against breast cancer, Raiffeisen Bank showed solidarity by turning on pink lights at Head Office, throughout the month of October.
- Gert to know more about the bank, its products, and services; this was the goal of Edubanking, which was made possible by Raiffeisen Bank. In each series of videos, banking terms and processes were explained, as simply as possible.



- For the second year in a row Raiffeisen supported the project: "Secret Santa", by surprising and making happy many children with gifts, on the occasion of the end-year holidays.
- Raiffeisen, in cooperation with "Albania the Beautiful", support for the second year in a row the promotion of Albania, through the project: Albania Greets. The end-of-year wishes came through postcards with images from the most beautiful destinations of some cities in Albania.

- On October 17th, 2021, the Tirana Municipality organized the 5th Edition of "Tirana Marathon". The bank's representatives ran under a single slogan: "RunForGreatness".
- EBRD presented the results of the GEFF program. As part of this program and to appreciate all efforts of the staff, the award from the EBRD is a donation of 20 trees and their planting throughout the Western Balkans, on behalf of OTP Albania. Their planting took place in mid-November 2021.



otpbank

- Following the support of art and education of children to follow it, OTP Bank Albania supported "Elf Workshop", a 4-day project.
- "Square of Power" is the newest Albanian miniseries, dedicated to media freedom and freedom of expression in our country. OTP Bank Albania offered its assistance in the realization of such a project, which raises value. #RollForGreatness.
- The HOT series - "Humans of Tirana" addressed a story with many dimensions. This production was in line with the bank's decision to facilitate the country's cinematic productions and promote local art.

ProCredit Bank

- ProCredit Bank sponsored 25 special electric chargers for electric cars of citizens in Tirana, Durrës, Shkodra, Korça, Fier, and Vlora.
- ProCredit Bank staff voluntarily supported the organization of the end-of-year party for children of Shkoza Community Center. Each employee gave a quota of money, used for the purchase of gifts, as well as books for these children.

TIRANA BANK

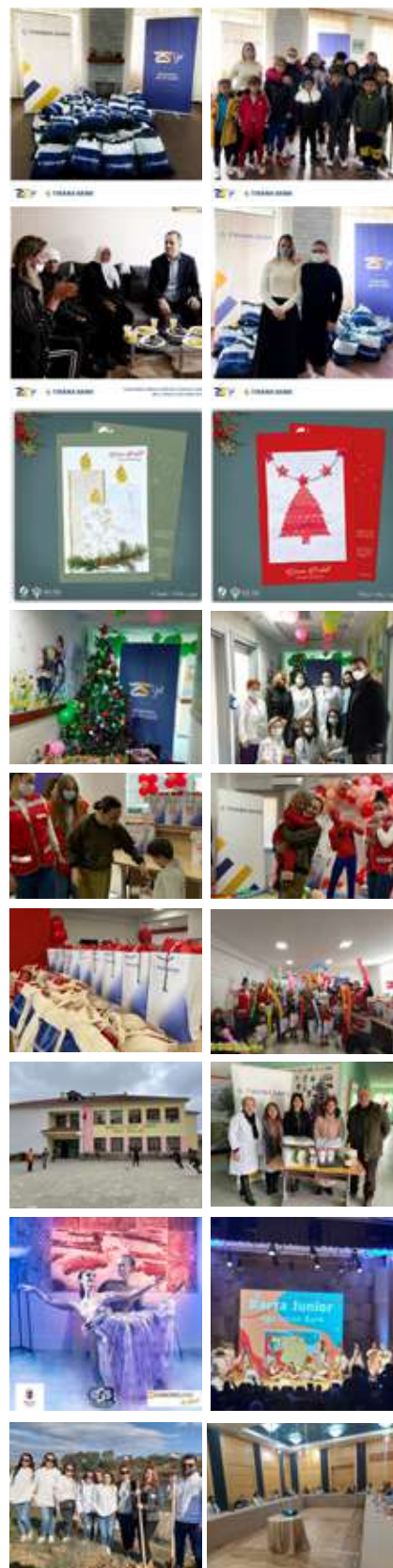
- The case of the Çokaj family, in Grudë - Fushë of Malësia e Madhe, who lived in extreme

poverty, became known from "STOP" show. At the initiative of BALFIN Group, the family has already settled in an apartment, in Shkodra. The process was made possible by Tirana Bank, as part of BALFIN Group.

- In the frame of the International Day of Children's Rights, the bank distributed gifts to "Zyber Hallulli" orphanage.
- In cooperation with Down Syndrome Albania, the bank developed an innovative strategy in order to increase funding for charity, which aims to improve the quality of life of children with disabilities.
- Donated electronic and security equipment to "Shefki Muçllari" school, Verdovë, Pogradec.
- For several years in a row, the bank has been near the children at the oncohematology ward of the Pediatric Hospital, Tirana.
- In cooperation with Albanian Red Cross, it organized festive activities for children in economic difficulties/orphans.

Ledi Bianku, Professor at the University of Strasbourg, on the application of European Law and Fundamental Human Rights Issues.

- 180 ash trees were planted in Tirana. These trees were donated by EBRD, European Union (EU) and the Austrian Embassy in Tirana. Union Bank has been a partner of the GEF project since 2018, offering Savings + Loan to its customers. The trees were a reward for Union Bank, as a partner bank, in the implementation of this program in Albania.
- Union Bank was a supporter of the activity: "Youth, future and hope", organized by the center "New Generation", on December 4th.
- At the end of the year, Union Bank sponsored "MuzArt Tirana" online show.
- The bank was among the main supporters of the activity: "Equal rights for equal opportunities", realized by the "RESS-Egnatia" association and Elbasan Regional Council.
- Supported the 5th Edition of "Albanian Cyber Academy", organized by the National Authority for Electronic Certification and Cyber Security (AKCESK).



UNIONBANK

- Organized the seminar on: "Banking and human rights", which was conducted by Mr.

AAB ACTIVITIES

AAB Assembly Meeting and the End-Year Event, organized by AAB

On December 15th, the AAB Assembly held the last meeting for 2021.

The meeting was followed by the special event of the end-year, traditionally organized by the AAB, and attended by CEOs and representatives of member banks and AAB technical committees' chairpersons. Honorary guests included Mr. Gent Sejko, BoA Governor and other representatives from Bank of Albania, Mr. Ervin Mete, Executive General Director of the Albanian Financial Supervisory Authority, and Genc Mamani, General Director of the Albanian Deposit Insurance Agency.



Meetings with the Head of General Tax Directorate

On November 12th & December 16th, AAB organized two meetings with the Head of General Tax Directorate (GTD) and other representatives from the institution, where discussed the banks' concerns related to the fiscalization process.

Financial Cyber Drill

On November 17 – 18th, 2021, in cooperation with the AKCESK, was organized the Financial Cyber Drill. The purpose of this drill was to build the capacity of the financial sector, as one of the most sensitive sectors at the national level.

Attending the Steering Committee of Ministry of Finance and Economy

On November 5th, the AAB Secretary General attended the Steering Committee of the Ministry of Finance and Economy, chaired by the Minister. The General Director of Tax Directorate (GDT) attended. At the meeting, it was decided to re-establish the technical communication between banks and GTD, on fiscalization process, as soon as possible.

Meeting with representatives from the Ministry of Finance and Economy

On October 28th, AAB organized a meeting with representatives from Ministry of Finance and Economy. The discussion focused on banking industry issues, related to the progress of the implementation of fiscalization project; the issuance of the fifth Eurobond; recent draft amendments to the law: "On prevention of money laundering and terrorist financing"; as well as issues encountered by the implementation of the law: "On the register of bank accounts".

Meeting with the World Bank, Tirana Office

On October 21st, the AAB Supervisory Board members were welcomed in a meeting by Mr. Emanuel Salinas, World Bank Manager for Albania, who expressed understanding for the concerns raised and committed to a more in-depth analysis and treatment before speaking out.



Meeting with the Minister of Justice

On October 12th, the AAB Supervisory Board members, chaired by Mr. Bledar Shella, Chairman of AAB Board, had an official meeting with Mr. Ulsi Manja, Minister of Justice.

Banks' rights, in their position as creditors for confiscated properties, the need for amendments to the Civil Code of the Republic of Albania, as well as other issues related to the private judicial bailiff service, were the main subjects discussed at this meeting.

Meeting with the Kosovo Banking Association

On October 1st, Mr. Bledar Shella, AAB Chairman, along with Mr. Spiro Brumbulli, AAB Secretary General, welcomed the visit of the Kosovo Banking Association' team, chaired by Mr. Petrit Balijsa, KBA Executive Director. The meeting focused on the banking sector in Albania and Kosovo and ended with the recommendation to strengthen and deepen cooperation.

Working dinners

The AAB Supervisory Board organized a working dinner with members of AAB Compliance Committee & Risk Committee. These meetings are organized to value people who show their dedication and commitment to the association.



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FINANCIAL EDUCATION

AAB took part in the educational activities organized during **World Investor Week**, under the auspices of the Financial Supervision Authority, and in collaboration with Albanian Network for Financial Education (ANFE) members. Among the activities conducted was the initiative: "We speak the language of financial markets" that involved 100 students from 10 high schools in the country and was organized with the participation and support of the AAB.

On October 7th, 2021, AAB organized the awarding event.

On the **International Savings Day**, on October 31st, 2021, the Online Savings Game was organized, supported by AAB and various partners: ANFE members, Junior Achievement of Albania, Albanian Microfinance Association & German Sparkassenstiftung in Albania; an event which involved 35 students from different high schools of the country.



TRAININGS

Training courses offered by the AAB during October - December 2021:

Financial Institution Analysis through Bank Simulation Game, in collaboration with Kosovo Banking Association and the support of ATTF Luxembourg, October 11-15th.

Leading as a manager coach, in collaboration with ATTF financially supported by the Luxembourg government, on December (8 sessions).

IFRS 9: Financial Instruments and Audit Perspective, in collaboration with AIIA, December 16 & 17th.

Upskilling for better knowledge sharing, in collaboration with Austrian Institute of Excellence – AIEx, on November 2 & 3rd, 2021.

Risk Management: fundamentals, in collaboration with ATTF financially supported by the Luxembourg government, November 11 & 12th, 2021.

Credit Risk and Cash Flow Analysis, in collaboration with ATTF financially supported by the Luxembourg government, on November 18-19 & 22-23rd, 2021.

Succeeding in Negotiations through professionalism, in collaboration with Network Tribe, November 25-26th, 2021



