



## SPI ALBANIA PROJECT ON REDUCING CASH TRANSACTIONS

### CONSULTATION FEEDBACK

Issue / Provision	Proposed Modification	PWG conclusion
<b>Proposals for regulatory measures to be taken by the public institutions</b>		
- Introducing maximum limits for businesses' daily cash balances;	- This limit should be adopted according to the business type; - This restrictive condition on business clients might not be helpful in reducing cash transactions.	
- Introducing obligation for professionals, merchants and Public Administration Offices not to accept cash for payments that top a determined amount;	- This should be implemented in a later stage; - There is a top limit on cash payments, maybe that has to be reduced.	
- Establishing a binding responsibility to execute credit transfers to citizens for salaries, but also for pensions and other types of public benefits by Public Administration Offices, using modern payment means (for example, pre-paid cards);	- This should be implemented in a later stage. Instead all the public institutions should facilitate (make possible) the opening of accounts in the banks in order for the employees to receive the salaries through a debit card;	
- Recognition, by the Tax Office, of the tax deductibility for some expenses only if paid through bank;	- Agreed	
- Offering incentives in case of payments	- Incentives might distort the competition among	

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through bank accounts or by cards to Public institutions;	banks for serving public institutions;	
– Making compulsory POS equipments in the tax collection/payment offices;	– Cannot make debit or credit card ownership mandatory for customers. POS terminals should be in the Tax Offices but not as the only payment method.	
– Commissioning cash withdrawals from accounts with Bank of Albania.	– Limits should be set for cash withdrawals in order to apply commissions; – Can't see the relation between BoA accounts and reduced cash transaction	
<i>New proposals as of the feedback from banks</i>		
<p>– While banks in Albania are investing on IT for improving their services offering low cost innovative products and attracting new customers using more and more advanced technologies, the public entities (state and private owned) very related to such services with banks, are not following the same trend in terms of payment infrastructure developments such as hardware, software and communication. In order to facilitate this opportunity banks need commitment of those companies, while entering on bilaterally agreement, to invest on technology in a short possible time.</p> <p>Proposal to this point is that their executive or regulatory bodies to find ways on obliging them</p>		

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to do so.		
Recognition by utilities companies of the electronic receipts, produced by ATM-s or POS terminals in order not to complicate the existing invoicing procedure by duplicating payment receipts, while performing payments to those terminals. Ministry of Finance to interfere in such liberalization. A project should start for unification of electronic payment ID-s.		
Acceptance of Direct debit products to be introduced as an obligation to utility companies for accepting such service, offered by banks to employees of companies/institutions/NGO-s etc. getting salaries with them or pensioners (who have chosen to use banks for pension payment after liberalization on January 2006).		
- Albanian Postal Office to offer direct debit for pensioners that have choose to use their service for payment of pension, also.		
Municipalities to introduce this service for individuals or SME-s for payment of yearly local taxes.		
<b>Proposals for self regulatory measures to be taken by the private institutions</b>		
For all the mentioned related direct debit	If agreed by the PWG, it should be introduced in	

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<p>products, banks in Albania should enter into the agreement for not competing each other on pricing. A common pricing policy is to be established.</p> <p>Banks should be represented as a unique body (through ABA or BoA) while dealing with the government entities/bodies.</p>	<p>the protocol as a cooperation possibility to be explored.</p>	
<p>i) provide disincentives for cash transactions through:</p>	<p>- Disincentive measures are not appropriate, rather simulating measures are a better suggestion.</p>	
<p>- change in the commissioning of cash withdrawals from ATM corroborated with an increase in the daily limits for cash withdrawal from ATMs;</p>	<p>- Cash withdrawals are free</p>	
<p>- increase/introduce commissions for shops' cash transactions;</p>	<p>- A large number of people do not have bank accounts and cards. Shops will lose trade. In addition there will always be cash transactions for small value items.</p>	
<p>- application of differentiated commissioning policy for different types of customers (individuals, micro businesses and larger enterprises);</p>	<p>- Cash or electronic?</p>	
<p>ii) stimulate the use of non-cash payments through:</p>		

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<ul style="list-style-type: none"> <li>- additional incentives to shops for using POS such as better interest rates for overnight deposits, better interest rates for loans, etc;</li> </ul>	<ul style="list-style-type: none"> <li>- Agreed</li> </ul>	
<ul style="list-style-type: none"> <li>- targeting primarily merchants that sell high value goods for developing POS network;</li> </ul>	<ul style="list-style-type: none"> <li>- Replace “<u>merchants that sell high value goods</u>” with “<u>merchants with high turnover</u>”</li> </ul>	
<ul style="list-style-type: none"> <li>- not charging customers for payments through POS;</li> </ul>	<ul style="list-style-type: none"> <li>- Agreed</li> </ul>	
<ul style="list-style-type: none"> <li>- increasing the geographical cover of the country with POS and ATM devices</li> </ul>	<ul style="list-style-type: none"> <li>- Agreed</li> </ul>	
<p><b><i>New proposals from feedback</i></b></p>		
<ul style="list-style-type: none"> <li>- Establishment of a common ATM and POS network for the entire banking system with unified tariffs and limits.</li> </ul>	<ul style="list-style-type: none"> <li>- For POS. Instead of each bank having to make individual agreement with merchants for the POS (a shop may have 3 -4 POS-es from 3-4 banks), have a unified network, and therefore the merchant will have only one POS in which all cards are treated under the same conditions. Benefits: the banking system with the same costs can expand the POS network (instead of 4-5 POS for 1 shop to have 4-5 shops with 1 POS for the same total cost); consumers will have a better access to the overall system and will not be constrained to use only one bank’s system.</li> </ul>	

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	<ul style="list-style-type: none"> <li>- The same rationale for ATM: clients to withdraw money from every ATM without commission or the whole system to apply a unified commission policy.</li> </ul>	
<p><b><i>Banks to enter in an agreement for increasing card usage, improvement of the quality of card-related financial services and improvement of card use security in Albania.</i></b></p> <p>The agreement' aim should be for such cooperation not to result in restricting the competition in the marketplace.</p> <p>Main points of the agreement to cover:</p> <ol style="list-style-type: none"> <li>1. Unification of the merchant acceptance procedure. (Balance sheet, site inspection, previous merchant agreement, legal documents based on internal regulation for opening an account)</li> <li>2. For a certain time, the banks should agree not to compete on pricing while they dealing with merchants of the other banks. At least they should "match", because if the merchant commission we will be reduced infinitely, this: <ul style="list-style-type: none"> <li>a) will tend to zero commission (mean killing business since in the beginning)</li> <li>b) will confuse and distrust merchants which are still sceptic on benefits of this service, - they will</li> </ul> </li> </ol>	<ul style="list-style-type: none"> <li>- If agreed by PWG, this agreement should be referred to in the protocol.</li> </ul>	

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<p>always think that this is profitable business for banks and not for them .</p> <p>3. Placing fraud prevention measures (written warning, suspension, and Merchant contract termination)</p> <p>4. Merchant training commitment/ obligation<sup>1</sup></p>		
<p>– decreasing in the commissions for credit transfers (payment orders) based on their increasing standardized and automated processing and the settlement (STP);</p>	<p>– Agreed</p>	
<p>– increasing transparency with the clients regarding the use of card payments (for example, clients should be provided regularly with monthly statements for their bank accounts and for the use of credit cards);</p>	<p>– Monthly statements are provided on request at the branches. A poor postal system and the inability to securely deliver confidential information prevents monthly statements being sent to customers;</p> <p>– People get that statement</p>	
<p>– developing new non-cash payment methods (electronic) such as mobile -payments (M-payments), given the wide spread and territorial penetration of mobile communication;</p>	<p>– Add: Increased ATM functionality, telephone banking and internet banking are all priorities</p>	
<p>– promoting e-money to individual costumers, supporting non cash payments of even small values, and also the preservation of their</p>	<p>– Agreed</p>	

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anonymity.		



<sup>1</sup> In addition to merchant training by individual acquirer bank, common merchant training should take place, by creating the trainee groups with participants from different banks, for training the group of merchants as per merchant category on Card features, POS features, Card security features, Chargeback procedures. Card Fraud Committee can be used for organizing such trainings; banks can contribute on financing, hosting, preparation of training materials etc.