



SPI Project on the impact of IFRS implementation on the Banking regulatory framework

Project Objectives

- To interpret the Decision of the Ministry of Finance for the timing of the application of IFRS standards.
- To assess the impact of IFRS implementation in banking regulatory framework by preparing a list / identifying the affected laws, bylaws, regulations and guidelines.
- To assess the main areas of impact and the general sense of the changes to be brought to the regulations.

Project Management Team

Project Owner (PO): Indrit Banka, Supervision Director, BoA

Project Manager (PM): Miranda Ramaj, Supervision Deputy Director, BoA

Deputy Project Manger (DPM): Armand Muharremi, Head of Finance Department, Banka Popullore

Minutes

Fourth meeting

October 29, 2008—AAB premises

Attendees: Miranda Ramaj, BoA (PM)
Armand Muharremi, Banka Popullore (DPM)
Ilir Pustina, BoA (member)
Julia Manushi, Raiffeisen Bank (member)
Lyela Rama, AMF (member)
Skender Emini, BKT (member)
Zinaida Cako, BNT (member)
Merita Musliu, EB (member)
Gertjana Mucaj, AB (alternate member)
Enita Shallo, AB (member)
Silvana Osmani, ABA (alternate member)

SPI Albania Secretariat

Mrs. Anuela Ristani, Director of Operations, anuela.ristani@spi-albania.eu

Ms. Elona Bollano, Director of Analytics and Policy, elona.bollano@spi-albania.eu

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Rezarta Kocollari, NBG (alternate member)
Nuriona Sokoli, Deloitte (member)
Elona Bollano, SPI Albania, Director of Analysis and Policy
Anuela Ristani, SPI Albania, Director of Operations

AGENDA

- I. Project Activity Brief
- II. Discussion on the second set of regulations (moderately impacted by the IFRS implementation)
- III. Project Document on PWG recommendations (Discussion and Agreement)
- IV. Conclusions and distribution of tasks
- V. Closing Remarks

I. Project Activity Brief

- SPI Secretariat and the Project Management Team for IFRS Implementation met with the Deputy Minister of Finance Mr. Florjon Mima, and Mr. Ylber Beizo, Head of the Accounting Department in the General Directory of Taxes to discuss on changes in tax reporting introduced after IFRS implementation. The tax authorities are aware of all changes that will be introduced through IFRS implementation and are going to make proper regulatory amendments to the fiscal law. Their current plan is to introduce a reconciliation table that provides for the different provisioning and the difference that exists between local and IFRS reporting.
- In response to the question raised from the PWG during the third PWG meeting, NAC reported through SPI Secretariat that they are the institution responsible for the translations of the IFRS updates and they will be released in Albanian and posted on their page before the end of the year.
- The SPI Secretariat in collaboration with BoA sent a request to the PWG members representing the banks for contributing through their reconciliation tables that identify the differences between the entries as per IFRS versus Bank Accounting Manual standards, as well as the specific references to these differences.

II. Discussion on the second set of regulations (moderately impacted by the IFRS implementation)

The PWG managed to cover all the issues for the regulations included in the second group: Regulations that will be moderately affected by the implementation of IFRS. (Please refer to the APPENDIX: Group II- Medium Priority Regulations)

III. Project Document on PWG recommendations

The SPI Secretariat presented the Project Document on PWG recommendations. This document represents all PWG work done so far with regards to the suggested changes in the BoA regulations as a consequence of IFRS implementation.

Based on the professional and practical experience in reporting under IFRS, the documents prepared by SPI Secretariat on Albanian experience, the main findings of the banking survey, the International experience on IFRS implementation in Europe and changes brought, the Project Working Group Members, discussed and agreed on a categorization of the regulations, with reference on the amending priority and on depth of impact, giving the sense of change.

PWG recommends that BoA follows the below **action plan** for the issuing the amendments in order to harmonize the banking framework with the IFRS platform, adjusted by the necessary prudential concerns:

I. First phase:

- Revises and sets the principles on the treatment of the chart of accounts and on the reporting scheme for regulatory purposes – this includes detailed guidance on preparation and presentation of the schedules required for the purpose of meeting the Bank of Albania regulatory requirements;
- Starts the procedures for a detailed revision and adaptation of the first group of regulations – highly impacted by IFRS implementation.

II. Second phase

- Embodies in regulations the identified changes;
- Starts the procedures for a detailed revision and adaptation of the second group of regulations –moderately impacted by IFRS implementation.

The PWG approved the document without any objections.

VI. Conclusions and distribution of tasks

- SPI Secretariat will send the meeting minutes and the revised drafts of the documents for final approval to the PWG
- SPI Secretariat will present the PWG recommendation to the SPI Committee and will follow up on their enactment.
- The PWG will complete the SPI Secretariat Evaluation Form and send it to the SPI Regional Operations Director, Ramona Bratu (Ramona.bratu@convergence-see.eu)

VII. Closing Remarks

SPI Secretariat thanks the PWG members for their remarkable contributions for this project and for their feedback through the evaluation forms or individual contacts.