



Document prepared by Endrita Xhaferaj,  
SPI Director for Financial Program Modernization and Analytics

## “Scoping of Problem” Document

### Project: Enhancing Banks’ Liquidity Risk Management

#### Section 1 Project information

PUBLIC-PRIVATE FINANCIAL SECTOR MODERNIZATION MATRIX					
Italian Banking Association CRITERIA	European Central Bank CRITERIA				
	Asymmetric information reduction	Completeness of the market	Increased opportunities to engage in financial transactions	Reduced transaction costs	Increased competition
Business development					
Industry competitiveness		X			
Industry reputation					

**Short description of the context:** Bank of Albania is seeking to enhance banks’ liquidity risk management by reviewing the regulatory framework according to international guidelines and best practice.

The actual regulatory framework provides only principles for the liquidity management, and banks have the liberty to manage the liquidity level based on principles set by the BoA, with no quantitative prudential ratios (thresholds).

BoA is considering the introduction of quantitative minimum/prudential ratios, in order to prevent the occurrence of systemic liquidity difficulties.

**Stakeholder proposing the project: Bank of Albania**

**Other Stakeholders involved (sponsors): AAB and Banking community.**

**Project objective:** to enhance banks’ liquidity risk management by reviewing the current regulatory framework according to international guidelines and best practice, including introduction of quantitative prudential ratios, in order to prevent the occurrence of systemic liquidity difficulties.

#### **Description of the project contribution toward financial modernization:**

Effective liquidity risk management helps ensure a bank's ability to meet cash flow obligations, which are uncertain as they are affected by external events and other agents' behavior.

#### SPI Albania Secretariat

Anuela Ristani, Director of Operations, [anuela.ristani@spi-albania.eu](mailto:anuela.ristani@spi-albania.eu)  
Ms. Endrita Xhaferaj, Director of Financial Modernization Program & Analytics, [endrita.xhaferaj@spi-albania.eu](mailto:endrita.xhaferaj@spi-albania.eu)  
Address: Twin Tower I, Kati 6, Apt. A3. Tirana, Albania. Tel. +355 42 280 359; Fax. + 355 42 280 371  
[www.spi-albania.eu](http://www.spi-albania.eu)