

SPI ALBANIA PROJECT PIPELINE

No.	Potential SPI Project	Background information	Category	Proposing institutions
1.	Reducing cash transactions	Cash is the most preferred means of payment by Albanian customers, due to tradition, lack of knowledge and trust in account operations, and fiscal reasons. Cash is cost and operational risk bearing and banks consider that its use should be discouraged or limited.	Industry competitiveness	Italian Development Bank American Bank of Albania Tirana Bank BKT Alpha Bank RZB
2.	Facilitating agricultural lending	Farmers have difficulties in borrowing from banks due to lack of collateral (titles on the land being not clear, farmers cannot mortgage it). Micro-financing institutions are lending small amounts to farmers, but at very high costs. The collateral issue could be solved by establishing a guarantee fund for agriculture.	Business development	International Commercial Bank (for other banks farmers are not target clients) RZB
3.	Facilitating lending to tourism	The lack of a regulatory framework hinders the development of a bankable environment	Business development	International Commercial Bank Alpha Bank RZB
4.	Facilitating lending to PPPs	Many of high value infrastructure projects are undertaken by PPPs. In Albania, there is no specific PPPs regulatory framework	Business development	International Commercial Bank Tirana Bank
5.	Strengthening the stock exchange	Although in Albania there is a stock	Business development	International Commercial

		exchange, it has no proper regulations for transacting.		Bank Alpha Bank RZB
6.	Lending to municipalities	There is no legislation on municipal bonds issuance.	Business development	International Commercial Bank Tirana Bank BKT Alpha Bank RZB
7.	Increasing mortgage loans	The mortgage registration procedure is very long. An electronic register would facilitate this process. Banks also would like to have registered mortgage on unfinished buildings (it seems there is a WB project – to be checked). The lack of a city address system impedes property registration and prevents potential borrowers from using their property as collateral for bank loans	Business development	International Commercial Bank Tirana Bank Alpha Bank RZB
8.	Improving credit risk in consumer lending	The credit risk in consumer loans is appreciated as very high due to the lack of proper identification system (ID cards and addresses). The issue regards, in fact, all banks' relationship with clients because of the impossibility to properly identify and know the customers.	Industry competitiveness	American Bank of Albania Tirana Bank Italian Development Bank Alpha Bank

		Lack of a properly functioning registry for vehicles is a serious disincentive for car loans		BKT
9.	Improve corporate/consumer lending	Introducing sharing of positive information on clients is seen as useful credit-bureau feature to improve lending	Business development	Italian Development Bank
10.	Improving auction procedures for buildings	Banks complaint that the auction procedures for selling the mortgages are too long. When auctions go unattended, banks are legally obligated to purchase the auctioned buildings at a price representing a certain part of their market value.	Industry competitiveness	International Commercial Bank Tirana Bank BKT Alpha Bank
11.	Facilitating leasing process	There is no proper legal framework for leasing activities.	Business development	Tirana Bank
12.	Developing scoring card system for individuals	Banks feel the need to have a scoring system for individuals. The establishment of the Credit Bureau is the ground for building it.	Business development	Tirana Bank
13.	Improving KYC policies	Electronic Register of Commerce	Industry competitiveness	Tirana Bank
		On-line system for customs, tax offices, courts, etc.		Italian Development Bank
14.	Better credit risk management	Access on statistics on industries and sectors. There is an institutions that collects and manages the information - INSTAT – and it should be	Industry competitiveness	Italian Development Bank Alpha Bank

		developed.		
15.	Facilitating expansion of banks activities	In Albania, tax on profit is paid in advance, based on the budget projections. This prevents banks of gaining income from placing the respective amounts. At the same time, the netting procedures are very long.	Business development	Tirana Bank Alpha Bank
16.	Improving the lending environment	Due to taxation level, Albanian companies don't keep an accurate evidence of their transactions. Accounting standards are very poor. Considering the official balance sheets, most companies are not creditworthy, although there are some other indications on the real situation. Banks have to rely on unofficial statements and various proxies for appraising the credit risk.	Business development	All banks
17.	Facilitating structural lending	This is considered necessary to finance infrastructure in rural areas	Business development	Tirana Bank BKT
18.	Optimizing Anti-Money Laundering Reporting	Requirements for (e.g., on reporting) banks should be better defined, and practices should be harmonized	Industry reputation	AAB Alpha Bank
19.	Improving write-off of bad debts	International best practice should be introduced		AAB
20.	Regulating bank communications of "effective" interest rate (EIR) offered to customers	Precise and uniform methodologies to calculate the EIR should be introduced to facilitate interbank comparisons from customers	Industry reputation	AAB

21.	Consumer financial education	A massive program should be introduced to improve education, awareness, and responsible borrower behavior	Industry reputation	AAB BKT Alpha Bank
22.	Account stopping/blocking	An appropriate regulatory framework is lacking		BKT Alpha Bank
23.	Strengthening bank staff	Training programs felt necessary at the industry level. Possible cooperation with Academia	Business development	BKT International Commercial Bank Alpha Bank RZB
24.	Securitization	Lack of regulatory framework felt	Business development	BKT Alpha Bank
25.	Financial ombudsman	Banks need out-of-court systems	Industry reputation	AAB Alpha Bank
26.	Strengthening the AAB	The association is “dysfunctional, ineffective, and non credible”	Business development	American Bank of Albania Alpha Bank
27.	Developing pension funds	There is no regulatory framework for pension funds	Business development	RZB
28.	Secondary regulations for implementing Banking Law provisions	Some of the Banking Law provisions should be detailed in secondary regulations with input from banks	Industry competitiveness	RZB
29.	Rationalizing security/safety requirements	The regulation on banks’ safety should take into account the insurance contracts covering the same risks.	Industry competitiveness	RZB Alpha Bank Popular Bank
30.	Rationalizing reporting to BoA	Banks spend a lot of resources in preparing and sending reports to the BoA, Banks and BoA should look for a solution to ease the reporting burden	Industry competitiveness	Union Bank

		while addressing also BoA concerns on prudential and stability issues.		
31.	Avoiding reverse effects of regulations	For example, the way of calculating FX position creates a real exposure to risk for banks.	Industry competitiveness	Union Bank
32.	Improving stability in the regulating environment	BoA to improve transparency in planning regulations and to harmonize the implementation as much as possible with the business cycle	Industry Competitiveness	Union Bank
33.	Harmonizing accounting policies	Fiscal and BoA accounting regulations should be harmonized (for example, discrepancies in treating the fixed assets depreciation).	Industry competitiveness	Union Bank
34.	Improving Government transparency	Banks do not have updated information on regulatory changes	Industry competitiveness	Credins Bank
35.	Improving transparency and equal access to guarantee funds	There are some guarantee funds established but only some of the banks have information on them or access to them (for example, the guarantee fund for electricity suppliers)	Business development	Credins Bank
36.	Reducing paper-based documents	Any measure decreasing the amount of paper used would be welcome and would reduce banks' costs.	Industry competitiveness	Popular Bank
37.	Improving access to basic banking products	Banks should provide some basic products and services to affordable prices in order to stimulate people to use bank accounts.	Industry reputation	Popular Bank

38.	Improving FX market	There are no forward transactions on the market. There are no regulatory provisions or industry standards for this market	Business development	American Bank of Albania Procredit Bank
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