



# European University of Tirana

## SPI Albania Projects Seminar

### Minutes

15 January, 2009—EUT premises  
11:00 – 13:00

#### **Attendees:**

Banking and Finance Second Year Students  
Ass. Professor Evis Gjebrea  
Ass. Professor Ermela Kripa  
Rector and Professor Asoc. Dr. Adrian Civici  
Ms. Elona Bollano, SPI Albania Director of Analysis and Policy  
Ms. Anuela Ristani, SPI Albania Director of Operations

#### **SPI Albania Secretariat**

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Ms. Elona Bollano, Director of Analytics and Policy, [elona.bollano@spi-albania.eu](mailto:elona.bollano@spi-albania.eu)  
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## **Agenda**

### **Part I – Presentation of the SPI Albania modernization platform Targeted audience: Banking and Finance Second Year Students**

- I. Welcome address – EUT academic staff  
Cooperation between EUT and SPI Albania – Mr. Adrian Civici, Rector EUT  
[10 min]**

**(Signing of the Memorandum of Understanding)**

- II. SPI Albania General Framework and Project Management – Ms. Anuela Ristani, SPI Albania Director of Operations**
- Structure
  - Current Projects
  - Project Management

### **Part II – SPI Albania Methodology**

- III. SPI Albania Methodology – EU Better Regulation – Ms. Elona Bollano, SPI Albania Director of Analytics and Policy**

**Questions & Answer Session – EUT academic staff**

#### **I. Welcome address**

EUT Rector Dr. Civici welcomed SPI Albania Secretariat and made a brief introduction of the EUT-SPI Albania initiative that comes as a concrete action towards the integration of EUT students in the working environment. The Rector invited SPI Albania Director of Operations to sign (on behalf of the SPI Albania Acting General Manager and Regional Director of Operations, Ms. Ramona Bratu) the Memorandum of Understanding that highlights the terms and conditions of the collaboration between SPI Albania and the University.

#### **II. SPI Albania General Framework and Project Management**

The SPI Secretariat presented to the audience the SPI Albania partnership, lead by a high level public-private Committee with representatives from BoA (First Deputy Governor), AAB (Chairman) and the Head of Convergence Program (World Bank) as well as 3 Permanent Observers (MoF, AMF and Market Surveillance Department-METE). The partnership's objective is to support Albania's financial sector modernization by undertaking specific regulatory and self regulatory projects.

SPI Secretariat described the organizational and Project Management structures that lead all the SPI project initiatives from the conception of the project proposal until the enactment procedures for each project outcome.

SPI Secretariat orchestrates different working groups for each SPI Project. SPI Albania is paying a particular attention to the banks' fair participation in the SPI projects, seeking for all banks' participation in the SPI projects and for a balanced representation of all banks' segments (small, medium and big) in each project. SPI Secretariat consults with AAB to obtain its opinion with regards to the configuration of the groups and then sends the proposed list of banks participating in each project to the entire AAB community. This way, banks' top management is informed on the different projects running and chooses to participate in one project versus another or participate in more projects than assigned. After feedback from the banks, the groups are adjusted, always respecting the formula of fair representation for a maximized legitimacy, and invitation letters, outlining Project Working Group (PWG) member's desired area of expertise, are sent out to the respective CEO's for appointing their representatives.

Once the PWG is assembled, SPI Secretariat calls its first meeting where all stakeholders will be given the possibility to represent their views with regards to the problem at hand.

The SPI Secretariat gave a full picture of the completed projects for a better understanding of the SPI Albania functionality of the students, especially of those who are interested to get involved during the work process.

a. The Impact of IFRS (International Financial Reporting Standards) Implementation on the Banking Regulations

The project is concluded with the approval from the PWG of the final document on amending the Banking Regulations for IFRS Implementation. The PWG recommendations referred to the banking regulations to be amended and the amending priorities for facilitating IFRS implementation. SPI Committee approved the PWG Recommendations as presented during its November meeting. The Recommendations were sent by the Governor to the respective BoA department which is currently working on individual regulations.

The importance of this project did not lie only on the actual suggested regulation revisions from the banks' representatives and professional auditors, but also on the fact that BoA had the opportunity to better understand the real challenges faced by the banks due to the mandatory double reporting (according to IFRS and to local accounting standards).

b. Improving Auction Procedures for Immovable Collateral under Foreclosure

SPI Committee approved PWG Recommendations on the bailiff service and on Civil Procedure Code amendments in its November meeting and forwarded them to the Parliament and Ministry of Justice. On December 11 and 29, the Draft Law on the

liberalization of the Bailiff services and respectively the amendments to the Civil Procedure Code (CPC) were approved by the Parliament.

The impact of this project has been particularly considerable due to important legislative developments happening in Albania during this project. The PWG recommendations on the Private Bailiff Draft Law Proposal and on the CPC changes were highly considered by the Ministry of Justice during drafting and by the Legal Parliamentary Commission during the hearing session. For the first time, the Banks had the possibility to express their opinion directly to the legislators and explain the importance of facilitating execution procedures as the first and most important step towards more affordable loans and credit improvement in Albania.

#### c. Reducing Cash Transactions

The EUT students have been involved in the distribution of the cost-benefit questionnaires for this project and are much more familiar with its objectives. The PWG is aiming at proposing actions and measures to be undertaken by the Banks in order to reduce the volume of cash transactions in Albania. Inspired by a very informative presentation delivered by the Italian Association of Banks on a national scale survey that identified the costs and benefits of cash versus non-cash payments, on the occasions of the first PWG gathering, the PWG has suggested performing a similar study for Albania.

After preparing the Scoping of the Problem Document, the Note on International Experience and the Cost-Benefit questionnaire, now the SPI Secretariat is collecting the answers from banks, utility companies and businesses in order to estimate the real costs and benefits under the current volume of cash transactions. Based on the findings of the survey using this questionnaire, and of the research study, the PWG will analyze the possible options for reducing the level of cash transactions in Albania and will formulate its recommendations.

In addition to running the survey, the students might be involved in data entry and data processing after the questionnaires are filled in and collected.

#### d. Reviewing the Capital Adequacy Regulation

Reviewing the Capital Adequacy Regulation is the second BoA initiated project. In the light of the future Basel II implementation, in line with the EU integration process, BoA and the banks are gathered to review an important regulation such as the Capital Adequacy. Right now the Secretariat is working on the Baseline of Capital Adequacy Framework, after the PWG has agreed on the Terms of Reference, Scoping of the Problem document and the Cost benefit qualitative analysis.

As in other projects, interested EUT students may be involved in research, data collection and processing as well as operational aspects related to the management of the project.

### e. Improving Consumer Financial Education

While running projects that improve the business-doing for the banks, different stakeholders rightly observed that there would be no benefits for the economy as a whole if the diversification, cost-efficiency, affordability and convenience of the banking products were not communicated and understood by the consumers. While BoA has been working to improve consumer financial education, the other actors such as the consumer protection agencies and associations need also to develop a strategy and coordinate their initiatives for the targeted audience. Banks should also be involved in consumer education issues as a higher level of financial literacy could generate an increase in their business or could diminish their exposure to risks.

While all other projects are mainly quantifiable and regulatory, the Improvement of consumer Financial Education requires creativity and ideas that are adaptable and implemental for the Albanian market and its consumers.

The EUT students are invited to bring their research on similar practices elsewhere, their ideas or any other proposal they might think of to be part of this project and assist the SPI Secretariat build together with the PWG an Albanian strategy for improving Consumer Financial Education.

### **III. SPI Albania Methodology – EU Better Regulation**

SPI Secretariat presented the methodology followed for every SPI Albania project. After the Terms of Reference are endorsed by the SPI Committee and reviewed / approved by the Project Management Team (PMT), the PWG first target is identifying the problem and its causes (a market or a regulatory failure) in order to understand if it creates the case for a regulatory intervention or for self-regulatory actions. PWG defines the policy objectives to be achieved with this project and considers if ‘do nothing option’ could be a solution and its costs. PWG identifies then the possible regulatory/self-regulatory policy options that could be envisaged for solving the problem.

Once the Scoping of the Problem is concluded as described above, the PWG is focused on the analysis of the impact that is: to identify and state the costs borne and benefits yielded by consumers, and by the regulator and regulated firms (qualitative assessment) and to collect data in order to perform a quantitative cost and benefit analysis. While SPI Albania has performed three different bank surveys, the first complete regulatory impact assessment was conducted for the Civil Procedure Code changes, where the impact of the suggested changes was measured in number of days and costs reduced for the foreclosure procedures. From an average of 390 days procedure, the new changes and amendments of on the Civil Procedure Code reduce the execution time to 270 days.

With the conclusion of the analytical work, the policy document is drafted and consultations are run with various stakeholders. The actual work of the PWG is concluded with the SPI Committee approval of the final PWG recommendation. However the PWG members, representing the professional experts for each respective project, will

stand ready to participate in further consultations with the regulators or other authorities during the enactment process.

#### **IV. Discussions and Conclusions**

Through their involvement in the SPI Albania Projects, not only do the EUT students have the opportunity to closely interact with their future potential employers (banks and other financial institutions), but they are also given an opportunity to experience a real life example of the working environment and the skills it will require for them in the future.

Moreover, SPI Albania projects, being completely documented from the initial background study of the issues tackled to the empirical study and impact assessment, provide for very interesting and valuable graduation thesis for the students. Getting acquainted with the Regulatory Impact Assessment techniques could be an asset for students, as this methodology is promoted by EU countries. SPI Albania website is a unique library of resources on the Albanian Financial Sector.

EUT academic staff Ms. Evis Gjebrea and Ms. Ermela Kripa will be permanent contact with SPI Secretariat, and will coordinate students' participation in the SPI projects (to be set up on a project-by-project basis). However all students are encouraged to visit the Secretariat, e-mail or simply get updated through the SPI Albania website at [www.spi-albania.eu](http://www.spi-albania.eu).