



SPI Albania Monthly Activity Report October 2009

I. SPI Albania Activity Highlights

The most important October achievements are:

- **Execution of Bank Accounts** – The PWG gathered for their first meeting to discuss and approve the initial documentation with regards to problem identification and international experience and decide on the follow-up actions.
- **Public Procurement of Financial Advisory Services**– The PWG members will benefit from European Union assistance through TAIEX program. The expert will elaborate on the issues related to the definition of financial advisory services in the public procurement context.
- **Central Depository Services**– SPI Secretariat, in collaboration with Financial Supervisory Authority, started to recruit the PWG members and draft the first documents as well as research various technical expertise options for this new project.

II. Detailed Analytical and Operational Activities

1. Execution of Bank Accounts – First PWG meeting

During their first PWG meeting the members approved the first analytical documents that will further guide their analytical work towards recommendations. They approved the project Terms of References, the Scoping of the Problem Document and the Note on International Experiences.

The PWG members noted that the problem of Account Execution causes banks to be ultimately faced with a conflict that is not theirs. There is a need for the regulatory framework to cover for the above issues and to update the current one with the amendments made recently to the Civil Procedures Code in regards to the execution of amounts in banks accounts and executions against the state.

Another identified problem is the lack of precise procedures when dealing with other state institutions that by law have a right to request information or execute executive titles by the banks, such as General Tax Directorate, General Customs Directorate, local government tax units. By law, this institutions have the right not only to ask for implementing an executive title but also they do have the right to check the financial situation of citizens/private entities in case they are tax debtors or when they seek financial aid. This increases tremendously the amount of work of the banks and communication traffic and the eventual modalities need to be regulated. In this perspective, clear rules and standards needs to be defined so that the banks do fulfill their obligation versus state institutions but also toward their client. The proposed amendments of the BoA regulation on execution of amounts of bank accounts would encompass all standard procedures on relationships between Banks and state institutions (Bailiff office, Tax and Customs authorities) regarding the request for information and orders to implement execution order upon execution titles.

This option will provide more certainty in the market, because it represents a more comprehensive approach to solve the problem of executing the amounts in bank accounts not only from the perspective of the banks but also from the point of view of budgetary institutions and, as a consequence, also from the consumer's perspective.

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The PWG members decided to run a questionnaire to identify the specific legal references in need of change and the proposed changes from all the second-level banks' legal departments and to have SPI Secretariat aggregate all the results for discussion in their next PWG meeting.

2. New Project: Foreign Exchange Open Positions

Proposed by Bank of Albania's Supervision Department, SPI Albania is starting a new project to enhance banks' foreign exchange risk management by reviewing the current regulatory framework according to international guidelines and best practices and introducing a new method of calculation on FX open positions.

SPI Secretariat is working in close collaboration with BoA to better understand the issues at stake and to pursue the best available option that will result in improved risk management for the entire banking system.

II. Other SPI Activities

• **Evaluation of SPI Secretariat Activities:** Aggregating 26 individual submissions, the SPI Albania Secretariat released a [Report](#) that highlights the high appreciation by the financial community of its analytical and honest broker capabilities which have contributed to the successful completion of five SPI Albania projects.

IV. Highlights of Expected November Activities

- **Execution of Bank Accounts**. SPI Secretariat will gather the questionnaire responses and prepare an analytical aggregation of the results.
- **Central Depository**: The newly recruited Project Working Group members will gather in their first PWG meeting.
- **FX Open Positions**: SPI Secretariat will recruit the PWG members and prepare for the first PWG meeting.
- **SPI Committee Meeting**: SPI Secretariat will prepare the documentation for the Fifth SPI Committee Meeting to be held in early December. Topics for discussion will be the draft SPI Albania 2009 Annual Report and plans for the 2010 activities, following the end of the Convergence Program's management assistance and financial support.