

## **Gent Sejko: Albania's path to SEPA integration, financial inclusion and education**

Address by Mr Gent Sejko, Governor of the Bank of Albania, at the Bank of Albania and World Bank Workshop "Albania's path to SEPA integration, financial inclusion and education", Tirana, 14 June 2024.

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Dear ladies and gentlemen,

I am delighted to warmly welcome you in this Workshop, focusing on two important topics: submission of application for integration in the Single Euro Payments Area (SEPA), and the importance of financial inclusion and education, as crucial issues for the development of Albania. These topics might, at first glance, seem unrelated to each other, but they share a single objective: improving the well-being and financial stability of Albanian families and businesses. If handled with responsibility, both of them might contribute to the financial and macroeconomic stability of Albania.

More than ever, the economic growth and economic stability depend on the financial empowerment of all our citizens. Due to the rapid developments in the field of: finance, artificial intelligence, digitalisation; as well as in economy and money, our commitment towards these objectives has become purposefully. Allow me first to list some of the most important developments taking place in payment systems.

The Bank of Albania, in the past year, has considerably intensified the efforts for accelerated membership of Albania in the Single Euro Payments Area - SEPA. These efforts have been materialised in touchable measures and quite optimistic.

Two days ago, the Bank of Albania officially submitted the application to the European Payments Council for Albania's membership in SEPA, ranking the first country in the Region to successfully complete this important phase of integration into the Euro payments area. It is important to highlight that the drafting of the application has been a laborious task led by the Bank of Albania, but thanks to our preparatory work and cooperation with other several public institutions, this project is being carried out successfully.

The accelerated membership in SEPA is one of the measures laid out in the Project "Payment Systems Modernization in the Western Balkans", which has become a national priority in the framework of fulfilling the New Growth Plan for the Western Balkans of the European Union. It has the support of the European Commission, the Regional Cooperation Council and the World Bank. Membership in SEPA brings multidimensional benefits to Albania in the framework of the integration process in the European Union, also as regards the Albanian economy and the domestic payment market.

Simplification, convenience and efficiency are three among the main benefits of this membership for the consumers and businesses. Through SEPA, the Albanian citizens and businesses will conduct their payments and transfers just like their European

counterparts and vice-versa. The main benefits of the Albanian economy and Albanian families will be among others in the areas of trade, tourism, remittances, and direct investments. Projections show that the Albanian economy, over the medium term, will benefit some hundred million euro from membership in SEPA.

From the integration process viewpoint, the accelerated membership in SEPA guarantees that Albanian citizens will be treated equally to their European in the field of payments. Also, it guarantees that the Albanian payments market is in compliance with the European Union legislation and practices in terms of Chapter 4 that delineates the "Free Movement of Capital", while successfully crowning the consistent and multi-year efforts of the Bank of Albania, as the institution responsible for this chapter.

Last but not least, fulfilling this objective marks the first step toward our engagement in the framework of the new Growth Plan for the Western Balkans, which will enable Albania to obtain the necessary funds to pave a sustainable path toward the EU membership in 2030, which is also our final objective.

As previously stated, we can benefit from the advantages provided by the financial instruments only through financial education and know-how. That is why the second part of this workshop focuses on financial education, which equips individuals with the necessary know-how and skills to take informed decisions on personal finances management. Albania is a developing economy, with a low level of financial literacy traditionally, thus, working in this regard can bear significant achievements.

The Bank of Albania, as a result of its initiatives, notes with a degree of satisfaction a significant increase in financial inclusion. Thus, based on official data from the national register of bank accounts, in 2023, around 78% of adults own a bank account, a figure which could reach 85%, if payment accounts of electronic money institutions were to be included as well. The higher financial inclusion has been accompanied by an increase in electronic payments. More concretely, in 2023, the number of electronic payments per capita reached 21, from 4 per capita in 2017. A considerable increase was recorded in card payments, as they reached 11 payments per capita in 2023, from 5 payments per capita in 2020.

From years, the Bank of Albania has paid special attention to financial education and literacy. In order to have a responsible approach in this regard, the Bank of Albania has approved the Strategy on Financial Education and Inclusion (BoASFEI). This document, as compiled in compliance with the best international practices, makes official the efforts of the Bank of Albania in promoting financial education as a public good for everyone, for bolstering financial inclusion, consumer protection and increasing financial welfare of individuals as well as the stability of entire financial system.

We are pleased to share this objective with various public and private institutions and organisations engaged in the area of finance, education and development, which focus their work on the enhancement of financial literacy. The common work may transform the Bank of Albania Strategy on financial inclusion and education into a national one, which would coordinate at a national level the initiatives of all stakeholders, driving to more tangible results. I am optimistic that we will reach this objective sooner rather

than later. The activity today is part of this strategy' the action plan, allowing these important collaborators to present and display their work and projects and coordinate their visions and objectives.

As we work together for accomplishing these common objectives, a special thank is addressed to public institutions that adopt policies which promote financial education and inclusion; financial institutions that develop and provide all-inclusive financial products and services; educational institutions which integrate financial education in their curricula and programs; non-government organisation that work in the field to educate and empower their communities; as well as the information technology companies and Fintech innovators who work to digitally transform the financial sector.

Before concluding, I would like to express my gratitude to the World Bank, SECO and the Swiss Embassy in Tirana, and absolutely the Albanian Government, as they are important partners in the process of drafting and implementing these challenging projects. Together, we could build an inclusive society in a financial manner, where each individual can develop and realise its own potential.

Thank you!