4 Access to finance

Access to finance is crucial for developing the private sector in all economies. This chapter, along with three sub-dimensions, explores the necessity for businesses to be able to access financing sources to start up, grow, diversify and ultimately contribute to overall competitiveness. The first sub-dimension, bank financing framework, assesses the regulatory framework of bank financing, including the quality of banking industry legal framework, registration and information systems and the policies making bank finance inclusive. The second sub-dimension, access to alternative financing sources, focuses on the various means that businesses can get financing, encompassing access to capital markets, private equity as well as factoring and leasing. The third sub-dimension, digital finance, delves into the effects of digital solutions on payment services and the emergence of new avenues for business finance.

Key findings

Albania has substantially improved its access to finance score since the 2021 *Competitiveness Outlook* (CO)– from 2.5 to 3.0 (Table 4.1). Most notably, Albania exhibits strong performance in the bank-financing framework, securing the second-best regional score of 3.7. Furthermore, the economy has made notable efforts in developing digital finance, ranking also as the second-best performer in the region in this aspect.

Table 4.1. Albania's score for access to finance

Dimension	Sub-dimension	2018 score	2021 score	2024 score	2024 WB6 average
Access to finance	3.1: Bank financing framework			3.7	3.5
	3.2: Access to alternative finance sources			2.3	2.4
	3.3: Digital finance			3.0	2.3
Albania's overall score		**2.5**	**2.5**	**3.0**	**2.8**

The **key findings** are:

- Albania implemented several regulatory changes to harmonise its banking industry's legal framework with Basel III standards, and these have contributed to enhancing the financial stability of the banking system. Strengthening liquidity requirements has contributed to enhanced liquidity ratio of banks – with 300.4% in 2022, Albania's ratio is nearly twice the euro area average (163.8%). However, the potentially related low level of corporate credit provided by the commercial banks, 34.0% of GDP while 45.4% for the Western Balkan average, indicates that Albania has a significant share of financially constrained companies.
- Access to banking finance for small and medium-sized enterprises (SMEs) is hindered by stringent collateral requirements, limited credit guarantee schemes, and the absence of policies supporting microfinance. Consequently, SMEs constitute only 29.6% of total loan recipients from commercial banks in 2022, a figure much below the Western Balkan average of 39.0%. This discrepancy underscores the need for targeted interventions to improve SME financing conditions, such as permanent credit guarantee schemes.
- Alternative forms of financing remain absent as private equity and crowdfunding are not regulated by any legal framework. However, stock and debt market development has begun following recent regulatory changes, outlining various aspects of the capital markets' legal framework.
- Albania has made good progress in strengthening its legal framework for digital payments as part of its Single Euro Payments Area (SEPA) integration efforts. A series of regulations allowed Albania to align with the EU's Second Electronic Money Directive (EMD2) licensing for e-money institutions, providing the conditions facilitating electronic money issuance.
- The progression of digital finance in Albania is limited by the relatively low adoption rates of digital payment technologies stemming from the reluctance of commercial banks to implement open-banking protocols. In 2021, only 34.5% of the Albanian adult population reported having made or received a digital payment, which remains below the Western Balkan average (61.7%). The data also suggest Albania may be struggling with a digital skills deficit, hindering the widespread adoption of digital payment methods.

State of play and key developments

Albania's financial sector remains strongly bank-dominated; in the last quarter of 2022, the banking sector stood for 91% of total financial system assets (Bank of Albania, 2022[1]) (93% in 2017 (Bank of Albania, 2017[2]) (Bank of Albania, 2017[2])),), while this figure is 50% in the euro area (European Central Bank, 2023[3]). Regarding the banking industry, consolidation continued with the merger of the Alpha Bank into OTP Bank Albania, which reduced the number of banks in Albania to 11 (16 in 2013). Still, concentration in the banking industry remains stable as the top three banks own 57.5% of assets in 2022 (56.2% in 2013), substantially less than in the Western Balkan region (68.8%) or the EU (71.5%).

The total credit provided by the Albanian financial sector has been receding over the past decade. In 2013, domestic credit to the private sector was equivalent to 39.8% of GDP, while only 34.0% in 2022. This figure is substantially higher in the Western Balkan region (46.4% in 2022) and the European Union (69.5%) (World Bank, 2022[4]).

Sub-dimension 3.1: Bank financing framework

Albania’s legal framework for the **banking industry** is moderately developed, as Basel II standards are fully implemented and harmonisation with Basel III is ongoing. Following the Supervisory Review and Evaluation Process (SREP) from the European Banking Authority, several legislation and regulation updates entered into force in 2022 to enhance the overall resilience and stability of the banking sector. Recent regulatory changes in the banking sector have addressed various crucial aspects, including adjustments to the leverage ratio as a non-risk-based backstop for maintaining a minimum level of capital. Amendments to regulations governing risk management from large exposures emphasise effective risk practices, while guidelines on the Internal Liquidity Adequacy Assessment Process underscore the importance of sufficient liquidity buffers. Additional changes related to the capital adequacy ratio and net stable funding ratio aim to enhance banks' overall resilience and stability.[1] Notably, the general regulatory improvement regarding banking supervision coincides with the robust liquidity of Albanian banks, with a liquidity coverage ratio of 300.4%, surpassing the euro area (163.8%) and the Western Balkans (256.6%) in 2022 (International Monetary Fund, 2023[5]). However, disclosure requirements, standards on interest rate risk in the banking book, and most capital requirements – especially those related to credit and market risks – remain unharmonised with Basel III standards.[2]

Regarding collateral requirements, they remain relatively stringent in Albania. While intangible assets can be used to secure loans, the legal framework does not fix a threshold under which SME lending can benefit from lighter requirements, which could make access to traditional lending more challenging for smaller businesses. However, it is worth noting that existing regulations aim to incentivise SME lending by mitigating banks’ provisioning requirements through decreased risk-weight coefficients specific to SME loans.[3]

While the cadastre system is well-developed, the Albanian **registration and information** systems are not comprehensive in terms of registering assets and credit information systems. The State Cadastre Agency automatically updates cadastral information for the entire Albanian territory with each transaction. This information is accessible on line to authorised institutions approved by the State Cadastre Agency. Regarding the Albanian registry of security pledges, it is digitalised but accessible only for authorised persons, while a version providing public access is being developed. Moreover, the registration of securities is subject to discrepancies. While real estate is registered by the State Cadastre Agency, securities should be registered by the Albanian Securities Register (ALREG) under the Law on Capital Markets. However, banks often register securities as collateral with the Security Bar Registry, which lacks the necessary licence and technical capacity for such registrations, leading to the potential legal nullity of contracts and exposing banks to default risks for credits based on securities collateral. Additional challenges arise from incomplete registration of assets from the agricultural sector because there is not an institution in Albania that comprehensively registers ownership of livestock, agricultural business assets, or equipment for greenhouses across all regions. Another issue arises with certain motorised vehicles, including agricultural vehicles, as debtors lack proper ownership documentation for these moveable assets.

Albania's primary credit information service is the Credit Register, which is managed by the Bank of Albania and serves both financial institutions and the public. Financial institutions offering loans must report the comprehensive history of an individual's or business's credit and loan-related activities. However, the system currently lacks information on non-regulated entities such as utilities. The Credit Register provides online data to financial institutions about existing or potential borrowers, contingent on obtaining written consent from the borrower. Finally, credit information data in Albania are safeguarded through stringent measures to maintain confidentiality, prevent unauthorised access, and mitigate the risk of data destruction or loss, ensuring the security and integrity of the credit information system.

Bank finance remains hardly **inclusive,** either for its citizens or businesses. Regarding accessibility – the inclusion of bank finance for citizens – Albania's bank finance penetration remains limited, with only 44.2% of the population holding a bank account in 2021; that is the lowest figure in the Western Balkan region, where the average stands at 71.2% (International Monetary Fund, 2023[5]). To improve the accessibility of bank finance, the National Bank of Albania has begun implementing the 2022-27 national strategy for financial education to raise financial awareness among primary school pupils, high school students and the general public; one example is the Global Money Week annual event (Bank of Albania, 2023[6]). Private entities, such as the Sparkasse Foundation, also offer some training on financial literacy for SMEs and farmers. Overall, however, actions remain uncoordinated.

Regarding the accessibility of bank finance for all businesses, small businesses struggle **to access bank finance**. SMEs only represent 29.6% of total loan recipients from commercial banks in 2022, while the figure is 39.0% in the Western Balkans and higher than 60% in comparable economies from the EU, such as the Slovak Republic (60.5%) or Latvia (76.0%) (OECD, 2022[7]). The temporary credit guarantee schemes, i.e. the First and Second Guarantee Schemes approved by the Council of Ministers in April and May 2020, have not been made permanent because of their significant strain on the government's budget, despite a positive impact on the liquidity and profitability of Albanian firms (World Bank, 2021[8]).[4] Despite the absence of a national guaranteed scheme, some alternatives remain available. Since 2015, the German Development Bank (KFW) Rural Credit Guarantee Fund (RCGF) has invested EUR 33.8 million to provide portfolio guarantees, but only for Albanian farmers and rural entrepreneurs without sufficient collateral. In 2019, the Albania Agribusiness and Tourism Support Facility (AATSF), funded by the European Bank for Reconstruction and Development (EBRD), supported up to EUR 35 million in eligible loans for SMEs specifically in the agriculture and tourism sectors, with risk-sharing through Raiffeisen Bank Albania.[5] Finally, it should also be mentioned that SMEs increasingly benefit from programmes offered by the Albanian Investment Development Agency (AIDA).

Small businesses in Albania are gradually gaining access to microfinance, supported by a robust legal framework. However, the sector's growth is hindered by stringent licensing criteria, resulting in the operation of only seven institutions in 2022 compared to six in 2019. The loans provided by these institutions accounted for 0.6% of GDP in 2022, compared to 0.37% in 2019 (International Monetary Fund, 2023[5]). Albania has implemented policies such as interest rate caps to support the expansion of microfinance. Nonetheless, platforms providing information or services on microfinance for SMEs are not currently operational, potentially hindering the diffusion of microfinance in Albania.

Sub-dimension 3.2: Access to alternative finance sources

Alternative financing sources for banking remain limited in Albania, maintaining the economy's dependency on traditional banking.

The Albanian **capital markets'** legal framework has limited coverage. The Albanian Securities Exchange (ALSE) only deals with government bonds.[6] However, Albania has implemented substantial legal efforts to develop capital markets through a dedicated project (Box 4.1). Moreover, recent initiatives aim to implement measures that support companies going public. In April 2023, the Council of Ministers approved a capital market development policy created by the Albanian Financial Supervisory Authority (AFSA) with the Ministry of Finance and the Bank of Albania. Notably, it aims to list state-owned companies to increase demand from private pension funds and deepen the secondary market for government securities.[7] In June 2023, the microfinance entity Noa issued the first Albanian corporate bonds valued at ALL 500 million (around EUR 4.95 million). In July 2023, ALSE approved the listing for trading these first private debt securities on its platform. Requests to buy or sell the bonds can be submitted through the investment intermediaries' members of the ALSE. Despite these developments, Albania is the only Western Balkan economy, as well as Kosovo, that does not have any publicly listed companies.

Box 4.1. Financial Sector Strengthening Albania project

The Swiss State Secretariat for Economic Affairs (SECO) funded the Financial Sector Strengthening Albania project between January 2015 and May 2023. The project aimed to enhance the Albanian Financial Supervisory Authority's (AFSA) capacities to address immediate risks and prepare for capital market developments.

During Phase 1 of the project (2015-18), the primary focus was establishing robust regulations and supervision methods for the burgeoning investment funds sector. This phase resulted in new legislation tailored for capital markets and an overhaul of the organisational structure, staffing plans, and remuneration policies. Additionally, Phase 1 addressed the need for AFSA's capacity development in anticipation of regulating and supervising corporate and municipal bond issuance, laying the groundwork for a more diversified and resilient financial sector.

During Phase 2 (2019-23), AFSA made significant strides in overseeing capital markets and promoting their development. A key achievement was the enactment of Law no. 62/2020, "On Capital Markets", in September 2020, along with 16 regulations introduced by AFSA between December 2020 and June 2023. These regulations addressed various aspects of the capital markets' legal framework, such as prospectus requirements, transparency for listed companies, capital adequacy, operational activities of investment firms, market abuse prohibition, licensing, operational requirements for financial entities, and auditor appointments for investment firms. The project's scope expanded to include risk-based supervision, with AFSA developing prudential reporting on capital market intermediaries. The authority also reinforced its capabilities in inspecting, investigating, and enforcing regulations related to securities markets and investment funds. Market Surveillance Systems were upgraded to improve oversight. Additionally, AFSA focused on raising awareness and promoting financial education among potential issuers and investors. Simultaneously, AFSA enhanced its supervisory role in the insurance sector. This involved implementing new tools for insurance risk indicators, outlining a Solvency II Roadmap, and drafting a new Insurance Law to boost consumer confidence and ensure the stability of the broader financial ecosystem.

Source: Swiss Secretariat for Economic Affairs (2023[9]).

Venture capital and **Business Angel Networks (BAN)** are currently absent in Albania, with no existing regulations or policies dedicated to their development. However, while no longer existent, some schemes had been in place to mitigate the absence of these financing sources. For example, the Albanian Government, in co-operation with German Development Cooperation (GIZ) and the Swedish International Development Cooperation Agency (Sida), established the Albanian Innovation Challenge Fund, endowed with EUR 7.6 million over the period 2018-22, as a means of addressing the issue of access to finance for innovative companies at an early stage of development (European Union, 2021[10]).

Although **factoring and leasing** are supported by robust legal frameworks, their growth has been limited, possibly due to ongoing challenges in financial education and the lack of policy initiatives encouraging businesses to utilise these financing options. Leasing volumes have been consistently increasing since 2015. However, they only account for 0.61% of GDP in 2022, a slight increase from 0.57% in 2015, while this figure was close to 2% of the GDP of the EU in 2022 (Leaseeurope, 2023[11]). On the other hand, factoring volumes have remained very marginal, representing only 0.03% of GDP in 2022 (0.02% in 2015), while factoring turnover was equivalent to 12.6% of GDP in the EU in 2022 (EU Federation of Factoring & Commercial Finance, 2023[12]).

Factoring and leasing activities operate within a comprehensive legal framework in Albania. In March 2023, the legal framework of both activities was strengthened by the amendments made to the "Risk Management in the Activity of Non-bank Financial Institutions" regulation; these outlined rules to govern large exposures, prohibited transactions with related parties (only factoring), introduced contract classification based on payment delays, and mandated reserve funds for potential losses from contract failures.

Sub-dimension 3.3: Digital finance

In line with the Albanian National Retail Payments Strategy implemented from 2018 to 2023, Albania has made good progress in strengthening its legal framework for **digital payments** as part of its SEPA integration efforts. In the period between December 2021 and March 2022, a series of regulations were implemented, stemming from the "Law on Payment Services". Achieving alignment with the EU's Second Electronic Money Directive (EMD2) licensing for **e-money institutions,** thereby facilitating electronic money issuance, Albania has extended banks' payment services to Third Party Payment Services Providers (TPPs) with appropriate security requirements by complying with the Second Payment Services Directive (PSD2).[8] Moreover, Albania has continued to take steps to bolster safety measures in digital payments. Most notably, in January 2024 it implemented regulations enforcing the "Strong Customer Authentication and Common, Open, and Secure Standards of Communication".[9] In tandem with the improving legal framework, the digital payment and e-money services sector has continued to expand in Albania, with the number of firms reaching 19 in 2022 compared to only 13 in 2019.

While strides have been made in establishing the legal framework for digital payments, their uptake remains constrained due to the reluctance of commercial banks to implement open-banking protocols mandated by the "Law of Digital Payments" until December 2023. In 2021, only 34.5% of the Albanian adult population reported having made or received a digital payment (World Bank, 2022[4]), which remains below the Western Balkan average (61.7%) and significantly lower than the EU (93.0%). The data suggest that Albania may be struggling with a digital skills deficit, hindering the widespread adoption of digital payment methods. The overall low penetration of digital payments poses several challenges, ranging from increased business transaction fees to hindered financial accessibility and higher remittance costs for citizens. This is particularly crucial for Albania considering the importance of remittance inflows standing at 9.2% of GDP in 2022 (World Bank, 2024[13]). Increased digitalisation of the financial system can also promote the use of bank accounts (Khera et al., 2021[14]).

Albania currently lacks a legal framework for **crowdfunding**, leaving it without active operators. Nevertheless, there is a robust legal structure for **Distributed Ledger Technology (DLT) for financing** backed by both the "Law on Capital Markets" and the "Law on Financial Markets based on Distributed Ledger Technology", which offer alternative ways to access finance. In particular, the legislation on Security Token Offerings (STOs) and Initial Coin Offerings (ICOs) includes exempting a prospectus publication for public offer values below EUR 1 million for STOs and below EUR 8 million for ICOs.[10] These digital finance tools may offer smaller businesses an alternative means to access finance, allowing them to circumvent traditional banking requirements and regulatory requirements associated with capital markets (OECD, 2019[15]). It should be noted that Albania has developed these new investment avenues in line with the security requirements of the fifth Anti-Money Laundering Directive (AMLD5), which aims to detect and prevent money laundering using virtual currency exchanges and wallets.[11] However, as of February 2024, the AFSA has not received any authorisation requests for issuing ICOs and STOs, suggesting that digital finance is still in the early stages of development in Albania.

Overview of implementation of Competitiveness Outlook 2021 recommendations

Albania has made significant strides in aligning its banking regulations with global standards and strengthening its legal framework for capital markets. Despite the advances, limited progress related to policies facilitating businesses' access to long-term debt financing was observed. Additionally, there has yet to be an evaluation of the current legal framework for financing through blockchain technology. The key developments based on the previous CO Recommendations are elaborated in Table 4.2.

Table 4.2. Albania's progress on past recommendations for access to finance

Competitiveness Outlook 2021 recommendations	Progress status	Level of progress
Continue efforts to align Albania's banking regulations with international standards	Regulation is being harmonised with Basel III standards, with several regulatory changes implemented in 2022-23 following the Supervisory Review and Evaluation Process (SREP) from the EBA (European Banking Authority).	Strong
Continue efforts to diversify the financial sector	Several initiatives have been launched to strengthen the legal framework for primary sources of alternative financing, especially the series of regulations adopted by the Bank of Albania to encourage the development of capital markets.	Moderate
Review the blockchain legislative framework regularly to adapt the sector quickly and efficiently to the needs of domestic firms and international market trends	There is no system to monitor the legal framework of distributed ledger technology for financing, resulting in no progress or review on this matter.	None
Facilitate market-based long-term debt financing for businesses	Currently, policies that could help businesses access long-term debt financing are minimal and existing regulations are not flexible enough. Also, the legal framework for SMEs' long-term financing remains underdeveloped.	None

The way forward for access to finance

To enhance the banking industry, make bank finance accessible, and support alternatives to bank finance, policy makers should:

- **Continue efforts to develop capital markets by adopting EU *acquis* regulations on stock and debt markets, with flexibility and transitional periods to accommodate new entrants and prevent banking dominance**. Authorities should also encourage banks to pursue public offers and stock market listings to build public trust, support investment and pension fund growth, and provide liquidity for investors holding corporate obligations until maturity. Additionally, licensing credit rating entities will enhance transparency and investor confidence.
- **Address the low development of corporate credit by establishing permanent tools addressing credit constraints of SMEs and micro-firms** (See Box 4.2). A critical step in this direction is to adopt permanent credit guarantee scheme programmes and credit lines to broaden financing opportunities for SMEs. Policies aiming at developing microfinance facilities can also help remove barriers to finance for the smallest businesses.

Box 4.2. Access to Finance Hub in Ireland

The Access to Finance Hub was established as a single access point for SME funding in Ireland. It provides access to a Credit Review function that helps SMEs which have been refused credit from the major lending institutions. The Hub includes four key funding schemes catering for event-specific funding, such as COVID-19 and Brexit, as well as continuous funding schemes called the “Growth and Sustainability Loan Scheme” and the “Microenterprise Loan Fund Scheme”.

Succeeding the “Future Growth Loan Scheme” that stopped operating in March 2023, the “Growth and Sustainability Loan Scheme” makes up to EUR 500 million in loans available (0.1% of the Irish GDP in 2022). Loans between EUR 25 000 and EUR 3 million, with terms of up to ten years and attractive conditions, will be available to eligible SMEs through the scheme. The scheme targets a minimum of 30% of the lending volume towards environmental sustainability purposes, to encourage SMEs to take positive action in support of the climate change agenda. 70% of available funds support strategic long-term investment, such as investments in tangible or intangible assets, machinery or equipment, research and development, business expansion and premises improvement.

Operating since 2012, the “Microenterprise Loan Fund Scheme” provides support in the form of loans for up to EUR 25 000, available to start-up, newly established, or growing micro-enterprises employing less than ten people and with a turnover below EUR 2 million with viable business propositions that do not meet the conventional risk criteria applied by banks. In 2022, 401 loans were drawn to a value of EUR 6.9 million. 88% of approvals are granted to businesses employing three people or fewer, and 45% are granted to start-ups (in business for less than 18 months).

Source: European Commission (2022[16]).

- **Develop alternative financing sources beyond banking able to provide finance accessible for SMEs.** Alternative investment funds (e.g. private equity) or digital finance (e.g. crowdfunding) can provide financing alternatives for larger corporates and mitigate the lack of availability of early (e.g. seed or venture) capital financing, which constrains the growth opportunities for promising SMEs.
- **Continue harmonising banking regulations with Basel III standards.** Given the banking sector's importance for access to finance in Albania, it is essential to create a more robust and stable global banking system that can withstand economic downturns and financial shocks.
- **Develop financial education programmes for both individuals and businesses, focusing on adopting digital finance challenges.** Financial services are increasingly digitalised, and individuals with low education, those residing in rural areas and elderly people face more significant financial exclusion. Albania would benefit from implementing financial inclusion policies to address this issue and promote digital capability measures. Albania should also develop a national infrastructure for the settlement of fast payments to foster the development of digital finance.

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Notes

[1] More specifically, Regulation 63/2020 amended banks' leverage ratio, reinforcing its role as a non risk-based backstop to guarantee a minimum level of capital. Regulation 10/2014 focused on changes related to risk management from large exposures, emphasising the significance of effective risk management practices. Guideline 2/2021 offered direction on the Internal Liquidity Adequacy Assessment Process, stressing the need for banks to uphold sufficient liquidity buffers. Meanwhile, Regulation 48/2013 amended the capital adequacy ratio, reflecting adjustments to the regulatory framework governing banks' capital adequacy. Finally, changes to Regulation 70/2020 addressed the net stable funding ratio to ensure that banks maintain stable funding over a more extended time horizon. Collectively, these targeted adjustments aim to fortify the resilience and stability of the banking sector.

[2] Albania follows the EU's disclosure requirements, but the EU has not yet adopted the Basel III standards. Additionally, the EU and Albania differ in their implementation of the crypto assets and internal ratings-based (IRB) pillars, as well as the Credit Risk Standardised Approach (CRSA 2023), Credit Valuation Assessment (CVA 2023), Minimum Requirements for Market Risk (MR 2023), Operational Risk (OR 2023), Output Floor (OF 2023), and Risk-based Capital Requirements (RBC 2013) standards from the capital pillar.

[3] An intangible asset is an identifiable non-monetary asset without physical substance. Examples of intangible assets include computer software, licences, trademarks, patents, films, copyrights, and import quotas (International Financial Reporting Standards, 2024[19]).

[4] The total cost of the First Guarantee Scheme has been EUR 91.6 million (approx. 0.6% of GDP in 2020), and the Second Guarantee Scheme cost EUR 124.6 million (approx. 0.9% of GDP).

[5] Other guarantee programmes that operate regionally and to a smaller extent (less than EUR 5 million) also in Albania are the Italian-Albanian Program for the Development of SMEs, the EU's Competitiveness for Small and Medium Enterprises (COSME) Loan Guarantee Facility programme, the EBRD Trade Facilitation Programme, the InnovFin SME Guarantee Facility and the European Union Programme for Employment and Social Innovation (EASI) guarantee instrument dedicated to microfinance and social entrepreneurship.

[6] The first Albanian stock market, the Tirana Stock Exchange (TSE), was licensed to operate as a regulated securities market in 2003. No company was registered, and the Albanian Financial Supervisory Authority decided to suspend the licence of TSE in the Republic of Albania following the shareholders' Decision

No. 16, dated 07 April 2015 (Albanian Securities Exchange, 2017[17]). It has been replaced by the ALSE, which was licensed in July 2017 and began operations in February 2018. In 2021, the BoA undertook an initiative to transition the intermediary activity of purchasing and managing the Albanian Government's securities accounts for individuals to commercial banks, intending to foster the development of the secondary market for these securities. However, in 2023, the government of Albania opted to reinstate this service through the BoA, which had a detrimental effect on the secondary market's development.

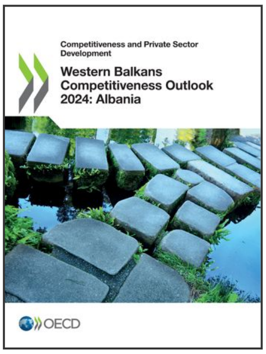
[7] The privatisation process in Albania is nearing conclusion, with just a few major privatisations remaining. Entities that might represent opportunities for privatisation in the future include OSHEE (Operatori i Shpërndarjes së Energjisë Elektrike), the state-run electricity distributor; 13.8% of shares in the telecommunication company One Albania; and state-owned oil company Albpetrol (United States Department of State, 2023[18]). However, the Public Procurement Agency of Albania did not publish timelines for future privatisations (United States Department of State, 2023[18]).

[8] Following a set of regulations inherited from the "Law on Payment Services" implemented between December 2021 and March 2022, Albania ensured full compliance with PSD2 standards. These are Regulation 59/2021, enacted in December 2021, which outlined conditions and procedures for licensing payment institutions and electronic money institutions, and Regulation 7/2022, implemented in March 2022, which established guidelines for the public register of payment service providers in Albania. Furthermore, Regulation 57/2022, in force since 1 March 2023, governs the activity and supervision of electronic money institutions, outlining rules for their operations, risk management and supervision, as well as specifying requirements for electronic money issuance. Lastly, Regulation 14/2023, effective from 18 April 2023, pertains to the activity and supervision of payment institutions, including digital payments, delineating rules for their operations, risk management, and supervision. EMD2 directive: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32009L0110; PSD2 directive: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32015L2366.

[9] The "Strong Customer Authentication and Common, Open, and Secure Standards of Communication" regulation emphasised secure customer authentication, exemptions for practical considerations, user credential protection, and standardised communication among payment service providers. AMLD5 directive: https://eur-lex.europa.eu/legal-content/FR/TXT/PDF/?uri=CELEX:32018L0843.

[10] It should be noted that no business can obtain a DLT licence without an auditing company that would monitor and oversee the licensed business.

[11] Alignment to this directive was achieved in December 2020 with the implementation of the "Law on Financial Markets Based on Distributed Ledger Technology".



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