

Responsible finance from the perspective of the Albanian banking sector

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RESPONSIBLE FINANCE IN ALBANIA - Panel Discussion

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Responsible to whom?

- Shareholders
 - Users of the system
 - Customers of the banks
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Worldwide Responsible Finance Definition

- Practices that are designed to create a fair balance of interest between a finance institution and its customers, employees and business partners on the one hand and with their shareholders and refinances on the other hand (KfW)
 - Is a precondition for increasing the well being of the stakeholders involved.
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In **essence**, responsible finance is driven by three primary actors:

- Law makers, who provide consumer protection and regulation
 - Providers of finance
 - The clients themselves, who need to possess a certain degree of financial literacy
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Albanian Association of Bank

- ❑ Albanian Association of Banks is a not-for-profit association
 - ❑ Seeks to promote the most up-to-date banking standards of its member banks
 - ❑ The development, stability and efficiency of Albanian banking system in general, thereby contributing to the advancement of the Albanian economy
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Responsible Financing from AAB' viewpoint

Stands for:

- Financial Education
 - fundamental aspects of financial services
 - The promotion of transparent lending practices
 - products and conditions
 - costs associated with the lending operation
 - compliance with adequate environmental and social standards
 - Regulatory requirements
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Advantages / Benefits of RF

- ❑ for clients to become more, informed, self-reliant and protected
 - ❑ for financial institutions to better enhance business potentials and further improve their credit risks management
 - ❑ for overall financial sector stability
 - ❑ Contribution in achieving a significant impact that strengthens local financial markets.
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AAB Code of Banking Ethics

- Objective: to establish and ensure compliance with ethical standards of practice in Albanian banking community.
 - Similar to other Associations Ethic Codes in the region
 - Focuses on:
 - **Confidentiality and Bank Secrecy**
 - **Bank Relations with Clients**
 - **Relations Between Banks**
 - **Bank Promotion and Advertisement**
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Challenges

- ❑ Further increase awareness on the code of banking ethics. Ensure attention from all Member Banks towards transparency rules & ethical business banking practices
 - ❑ Ensuring customer information and education on Banks products and terms. Financial education of the clients on their rights and obligations
 - ❑ promote responsible finance through project support and active dialogue with AAB' members
 - ❑ to promote framework conditions conducive to responsible banking practices in collaboration with the Bank of Albania
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Opportunities

- ❑ Better responding towards the environment conditions and the market demands
 - ❑ Competitive advantage through building a fair client relationships
 - ❑ Sustainable financial market, better knowledge and management of the business risk associated
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Thank You !

