



**Project:** Reducing Cash Transactions

**Time:** Tuesday, 21 April, 2009

**Location:** AAB Premises

## **Fifth Working Group Meeting**

### **AGENDA**

- Project Progress Briefing
- [Main findings of the Consultation Feedback](#) ( Discussion and Approval)
- [Action Plan for Regulatory Actions](#) (Discussion and Approval)
- [Draft Protocol on self-regulatory measures to reduce cash transactions](#) (Discussions and Approval)
- Conclusions and distribution of tasks
- Closing Remarks

#### **SPI Albania Secretariat**

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# Draft Protocol on Common Policy to Reduce Cash Transactions

## Preamble

The following banking institutions and members of the Albanian Banking Association (AAB):

Alpha Bank (Albania)  
Credins Bank  
Credit Bank of Albania  
Emporiki Bank (Albania)  
First Investment Bank (Albania)  
International Commercial Bank  
Intesa Sanpaolo Bank (Albania)  
Italian Development Bank  
National Bank of Greece (Tirana Branch)  
National Commercial Bank  
Popular Bank  
Procredit Bank  
Raiffeisen Bank  
Tirana Bank  
Union Bank  
United Bank of Albania,

hereinafter referred to as the Parties,

convinced of the need to improve the payment system in Albania thus enhancing the efficiency of the intermediation function of the banking system,

concerned of the high level of cash transactions and of the costs associated with handling the cash,

bearing in mind the inefficiency produced by the high level of unused liquidities,

acknowledging the potential economic benefits to the whole banking system from the reduction of the cash transactions in the economy,

reaffirming their will to cooperate on establishing a common policy to achieve the objective of reducing cash transactions,

have agreed to conclude this Protocol.

## 1. Objective of the Protocol

The Protocol objectives are to reduce the level of expensive and inefficient cash transaction in the Albanian economy by providing disincentives for cash use, and promote the use of more efficient non cash payments methods by creating incentives for the costumers to use alternatives to cash.

## **2. Individual actions for pursuing the Protocol objectives**

The Parties are hereby expressing their commitment to undertake individual actions in order to stimulate the use of non-cash payments by:

- adjusting the commissioning policies for cash and non cash payments;
- developing POS and ATM networks;
- promoting innovative means of doing payments such as M-payment and E-money.

## **3. Common actions for pursuing the Protocol objectives**

3.1. The individual actions will be complemented by community's actions that need more efforts and financial means, as follows:

- The Parties commit themselves to undertake common actions in order to plan, finance and manage an education campaign targeting individuals and merchants on the non-cash payments advantages and use.
- The Parties commit themselves to promote M-payments, through an information campaign developed in cooperation with mobile companies such as Vodafone and AMC.
- The parties commit themselves to promote the use of cards through an information campaign developed in cooperation with card companies such as VISA and MasterCard.
- The Parties commit themselves to support additional regulatory measures to be promoted by regulatory authorities.

1.2. Mobile companies and card companies will be invited to join this protocol. Their adhesion to the protocol objectives and actions will take the form of addenda to this document.

## **4. Implementation of the Protocol**

AAB Secretariat will follow up with the implementation of this Protocol provisions and Parties will be represented in the relationship with third parties by the AAB Chairman.

Agreed and accepted

The protocol was agreed on ..... and will be effective by Parties' signatures:

**Signatures**



## Reducing Cash Transaction Project PWG Action plan

No.	Regulatory Measure	Authority issuing the relevant regulation	Regulation Type	Text of the regulation
1.	Maximum limits for businesses' daily cash balances	Ministry of Finance	Law amendment	Law no. 9920 dated 19.05.2008 and on Tax Procedures in the Republic of Albania should be amended by including a new provision with the following text: "The companies' daily cash balance should not be higher than ALL ....." "
2.	Obligation for professionals, merchants and Public Administration Offices not to accept cash payments which top a determined amount	Ministry of Finance	Law amendment	Law no. 9920 dated 19.05.2008 and on Tax Procedures in the Republic of Albania should be amended by including a new provision with the following text: "Professionals, merchants and Public Administration Offices cash payments acceptance should not be higher than ALL....."
3.	Credit transfers to citizens must be executed by Public Administration Offices using modern payment means (for example, pre-paid cards)	Ministry of Finance	Internal regulation	Yearly agreement on rules and criteria for revenue collection service of the Government and of payment through budget funds should be amended to include a new provision with the following text: "Credit transfers to citizens must be executed by Public Administration Offices using modern payment means".
4.	Recognition of tax deductibility for	Ministry of Finance	Law amendment	Law no. 8438 dated 28.12.1998 on Tax on

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<b>No.</b>	<b>Regulatory Measure</b>	<b>Authority issuing the relevant regulation</b>	<b>Regulation Type</b>	<b>Text of the regulation</b>
	some expenses only if paid through bank			Profits amended through law no. 9844 dated 17.12.2007 should be amended by including a new provision with the following text: “Tax deductibility is granted for the following expenses..... only if paid through bank”
5.	Public institutions should offer incentives in case of payments through bank accounts or by cards	Ministry of Economy, Trade and Energy Ministry of Finance	Internal regulation	Small discounts for payment through banks accounts or by cards could be granted
6.	Making compulsory POS equipments in the tax collection/payment offices	Ministry of Finance	Internal regulation	Yearly agreement on rules and criteria for revenue collection service of the Government and of payment through budget funds should be amended to include a new provision with the following text: “POS equipments in the tax collection/payment offices are compulsory starting from.....”
7.	Commissioning cash withdrawals from accounts with Bank of Albania.	Bank of Albania	Internal regulation	Decision Nr. 17, dated 26.02.2003 on “Special Terms and Conditions in Bank of Albania” amended by decision No. 51, dated 25.06.2003, decision No. 103, dated 27.12.2006 and decision No. 24, dated 16.05.2007.  Articles: Article 5 – Currency and Interest, Article 12 – Cash Transactions



## SPI ALBANIA PROJECT ON REDUCING CASH TRANSACTIONS

### CONSULTATION FEEDBACK

Issue / Provision	Proposed Modification	PWG conclusion
<b>Proposals for regulatory measures to be taken by the public institutions</b>		
– Introducing maximum limits for businesses’ daily cash balances;	<ul style="list-style-type: none"> <li>- This limit should be adopted according to the business type;</li> <li>- This restrictive condition on business clients might not be helpful in reducing cash transactions.</li> </ul>	
– Introducing obligation for professionals, merchants and Public Administration Offices not to accept cash for payments that top a determined amount;	<ul style="list-style-type: none"> <li>- This should be implemented in a later stage;</li> <li>- There is a top limit on cash payments, maybe that has to be reduced.</li> </ul>	
– Establishing a binding responsibility to execute credit transfers to citizens for salaries, but also for pensions and other types of public benefits by Public Administration Offices, using modern payment means (for example, pre-paid cards);	<ul style="list-style-type: none"> <li>- This should be implemented in a later stage. Instead all the public institutions should facilitate (make possible) the opening of accounts in the banks in order for the employees to receive the salaries through a debit card;</li> </ul>	
– Recognition, by the Tax Office, of the tax deductibility for some expenses only if paid through bank;	<ul style="list-style-type: none"> <li>- Agreed</li> </ul>	
– Offering incentives in case of payments	<ul style="list-style-type: none"> <li>- Incentives might distort the competition among</li> </ul>	

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Issue / Provision	Proposed Modification	PWG conclusion
through bank accounts or by cards to Public institutions;	banks for serving public institutions;	
– Making compulsory POS equipments in the tax collection/payment offices;	– Cannot make debit or credit card ownership mandatory for customers. POS terminals should be in the Tax Offices but not as the only payment method.	
– Commissioning cash withdrawals from accounts with Bank of Albania.	– Limits should be set for cash withdrawals in order to apply commissions; – Can't see the relation between BoA accounts and reduced cash transaction	
<b><i>New proposals as of the feedback from banks</i></b>		
<p>– While banks in Albania are investing on IT for improving their services offering low cost innovative products and attracting new customers using more and more advanced technologies, the public entities (state and private owned) very related to such services with banks, are not following the same trend in terms of payment infrastructure developments such as hardware, software and communication. In order to facilitate this opportunity banks need commitment of those companies, while entering on bilaterally agreement, to invest on technology in a short possible time.</p> <p>Proposal to this point is that their executive or regulatory bodies to find ways on obliging them</p>		

Issue / Provision	Proposed Modification	PWG conclusion
to do so.		
Recognition by utilities companies of the electronic receipts, produced by ATM-s or POS terminals in order not to complicate the existing invoicing procedure by duplicating payment receipts, while performing payments to those terminals. Ministry of Finance to interfere in such liberalization. A project should start for unification of electronic payment ID-s.		
Acceptance of Direct debit products to be introduced as an obligation to utility companies for accepting such service, offered by banks to employees of companies/institutions/NGO-s etc. getting salaries with them or pensioners (who have chosen to use banks for pension payment after liberalization on January 2006).		
- Albanian Postal Office to offer direct debit for pensioners that have choose to use their service for payment of pension, also.		
Municipalities to introduce this service for individuals or SME-s for payment of yearly local taxes.		
<b>Proposals for self regulatory measures to be taken by the private institutions</b>		
For all the mentioned related direct debit	If agreed by the PWG, it should be introduced in	

Issue / Provision	Proposed Modification	PWG conclusion
<p>products, banks in Albania should enter into the agreement for not competing each other on pricing. A common pricing policy is to be established.</p> <p>Banks should be represented as a unique body (through ABA or BoA) while dealing with the government entities/bodies.</p>	<p>the protocol as a cooperation possibility to be explored.</p>	
<p>i) provide disincentives for cash transactions through:</p>	<p>- Disincentive measures are not appropriate, rather simulating measures are a better suggestion.</p>	
<p>- change in the commissioning of cash withdrawals from ATM corroborated with an increase in the daily limits for cash withdrawal from ATMs;</p>	<p>- Cash withdrawals are free</p>	
<p>- increase/introduce commissions for shops' cash transactions;</p>	<p>- A large number of people do not have bank accounts and cards. Shops will lose trade. In addition there will always be cash transactions for small value items.</p>	
<p>- application of differentiated commissioning policy for different types of customers (individuals, micro businesses and larger enterprises);</p>	<p>- Cash or electronic?</p>	
<p>ii) stimulate the use of non-cash payments through:</p>		

Issue / Provision	Proposed Modification	PWG conclusion
<ul style="list-style-type: none"> <li>- additional incentives to shops for using POS such as better interest rates for overnight deposits, better interest rates for loans, etc;</li> </ul>	<ul style="list-style-type: none"> <li>- Agreed</li> </ul>	
<ul style="list-style-type: none"> <li>- targeting primarily merchants that sell high value goods for developing POS network;</li> </ul>	<ul style="list-style-type: none"> <li>- Replace “<u>merchants that sell high value goods</u>” with “<u>merchants with high turnover</u>”</li> </ul>	
<ul style="list-style-type: none"> <li>- not charging customers for payments through POS;</li> </ul>	<ul style="list-style-type: none"> <li>- Agreed</li> </ul>	
<ul style="list-style-type: none"> <li>- increasing the geographical cover of the country with POS and ATM devices</li> </ul>	<ul style="list-style-type: none"> <li>- Agreed</li> </ul>	
<p><b><i>New proposals from feedback</i></b></p>		
<ul style="list-style-type: none"> <li>- Establishment of a common ATM and POS network for the entire banking system with unified tariffs and limits.</li> </ul>	<ul style="list-style-type: none"> <li>- For POS. Instead of each bank having to make individual agreement with merchants for the POS (a shop may have 3 -4 POS-es from 3-4 banks), have a unified network, and therefore the merchant will have only one POS in which all cards are treated under the same conditions. Benefits: the banking system with the same costs can expand the POS network (instead of 4-5 POS for 1 shop to have 4-5 shops with 1 POS for the same total cost); consumers will have a better access to the overall system and will not be constrained to use only one bank’s system.</li> </ul>	

Issue / Provision	Proposed Modification	PWG conclusion
	<ul style="list-style-type: none"> <li>- The same rationale for ATM: clients to withdraw money from every ATM without commission or the whole system to apply a unified commission policy.</li> </ul>	
<p><b><i>Banks to enter in an agreement for increasing card usage, improvement of the quality of card-related financial services and improvement of card use security in Albania.</i></b></p> <p>The agreement' aim should be for such cooperation not to result in restricting the competition in the marketplace.</p> <p>Main points of the agreement to cover:</p> <ol style="list-style-type: none"> <li>1. Unification of the merchant acceptance procedure. (Balance sheet, site inspection, previous merchant agreement, legal documents based on internal regulation for opening an account)</li> <li>2. For a certain time, the banks should agree not to compete on pricing while they dealing with merchants of the other banks. At least they should "match", because if the merchant commission we will be reduced infinitely, this: <ul style="list-style-type: none"> <li>a) will tend to zero commission (mean killing business since in the beginning)</li> <li>b) will confuse and distrust merchants which are still sceptic on benefits of this service, - they will</li> </ul> </li> </ol>	<ul style="list-style-type: none"> <li>- If agreed by PWG, this agreement should be referred to in the protocol.</li> </ul>	

Issue / Provision	Proposed Modification	PWG conclusion
<p>always think that this is profitable business for banks and not for them .</p> <p>3. Placing fraud prevention measures (written warning, suspension, and Merchant contract termination)</p> <p>4. Merchant training commitment/ obligation<sup>1</sup></p>		
<p>– decreasing in the commissions for credit transfers (payment orders) based on their increasing standardized and automated processing and the settlement (STP);</p>	<p>– Agreed</p>	
<p>– increasing transparency with the clients regarding the use of card payments (for example, clients should be provided regularly with monthly statements for their bank accounts and for the use of credit cards);</p>	<p>– Monthly statements are provided on request at the branches. A poor postal system and the inability to securely deliver confidential information prevents monthly statements being sent to customers;</p> <p>– People get that statement</p>	
<p>– developing new non-cash payment methods (electronic) such as mobile -payments (M-payments), given the wide spread and territorial penetration of mobile communication;</p>	<p>– Add: Increased ATM functionality, telephone banking and internet banking are all priorities</p>	
<p>– promoting e-money to individual costumers, supporting non cash payments of even small values, and also the preservation of their</p>	<p>– Agreed</p>	

<b>Issue / Provision</b>	<b>Proposed Modification</b>	<b>PWG conclusion</b>
anonymity.		

<sup>1</sup> In addition to merchant training by individual acquirer bank, common merchant training should take place, by creating the trainee groups with participants from different banks, for training the group of merchants as per merchant category on Card features, POS features, Card security features, Chargeback procedures. Card Fraud Committee can be used for organizing such trainings; banks can contribute on financing, hosting, preparation of training materials etc.



## SPI Project on Reducing Cash Transactions

### Project Objectives

1. To prepare a protocol on a common policy in respect of the actions and measures to be undertaken by the banks for reducing the volume of cash transactions.
2. To build consensus among banks in order to sign and implement the protocol.

### Project Management Team

**Project Owner (PO):** Oliver Whittle, CEO, RB

**Project Manager (PM):** Robert Wright, Commercial Director, RB

**Deputy Project Manger (DPM):** Elivar Golemi, Head of Payments, BoA

## Minutes

### Fifth meeting

April 21<sup>st</sup>, 2009—AAB premises

**Attendees:** Elivar Golemi, BoA (DPM)  
Enkelejda Balliu, ISPB (member)  
Griselda Cela, CB (member)  
Jonida Vaso, UB (member)  
Anuela Ristani, SPI Albania Director of Operations  
Endrita Xhaferaj, SPI Albania Director, Financial Modernization Program and Analytics

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## **AGENDA**

- Project Progress Briefing
- Main findings of the Consultation Feedback ( Discussion and Approval)
- Action Plan for Regulatory Actions (Discussion and Approval)
- Draft Protocol on self-regulatory measures to reduce cash transactions (Discussions and Approval)
- Conclusions and distribution of tasks
- Closing Remarks

### **I. Project Activity Brief**

- SPI Secretariat collected the PWG members' comments on the drafted proposals for the regulatory and self-regulatory measures to reduce cash transactions and has aggregated them in the consultation paper.
- The consultation paper was delivered to the entire banking community as well as to non-bank PWG members. SPI Secretariat aggregated the received comments for discussion and final PWG Recommendations.
- SPI Secretariat has contacted the Italian Banking Association (ABI), the technical anchor for this project, in order to receive their feedback on the suggested regulatory and self-regulatory measures. ABI's main suggestion was to avoid every reference made to the introduction or application of disincentives for cash transactions, concentrating on the boosting of non-cash payment methods instead.

### **II. Main findings of the Consultation Feedback**

The PWG managed to cover all the individual suggestions and discussed on the comments received on each of these measures. (Please refer to the APPENDIX I)

### **III. Action Plan for Regulatory Actions**

For each of the regulatory measures proposed, SPI Secretariat has drafted an action plan that outlines the responsible authority issuing the relevant regulation, the type of the regulation as well as the amendment proposal. Following PWG suggestions, the regulatory proposals and enactment references were modified as illustrated in APPENDIX II

### **IV. Draft Protocol on self-regulatory measures to reduce cash transactions**

The draft protocol on self-regulatory measures in fulfillment of the project objectives aims at reducing the level of expensive and inefficient cash transaction in the Albanian economy by providing disincentives for cash use, and promoting the use of more efficient non cash payments methods by creating incentives for the costumers to use alternatives to cash.

The draft protocol was part of the consultation paper that was delivered to all the banks. While banks didn't make any specific comments on the protocol, the PWG observed that in order to be in line with the ABI recommendation, the references to disincentives for cash should be removed and the protocol should contain actions to stimulate the use of non cash payments.

## **VI. Conclusions and distribution of tasks**

- SPI Secretariat will send the meeting minutes and the revised drafts of the documents, including the PWG Recommendations document, for final approval to the PWG.
- Given PWG members' attendance, SPI Secretariat will follow up with each of the members in order to get a written approval of the final documents.
- SPI Secretariat will present the PWG recommendation to the SPI Committee for endorsement and will follow up on their enactment.
- After the SPI Committee's endorsement, PWG recommendations on self regulatory initiatives will be sent to AAB for ensuring the signing of the Protocol and for coordinating its implementation.
- The PWG will complete the SPI Secretariat Evaluation Form and send it to the SPI Regional Operations Director, Ramona Bratu ([Ramona.bratu@convergence-see.eu](mailto:Ramona.bratu@convergence-see.eu))

## **VII. Closing Remarks**

**SPI Secretariat thanks the PWG members for their remarkable contributions for this project and for their feedback through the evaluation forms or individual contacts.**

## Consultation Feedback

Issue / Provision	PWG members comments and suggestions	PWG conclusions / final proposals
<b>Proposals for regulatory measures to be taken by the public institutions</b>		
<ul style="list-style-type: none"> <li>- Introducing maximum limits for businesses' daily cash balances</li> </ul>	<ul style="list-style-type: none"> <li>- This limit should be adopted according to the business type;</li> <li>- This restrictive condition on business clients might not be helpful in reducing cash transactions.</li> </ul>	1. Introducing maximum limits by business type for the daily cash balances.
<ul style="list-style-type: none"> <li>- Introducing obligation for professionals, merchants and Public Administration Offices not to accept cash for payments that top a determined amount</li> </ul>	<ul style="list-style-type: none"> <li>- This should be implemented in a later stage;</li> <li>- There is a top limit on cash payments, maybe that has to be reduced.</li> </ul>	2. Introducing obligation for Public Administration Offices not to accept cash for payments that top a determined amount, offering incentives in case of payments through bank accounts or by cards; Gradually and at a later stage, the same should be done for private professionals and merchants.
<ul style="list-style-type: none"> <li>- Establishing a binding responsibility to execute credit transfers to citizens for salaries, but also for pensions and other types of public benefits by Public Administration Offices, using modern payment means (for example, pre-paid cards);</li> </ul>	<ul style="list-style-type: none"> <li>- This should be implemented in a later stage. Instead of this, all public institutions should facilitate (make possible) the opening of accounts in the banks in order for the employees to receive the salaries through a debit card.</li> </ul>	3. Establishing a binding responsibility to execute credit transfers to citizens for salaries, but also for pensions and other types of public benefits by Public Administration Offices, using non-cash payments.
<ul style="list-style-type: none"> <li>- Recognition, by the Tax Office, of the tax deductibility for some expenses only if paid through bank;</li> </ul>	<ul style="list-style-type: none"> <li>- Agreed</li> </ul>	4. Recognition, by the Tax Office, of the tax deductibility for some expenses only if paid through bank;
<ul style="list-style-type: none"> <li>- Offering incentives in case of payments through bank accounts or by cards to Public institutions;</li> </ul>	<ul style="list-style-type: none"> <li>- Incentives might distort the competition among banks for serving public institutions;</li> </ul>	Included above (point 2.)

Issue / Provision	PWG members comments and suggestions	PWG conclusions / final proposals
<ul style="list-style-type: none"> <li>- Making compulsory POS equipments in the tax collection/payment offices;</li> </ul>	<ul style="list-style-type: none"> <li>- Cannot make debit or credit card ownership mandatory for customers. POS terminals should be in the Tax Offices but not as the only payment method.</li> </ul>	<p>5. Making compulsory POS equipments in the tax collection/payment offices although not as the only payment method.</p>
<ul style="list-style-type: none"> <li>- Commissioning cash withdrawals from accounts with Bank of Albania.</li> </ul>	<ul style="list-style-type: none"> <li>- Limits should be set for cash withdrawals in order to apply commissions;</li> <li>- Can't see the relation between BoA accounts and reduced cash transaction</li> </ul>	<p><b>To be removed:</b></p> <ul style="list-style-type: none"> <li>- not directly relevant on cash transaction reduction;</li> <li>- banks do not have alternatives to cash withdrawals from BoA.</li> </ul>
<p>- Banks in Albania are investing on IT for improving their services, offering low cost innovative products and using advanced technologies. On the other side, the public entities (state and private owned), strongly related to such services with banks, are not following the same trend in terms of payment infrastructure developments such as hardware, software and communication. A bilateral project could be undertaken, with the support of banks to executive authorities (ministries, municipalities, etc.), with the aim of developing the IT services and payment infrastructure of the public administration.</p>		<p><b>General remark:</b></p> <p>A bilateral project involving banks and the executive authorities (ministries, municipalities, etc.) could be undertaken with the aim of developing IT and technical services and payment infrastructure of public administration.</p>
<p>Recognition by utilities companies of the electronic receipts, produced by ATM-s or POS terminals for payments performed through these terminals. Ministry of Finance to get involved in such liberalization of the payment</p>		<p><b>Not relevant:</b></p> <p>There exists a regulation, in force from February 2008, on recognition of electronic invoices.</p> <p>It is up to banks to follow the application procedures for the recognition of their</p>

Issue / Provision	PWG members comments and suggestions	PWG conclusions / final proposals
procedures. A project should start for unification of electronic payment ID-s.		electronic invoices.
Acceptance of Direct debit to be introduced as an obligation for utility companies.		<b>Not relevant:</b> It is a matter of collaboration between banks and utility companies in order to introduce direct debit as a payment method, not a matter of regulatory obligation, as now most utilities companies are privatized.
- Albanian Postal Office to offer direct debit for pensioners that have chosen to use their service for payment of pension also.		<b>Not possible:</b> Only commercial banks are licensed and have the right to perform and offer direct debit as a method of payments, and to keep clients' accounts.
Municipalities to introduce this service for individuals or SME-s for payment of yearly local taxes.		<b>Same as above</b>
<b>Proposals for self regulatory measures to be taken by the private institutions</b>		
- Undertaking of a customer and merchant education program jointly funded by the banks and by the key third party beneficiaries such as VISA, MasterCard, and the utilities and telecoms companies.	- Considered very important / a priority	1. Undertaking a customer and merchant education program jointly funded by the banks and by the key third party beneficiaries such as VISA, MasterCard, and the utilities and telecoms companies. Regarding Utilities and Telecom companies, the priority should be direct debits from the salary current accounts that are active in the banking system, considering that the facilities and the technology already exist, but there is a lack of commitment from these companies .The campaign should emphasize on costs and other disadvantages of using cash as well as on the benefits of using POS in shops. Trainee groups can be created for training the merchants on

Issue / Provision	PWG members comments and suggestions	PWG conclusions / final proposals
		Card and security features, POS features, Direct Debit and Credit Transfers, and Chargeback procedures. Card Fraud Committee could be called in for organizing such trainings; banks can contribute to financing, hosting, and preparing the training materials etc.
i) provide disincentives for cash transactions through:	- Disincentive measures are not appropriate, rather simulating measures are a better suggestion.	<b>To be removed</b> Based on the comments of PWG members and ABI representatives for each of the 3 proposals below
- change in the commissioning of cash withdrawals from ATM corroborated with an increase in the daily limits for cash withdrawal from ATMs;	- Cash withdrawals are free in most banks, however increasing the cash withdrawals from ATMs does not decrease the total cash withdrawals	<b>To be removed</b>
- increase/introduce commissions for shops' cash transactions;	- A large number of people do not have bank accounts and cards. Shops will lose trade. In addition there will always be cash transactions for small value items.	<b>To be removed</b>
- application of differentiated commissioning policy for different types of customers (individuals, micro businesses and larger enterprises);	- Most of banks already apply differentiated commissioning policies for different types of customers based on their characteristics	<b>To be removed</b>
ii) stimulate the use of non-cash payments through:		
- additional incentives to shops for using POS such as better interest rates for overnight deposits, better interest rates for loans, etc;	- Agreed	2. Additional incentives to shops for using POS such as better interest rates for overnight deposits, better interest rates for loans, etc;
- targeting primarily merchants that sell high value goods for developing	- Replace “ <u>merchants that sell high value goods</u> ” with “ <u>merchants with high turnover</u> ”	<b>To be removed:</b> Target customers are a matter of each banks

Issue / Provision	PWG members comments and suggestions	PWG conclusions / final proposals
POS network;		own strategy; if all the banks would target a certain segment of the market not all segments would develop as they should.
– not charging customers for payments through POS;	– Agreed	3. Not charging customers for payments through POS;
– increasing the geographical cover of the country with POS and ATM devices	– Agreed	4. Improve the network coverage of POS & ATMs. (geographical coverage is driven by the market)
For all direct debit products, banks in Albania should enter into an agreement for not competing each other on pricing. A common pricing policy is to be established. Banks should be represented as a unique body (through ABA or BoA) while dealing with the government entities/bodies.	A common pricing policy might not be accepted by all the banks; however, that is not the main question for the moment. The highest priority is the commitment of utilities companies and a standardized infrastructure for the development of such payment instruments.	<b>General remark:</b> Banks, Utility Companies and Bank of Albania should undertake a common project on the standardization and unification of the procedures related to direct debit and credit transfer transactions.
– Establishment of a common ATM and POS network for the entire banking system with unified tariffs and limits.	– For POS. Instead of each bank having to make individual agreement with merchants for POS (a shop may have 3 -4 POS-es from 3-4 banks), to have an unified network. Thus a merchant could have only one POS in which all cards are treated under the same conditions. Benefits: the banking system can expand the POS network with the lower costs (instead of 4-5 POS for 1 shop to have 4-5 shops with 1 POS for the same total cost); consumers will have a better access to the overall system and will not be constrained to use only one bank's system. – The same rationale for ATM: clients to withdraw money from every ATM without commission or the whole system to apply a	<b>This proposal would be more appropriate for a further stage of development in cashless payments:</b>  Establishment of a domestic ATM and POS network for the entire banking system in collaboration with a local provider of ATM and POS devices, with the agreement of all banks or at least larger banks.

Issue / Provision	PWG members comments and suggestions	PWG conclusions / final proposals
	unified commission policy.	
<p><b><i>Banks to enter in an agreement for increasing card usage, improvement of the quality of card-related financial services and improvement of card use security in Albania.</i></b></p> <p>The aim of the agreement would be the cooperation but which doesn't restrict the market competition.</p> <p>Main points of the agreement to cover:</p> <p>1. Unification of the merchant acceptance procedure. (Balance sheet, site inspection, previous merchant agreement, legal documents based on internal regulation for opening an account)</p>		<p><b>Not accepted</b></p> <p>There is a BoA regulation defining the necessary documentation banks should require from merchants, therefore there is no need for further action.</p>
<p>2. For a certain time, banks should agree not to compete on pricing while they are dealing with merchants clients of other banks. At least they should converge to the same level as by reducing the commission more and more, the service might become inefficient.</p>	<p>– Might be accepted by some of the largest banks, but not all banks.</p>	<p><b>Not accepted</b></p>
<p>3. Placing fraud prevention measures (written warning, suspension, and Merchant contract termination)</p>	<p>– This is not the right moment and contexts for such measures.</p>	<p><b>Not relevant</b></p> <p>Not directly relevant on cash transaction reduction</p>
<p>4. Merchant training commitment/ obligation</p>	<p>– Considered very important / a priority</p>	<p>Already included in point 1.</p>
<p>– decreasing in the commissions for credit transfers (payment orders) based on their increasing standardized and</p>	<p>– Agreed</p>	<p>5. Decreasing in the commissions for credit transfers (payment orders) based on a standardized and automated processing and</p>

Issue / Provision	PWG members comments and suggestions	PWG conclusions / final proposals
automated processing and the settlement (STP);		settlement;
<ul style="list-style-type: none"> <li>- increasing transparency with the clients regarding the use of card payments (for example, clients should be provided regularly with monthly statements for their bank accounts and for the use of credit cards);</li> </ul>	<ul style="list-style-type: none"> <li>- Monthly statements are provided on request at the branches. A poor postal system and the inability to securely deliver confidential information prevents monthly statements being sent to customers;</li> <li>- People get that statement</li> </ul>	6. Increasing transparency with the clients regarding the use of card payments;
<ul style="list-style-type: none"> <li>- developing new non-cash payment methods (electronic) such as mobile - payments (M-payments), given the wide spread and territorial penetration of mobile communication;</li> </ul>	<ul style="list-style-type: none"> <li>- Add: Increased ATM functionality, telephone banking and internet banking are all priorities</li> </ul>	7. Developing new non-cash payment methods (electronic) such as mobile-payments (M-payments), given the wide spread and territorial penetration of mobile communication;
<ul style="list-style-type: none"> <li>- promoting e-money to individual costumers, supporting non cash payments of even small values, and also the preservation of their anonymity.</li> </ul>	<ul style="list-style-type: none"> <li>- Agreed</li> </ul>	8. Promoting internet banking to individual costumers, supporting non-cash payments of even small values, and also the preservation of their anonymity.

### Regulatory Proposals

No.	Regulatory Measure	Authority issuing the relevant regulation	Regulation Type	Text of the regulation
1.	Maximum limits for businesses' daily cash balances	Ministry of Finance	Law amendment	Law no. 9920 dated 19.05.2008 and on Tax Procedures in the Republic of Albania should be amended by including a new provision with the following text: "The companies' daily cash balance should not be higher than ALL ..... "
2.	<p>Obligation for Public Administration Offices not to accept cash for payments that top a determined amount, offering incentives in case of payments through bank accounts or by cards</p> <p>Gradually and at a later stage, the same should be done for private professionals and merchants.</p>	<p>Ministry of Finance</p> <p>Ministry of Economy, Trade and Energy</p>	<p>Law amendment</p> <p>Internal regulation</p>	<p>Law no. 9920 dated 19.05.2008 and on Tax Procedures in the Republic of Albania should be amended by including a new provision with the following text: "Public Administration Offices cash payments acceptance should not be higher than ALL....."</p> <p>Small discounts for payment through banks accounts or by cards could be granted.</p>
3.	Credit transfers to citizens must be executed by Public Administration Offices using modern payment means (for example, pre-paid cards)	Ministry of Finance	Internal regulation	Yearly agreement on rules and criteria for revenue collection service of the Government and of payment through budget funds should be amended to include a new provision with the following text:

No.	Regulatory Measure	Authority issuing the relevant regulation	Regulation Type	Text of the regulation
				“Credit transfers to citizens must be executed by Public Administration Offices using modern payment means”.
4.	Recognition of tax deductibility for some expenses only if paid through bank	Ministry of Finance	Law amendment	Law no. 8438 dated 28.12.1998 on Tax on Profits amended through law no. 9844 dated 17.12.2007 should be amended by including a new provision with the following text: “Tax deductibility is granted for the following expenses..... only if paid through bank”
5.	Making compulsory POS equipments in the tax collection/payment offices	Ministry of Finance	Internal regulation	Yearly agreement on rules and criteria for revenue collection service of the Government and of payment through budget funds should be amended to include a new provision with the following text: “POS equipments in the tax collection/payment offices are compulsory starting from.....”