

Shoqata  
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Shqiptare



Albanian  
Microfinance  
Association

# ALBANIAN MICROFINANCE 2023



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## 1 KEYNOTE FROM OUR PRESIDENT

Albanian Microfinance, represented by 9 members of the Microfinance Association, ended another year with new challenges and achievements.

Microfinance is not just about providing financial assistance; it is about empowering individuals and businesses to achieve their goals and ambitions and to contribute to the growth of the country's economy. It is about fostering a culture of entrepreneurship and self-reliance, especially in communities where access to traditional banking services is limited.

In our journey towards economic development, the microfinance sector has played a pivotal role in ensuring access to capital for those who need it most. Whether it is a small business looking to expand, a farmer looking to invest in his produce, or an individual trying to improve his livelihood, the microfinance sector in Albania has been there to help.

In this speech, I want to express my gratitude to the Albanian Microfinance Association, which is one of the most important initiatives that has united us in a single voice in our efforts to improve and show the importance of the microfinance sector in Albania.

All members of the microfinance sector and of this association play an important role in this market for financial education not only of the individuals they finance, but also more widely through the activities they organize in this direction. Together, we influence the future by providing knowledge on financial literacy, budgeting and saving, and in doing so we are equipping our people with the tools they need to make informed decisions about their finances, thereby building a better society financially resilient.

Moreover, the microfinance industry has played a crucial role in transforming individuals from being underserved by banks to individuals who have all the right ingredients to be served by the banking financial sector. Through innovative financial products and services tailored to the needs of underserved communities, we have made it possible for banks to be another option for those previously excluded from the financial banking system.

Furthermore, our commitment to technological innovation has not only improved processes, but also opened new opportunities for financial inclusion. By embracing digital platforms and mobile banking solutions, we are reaching customers in the most remote areas, catalyzing economic growth and reducing inequalities. Perhaps most importantly, microfinance has transformed the way we approach lending. By fostering a trust-based relationship with our clients, we have moved away from the traditional model of lengthy processes and excessive documentation. Instead, we prioritize transparency, accountability and responsible lending practices, empowering our customers to take charge of their financial future.

As we look forward, we remain steadfast in our commitment to advance the microfinance sector in Albania. Together, we have the power to drive sustainable development, empower individuals and communities, and build a more prosperous future for all.

**Thank You!**

**Arlinda MUJA**  
**President – Albanian Microfinance Association**

## 2 THE MICROFINANCE SECTOR AND ITS DEVELOPMENTS. STRATEGIC PRIORITIES AND MAIN AREAS OF ACTIVITY

### 2.1 ACTIVITY OF THE NON-BANKING AND MICROFINANCE SECTOR

Non-bank financial institutions, which exercise their activity under the licensing and supervision of the Bank of Albania, are divided into several subgroups, which consist of:

- Non-bank lending Financial Institutions;
- Microcredit Financial Institutions;
- Financial Institutions of financial leasing and/or factoring;
- Non-bank Financial Payment Institutions; and

e) Non-bank Financial Institutions that issue Electronic Money.

All these institutions operate in the Albanian market based on the law on banks in the Republic of Albania and are mainly supervised with the same regulatory framework as banks, except for some areas of their activity, such as risk management or the calculation and adequacy of capital.

At the end of 2023, the financial system counts 39

non-bank financial entities. During this year, two new entities were licensed, "BKT Pay" as an electronic money institution and "New Collection", as an institution for the purchase and treatment of problem loans. Meanwhile, at the request of the subject, the license was revoked for the payment institution "Kastrati" shpk. Information on the activity of the subjects is presented in a summary way in Table 1.

On the other hand, savings and credit institutions

also operate in the Albanian market, which exercise their activity under a dedicated legal and regulatory framework. The largest institutions of this category are also microfinance operators and members of the Albanian Microfinance Association. Currently, the Association consists of 8 non-bank financial institutions, with lending and microcredit activities, and 2 credit savings institutions.

Table nr.1 - Activities allowed for non-bank financial institutions

| Nr | Non-bank financial institutions     | Electronic money | Payment and money transfer services | Activity with Credit Risk |             |                 |           |                                    |  |                             | Foreign Exchange |                            |
|----|-------------------------------------|------------------|-------------------------------------|---------------------------|-------------|-----------------|-----------|------------------------------------|--|-----------------------------|------------------|----------------------------|
|    |                                     |                  |                                     | Lending                   | Microcredit | Financial Lease | Factoring | Advisory and intermediary services | For providing guarantees and obtaining commitments | Buying Non Performing Loans | Foreign Exchange | Exchange Advisory Services |
| 1  | Agro & Social Fund *(ASF)           |                  |                                     |                           | ✓           |                 |           |                                    |  |                             |                  |                            |
| 2  | Kredit Partner                      |                  |                                     |                           | ✓           |                 |           |                                    |  |                             |                  |                            |
| 3  | Agro Kredit* -Ish FAF               |                  |                                     | ✓                         |             |                 |           |                                    | ✓  | ✓                           |                  |                            |
| 5  | Ak-Invest                           |                  | ✓                                   | ✓                         |             |                 | ✓         | ✓                                  | ✓  |                             | ✓                | ✓                          |
| 6  | Albania Leasing                     |                  |                                     |                           |             | ✓               |           |                                    |  |                             |                  |                            |
| 7  | Albania Financial Institution (AFI) |                  |                                     | ✓                         |             | ✓               | ✓         | ✓                                  | ✓  |                             |                  |                            |
| 8  | Crimson Finance Fund Albania *      |                  |                                     | ✓                         |             | ✓               | ✓         | ✓                                  |  |                             |                  |                            |
| 9  | Easy Pay                            | ✓                | ✓                                   |                           |             |                 |           |                                    |  |                             | ✓                | ✓                          |
| 10 | Fondi Besa *                        |                  |                                     | ✓                         |             |                 |           | ✓                                  | ✓  |                             |                  |                            |
| 11 | luteCredit Albania *                |                  |                                     |                           | ✓           |                 |           |                                    |  |                             |                  |                            |
| 12 | Kredo Financë *                     |                  |                                     |                           | ✓           |                 |           |                                    |  |                             |                  |                            |
| 13 | Landeslease                         |                  |                                     |                           |             | ✓               |           |                                    |  |                             |                  |                            |
| 14 | Mia Finance*                        |                  |                                     |                           | ✓           |                 |           |                                    |  |                             |                  |                            |
| 15 | Credital                            |                  |                                     |                           | ✓           |                 |           |                                    |  |                             |                  |                            |
| 16 | Virtus Lending                      |                  |                                     |                           |             | ✓               |           |                                    |  |                             |                  |                            |
| 17 | M-Pay                               | ✓                |                                     |                           |             |                 |           |                                    |  |                             |                  |                            |
| 18 | NOA *                               |                  | ✓                                   | ✓                         |             |                 |           |                                    | ✓  |                             | ✓                | ✓                          |
| 19 | Fab Invest shpk                     |                  |                                     | ✓                         |             |                 | ✓         | ✓                                  |  |                             |                  |                            |
| 20 | Platinum Investment                 |                  |                                     |                           |             |                 |           |                                    |  |                             |                  | ✓                          |
| 21 | Porshe Leasing                      |                  |                                     |                           |             | ✓               |           |                                    |  |                             |                  |                            |
| 22 | Posta Shqiptare                     | ✓                | ✓                                   |                           |             |                 |           |                                    |  |                             | ✓                |                            |
| 23 | Raea Financial Services             |                  | ✓                                   |                           |             |                 |           |                                    |  |                             | ✓                | ✓                          |
| 24 | Raiffeisen Leasing                  |                  |                                     |                           |             | ✓               |           |                                    |  |                             |                  |                            |
| 25 | Tirana Capital Trade                |                  |                                     |                           |             |                 | ✓         |                                    |  |                             |                  |                            |
| 26 | Tirana Factoring & Lease            |                  |                                     |                           |             | ✓               | ✓         |                                    |  |                             | ✓                |                            |
| 27 | Tranzit                             |                  |                                     | ✓                         |             | ✓               | ✓         | ✓                                  |  |                             |                  |                            |
| 28 | Unioni Financiar i Tiranës          | ✓                | ✓                                   |                           |             |                 |           |                                    |  |                             | ✓                | ✓                          |
| 29 | Paysera Albania                     | ✓                |                                     |                           |             |                 |           |                                    |  |                             |                  |                            |
| 30 | Antigone Financial Enterprise       |                  |                                     |                           |             | ✓               |           |                                    |  |                             |                  |                            |
| 31 | eReja shpk                          | ✓                |                                     |                           |             |                 |           |                                    |  |                             |                  |                            |
| 32 | RPay                                | ✓                |                                     |                           |             |                 |           |                                    |  |                             |                  |                            |
| 33 | Soft Solution                       | ✓                |                                     |                           |             |                 |           |                                    |  |                             |                  |                            |
| 34 | Lendal sh.p.k                       |                  |                                     |                           | ✓           |                 |           |                                    |  |                             |                  |                            |
| 35 | Rubicon sh.a.                       | ✓                |                                     |                           |             |                 |           |                                    |  |                             |                  |                            |
| 36 | lutepay                             | ✓                |                                     |                           |             |                 |           |                                    |  |                             |                  |                            |
| 37 | Bkt Pay                             | ✓                |                                     |                           |             |                 |           |                                    |  |                             |                  |                            |
| 38 | New Collection                      |                  |                                     |                           |             |                 |           |                                    |  | ✓                           |                  |                            |

Source: Bank of Albania

## 2.1. PERFORMANCE OF ASSETS OF NON-BANK FINANCIAL INSTITUTIONS

The total assets of non-bank financial institutions that exercise lending activities during 2023 have increased by about 7 billion ALL or 12%. In December 2023, the total assets of these entities reach 65 billion ALL and constitute 3.3% of the total assets of the banking system

The entities with the highest weight in the total assets of NBFIs that exercise lending activities are: "Fondi Besa" (28%), "NOA" (21%) and "Iutecredit Albania" (11%).

### Total assets of non-bank financial institutions

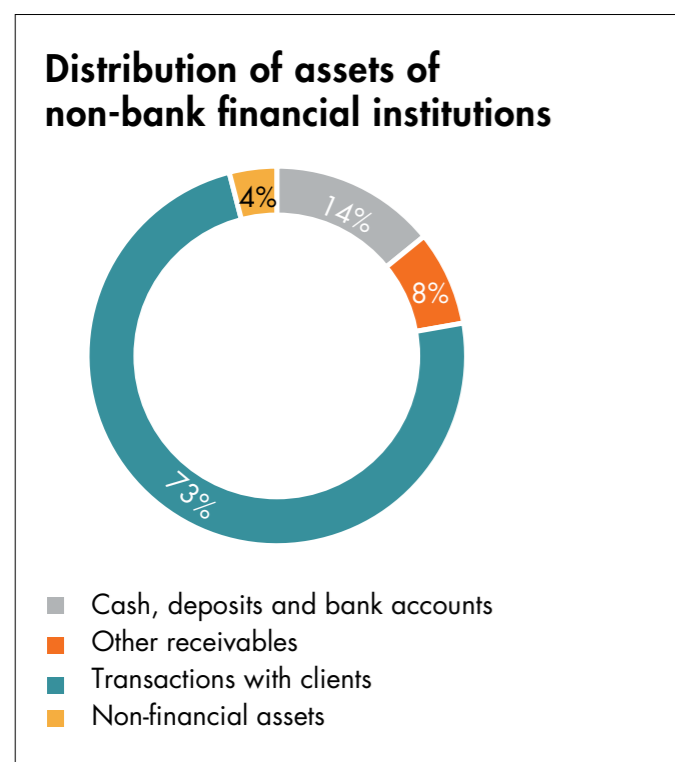
| Indicator/billion ALL                           | December 2021 | December 2022 | December 2023 |
|---|---------------|---------------|---------------|
| Total Assets of non-bank financial institutions | 55.7          | 58            | 64.65         |

Source: Bank of Albania

In the structure of assets of non-bank financial institutions that exercise lending activities, the main weight is held by the loan portfolio with 73%. The rest is distributed among liquid assets (14%), other receivables (9%) and other assets (including fixed assets) (4%). The primary sources of financing for non-bank financial institutions

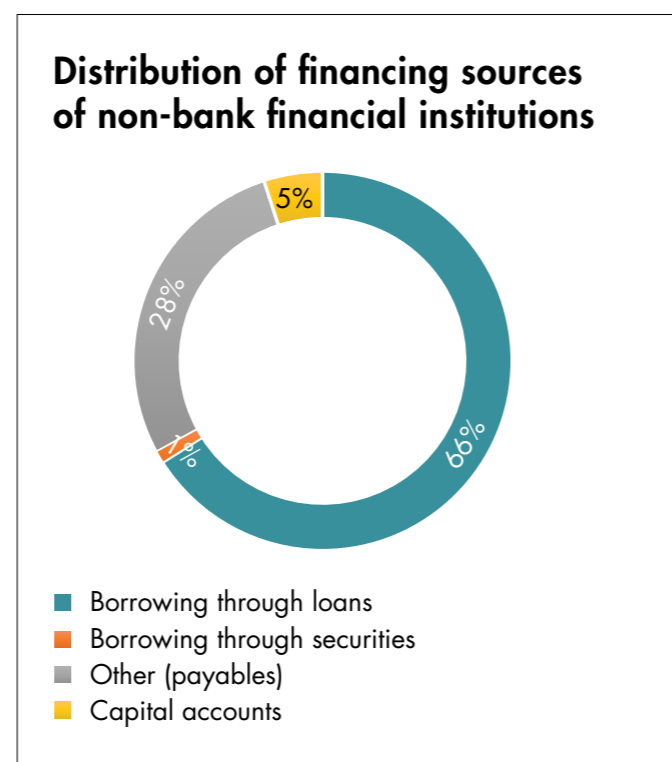
that carry out lending activities are borrowings (66% of liabilities) and their capital (28%). Borrowing through the issuance of securities accounts for only 1%. Regarding the origin of loans, the balance leans slightly towards non-residents with 52%.

Graph 1 - Distribution of assets of non-bank financial institutions, December 2023



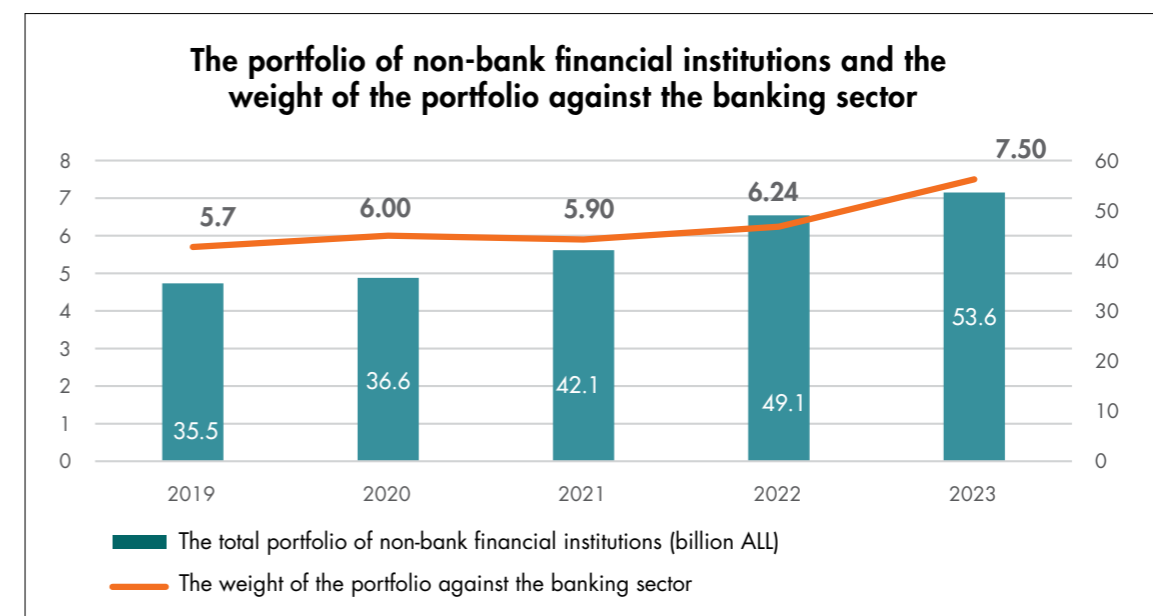
Source: Bank of Albania

Graph 2 - Distribution of financing sources of non-bank financial institutions, December 2023



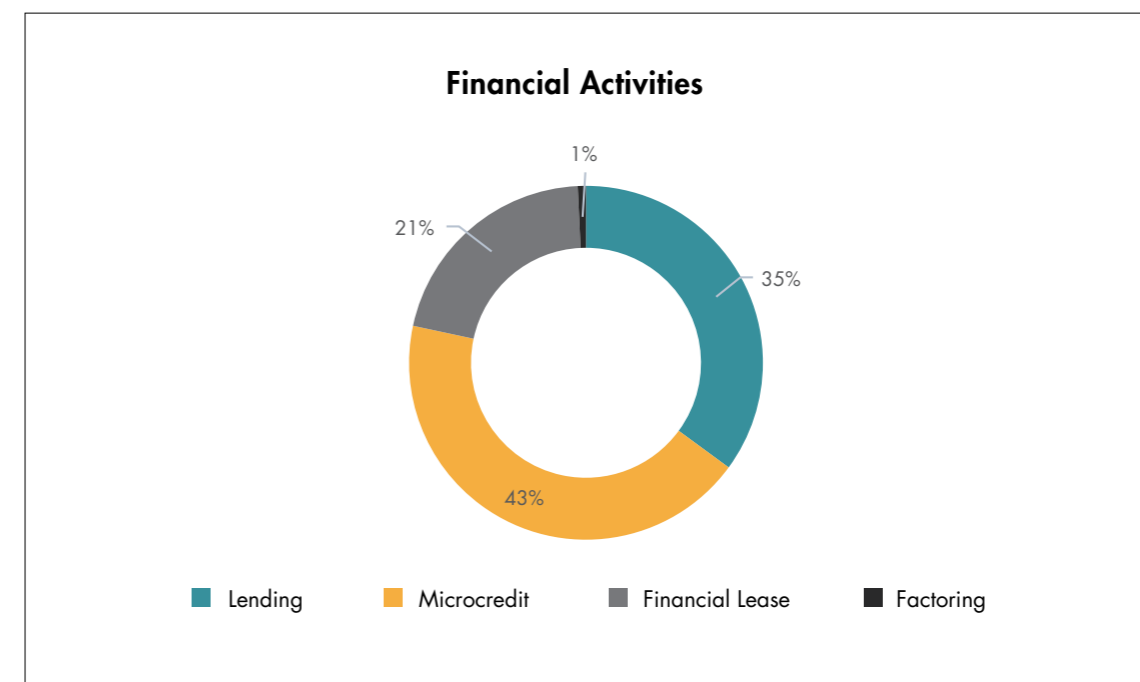
Source: Bank of Albania

Grafik 3 - The NBFi portfolio dhe the weight of the portfolio against banking sector. December 2023



Source: Bank of Albania

Graph 4 - Portfolio of non-bank financial institutions by financial activity, December 2023



Burimi: Banka e Shqipërisë.

## 2.2. DEVELOPMENTS IN THE BALANCE OF THE LOAN PORTFOLIO AND THE VOLUME OF ACTIVITY

At the end of 2023, the gross loan portfolio for non-bank financial institutions reaches ALL 53.6 billion, showing an increase of ALL 6.23 billion (or 13%) compared to the previous year. The gross loan portfolio of non-bank financial institutions reaches 7.25% of the total loan of the banking system, registering an increase of 1 percentage point compared to the previous year.

**Table 2 - Performance of the loan portfolio on a net and gross basis for the total of non-bank financial institutions**

| Indicator /billion ALL   | December 2021 | December 2022 | December 2023 |
|--|---------------|---------------|---------------|
| Total loan portfolio for non-bank financial institutions (gross) | 42.1          | 47.38         | 53.61         |
| Total loan portfolio for non-bank financial institutions (net)   | 37.4          | 42.02         | 47.15         |

Source: Bank of Albania

The majority of the bank's financing loan portfolio continues from lending and microcredit entities (78%). Next comes the financial lease portfolio (21%), while the weight of the factoring portfolio remains less than 1%.

The activity with the highest growth during 2023 was microcredit, with 5.2 billion ALL. But it should be noted that this increase is more the result of events that occur only once. Specifically, during the year 2023, the subject "NOA", one of the subjects with

significant weight in the market, for the first time has decided to report a part of its portfolio as microcredit (previously the entire portfolio was reported in the credit segment). The effect of this reclassification is ALL 2.2 billion (so this amount is deducted from the loan portfolio and added to the microcredit).

While the microcredit entities that consistently show the highest growth in activity are "luteCredit" and "Kredo Finance".

**Table 3 - Distribution of assets of non-bank financial institutions**

| Financial Activities (in billion ALL) | December 2021 | December 2022 | December 2023 |
|---------------------------------------|---------------|---------------|---------------|
| Lending                               | 16.6          | 18.4          | 18.8          |
| Microcredit                           | 15.4          | 18.0          | 23.2          |
| Financial Lease                       | 9.6           | 10.4          | 11.2          |
| Factoring                             | 0.5           | 0.4           | 0.4           |
| Gross Portfolio                       | 42.1          | 47.4          | 53.6          |

Source: Bank of Albania

At the end of 2023, the financing portfolio of entities that exercise lending activities is balanced in the 50%:50% ratio between businesses and individuals. The sectors of the economy most financed by non-bank entities during 2023 were "Other service

activities" (25%), "Trade, vehicle repair" (16%) and "Construction" (10%). The portfolio of IFJBs remains oriented towards financing in local currency (68.6%) and with medium maturity (71.6%).

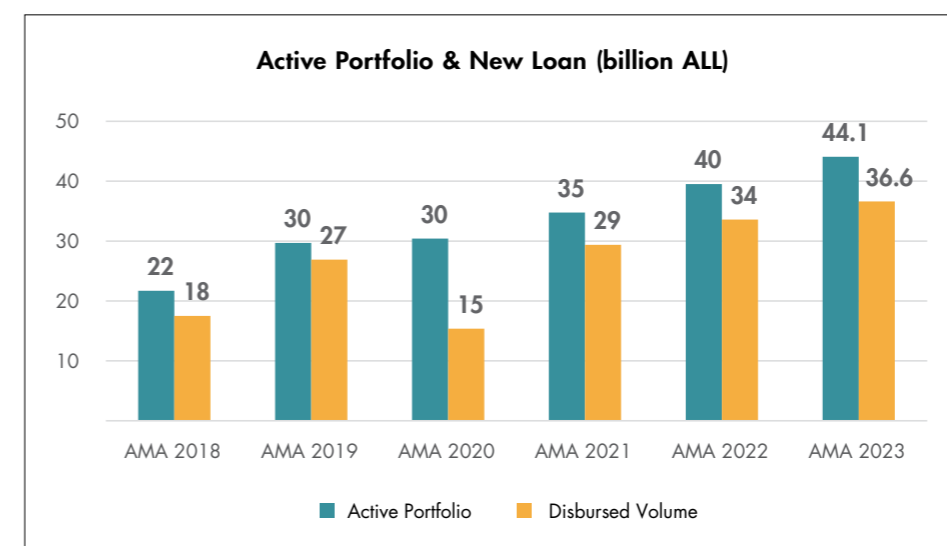
## 2.3. MEMBER INSTITUTIONS OF THE ALBANIAN MICROFINANCE ASSOCIATION

The Albanian Microfinance Association in its plans aims to include all non-bank financial institutions that find themselves in its activity, priorities and mission.

The member institutions of the Albanian Microfinance Association continued to progressively increase lending to the economy, and there was even a growing demand for loans from businesses.

Microfinance activity during 2023 is considered with growth, stable financial indicators and a satisfactory administration of available resources. The members of the Association in an integrated manner have an active portfolio of about ALL 44.2 billion and a loan portfolio of about ALL 36.6 billion, with an increase of 9.2% and 7.2% respectively.

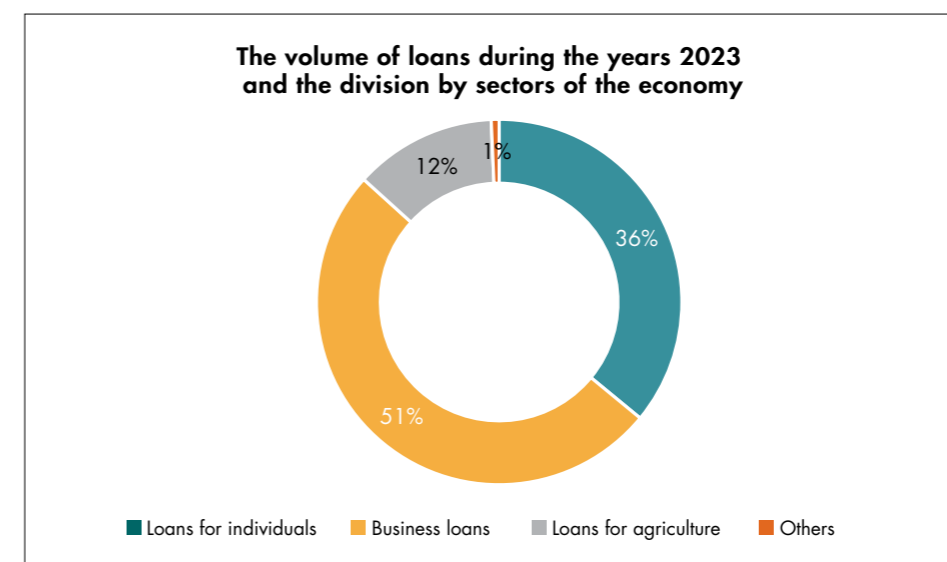
**Graph 6 - Active portfolio and disbursed credit in volume (figures in billions of lek), December 2023**



Source: Albanian Microfinance Association

In the volume of new loans, businesses took the largest share of 51%, individuals 36% and farmers 12.5%.

**Chart 7 - Portfolio segmentation by loan volume, December 2023**

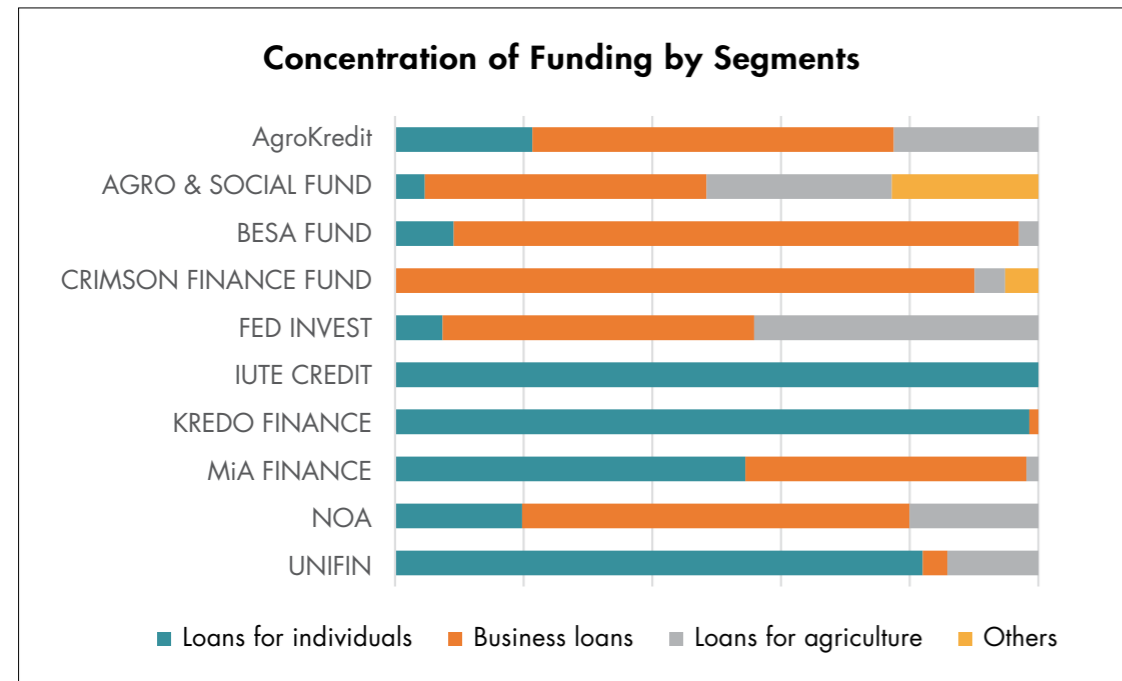


Source: Albanian Microfinance Association

The number of loans granted in total for 2023 was 255,733, of which 199,588 were active at the end of December 2023. Meanwhile, the first in loans granted according to market segments, loans granted to individuals lead, which account for about 80% of the total number of loans granted during 2023.

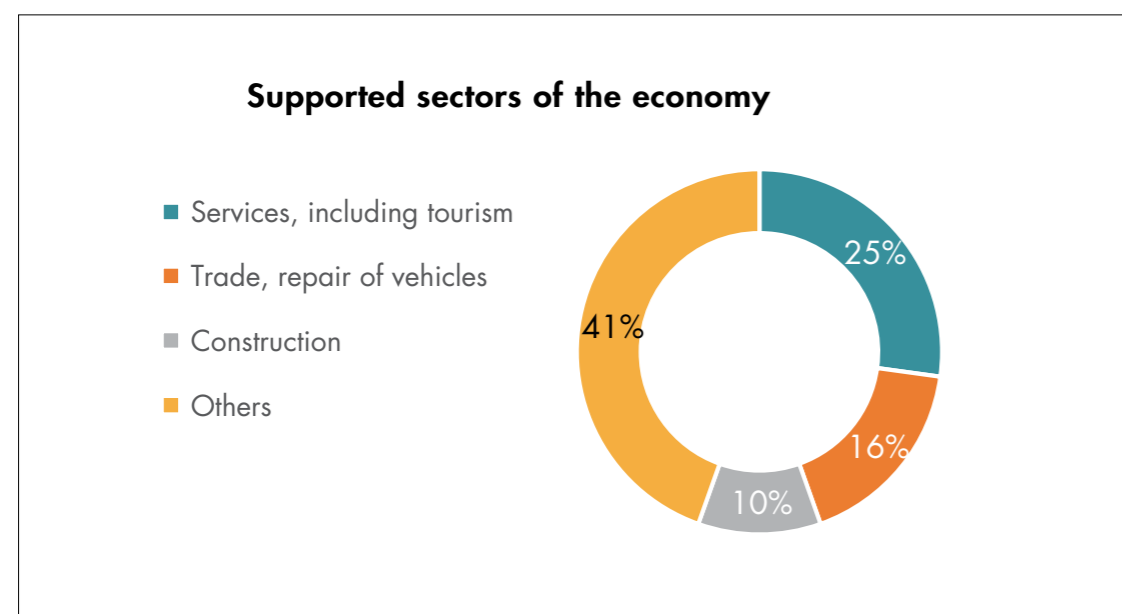
After them, respectively, the loans for businesses and those for agriculture are listed, which occupy 15% and 12.5%, respectively, while about 0.5% of the number of loans granted are allocated to other categories.

**Graph 8 - Volume of disbursements by financed segments**



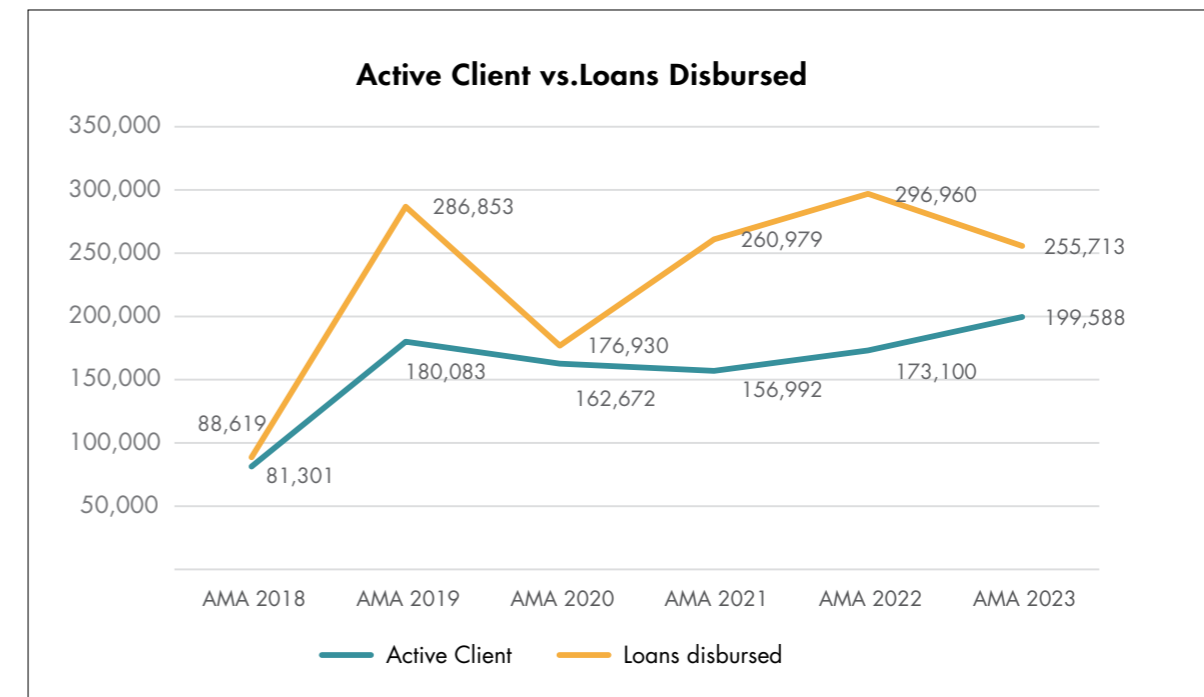
Burimi: Shoqata Mikrofinanca Shqiptare

**Graph 9 - Sectors supported by IFJB (figures in percentage), December 2023**



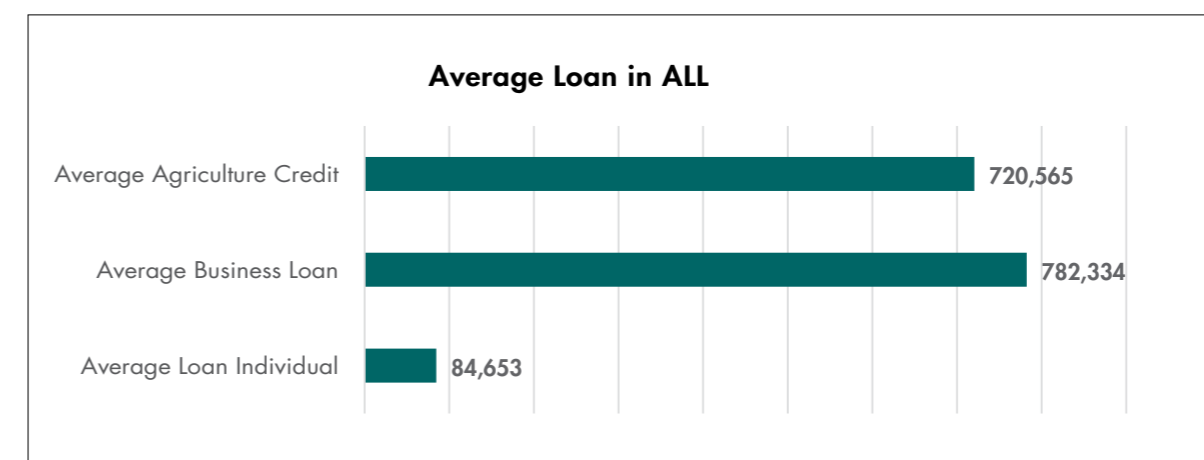
Source: Albanian Microfinance Association

**Graph 10 - Loans granted and active loans in number, for members of the Albanian Microfinance Association, December 2023**



Source: Albanian Microfinance Association

**Graph 11 - Average loan granted by portfolio segmentation, December 2023**

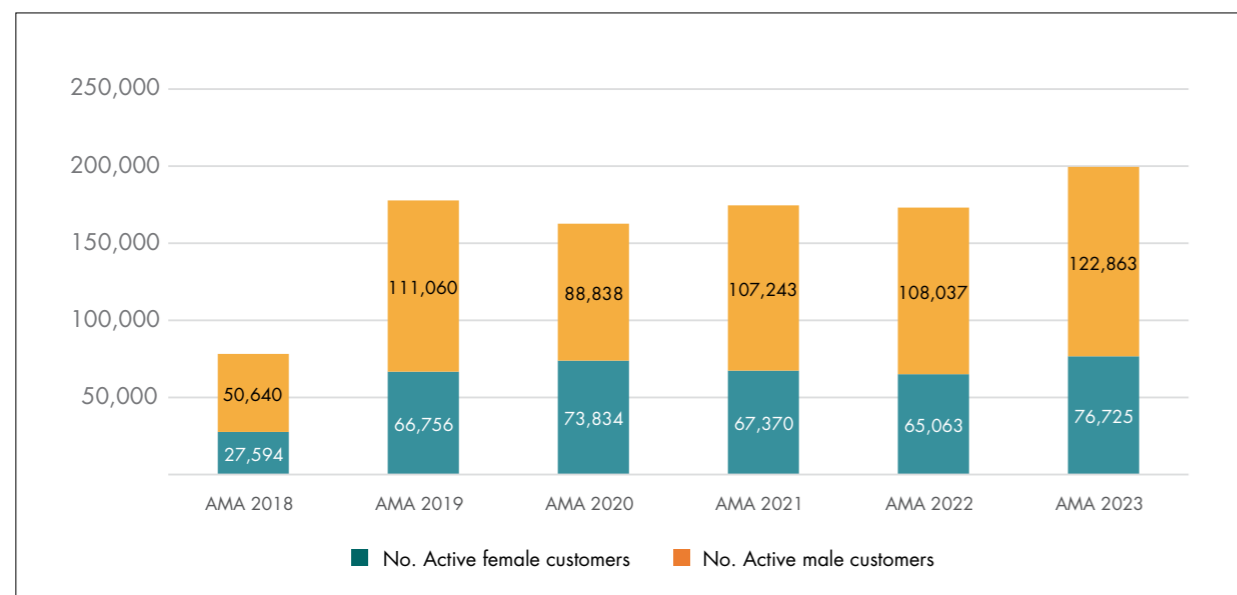


Source: Albanian Microfinance Association

The average credit for the sector is in accordance with the market segments and their needs, reflecting at the same time a distribution of the risks assumed by our institutions.



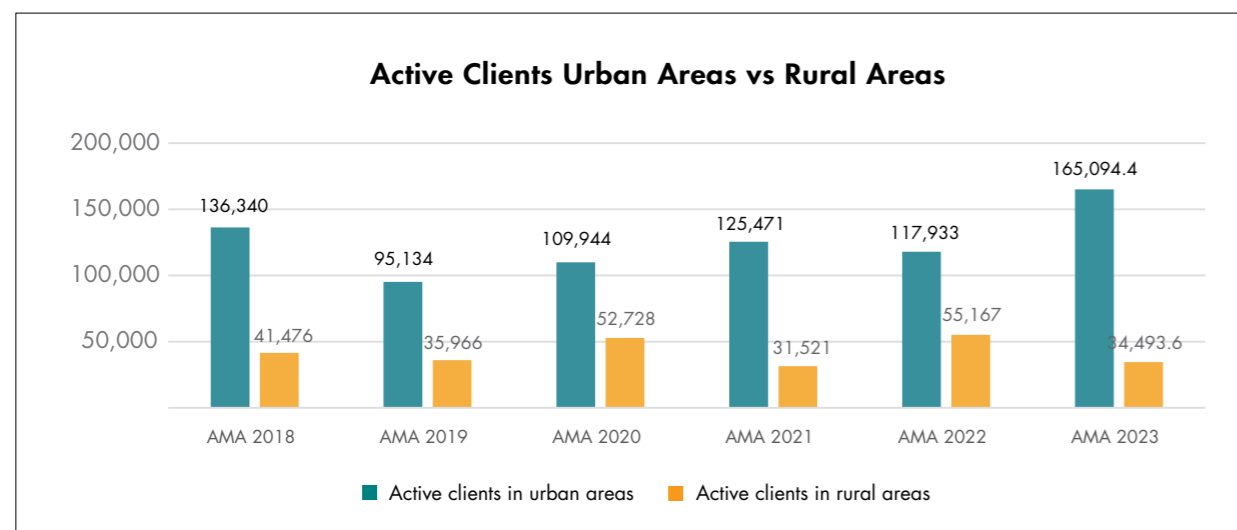
**Graph 12 - Number of loans granted by gender, December 2023**



Source: Albanian Microfinance Association

A constant increase in urban areas is observed due to the movement within the country and the continuous migration of citizens. However, we continue to market our financial products in rural areas as well, with a special focus on agriculture and family entrepreneurship in these areas.

**Graph 13 - Active loans in number according to geographical distribution, December 2023**



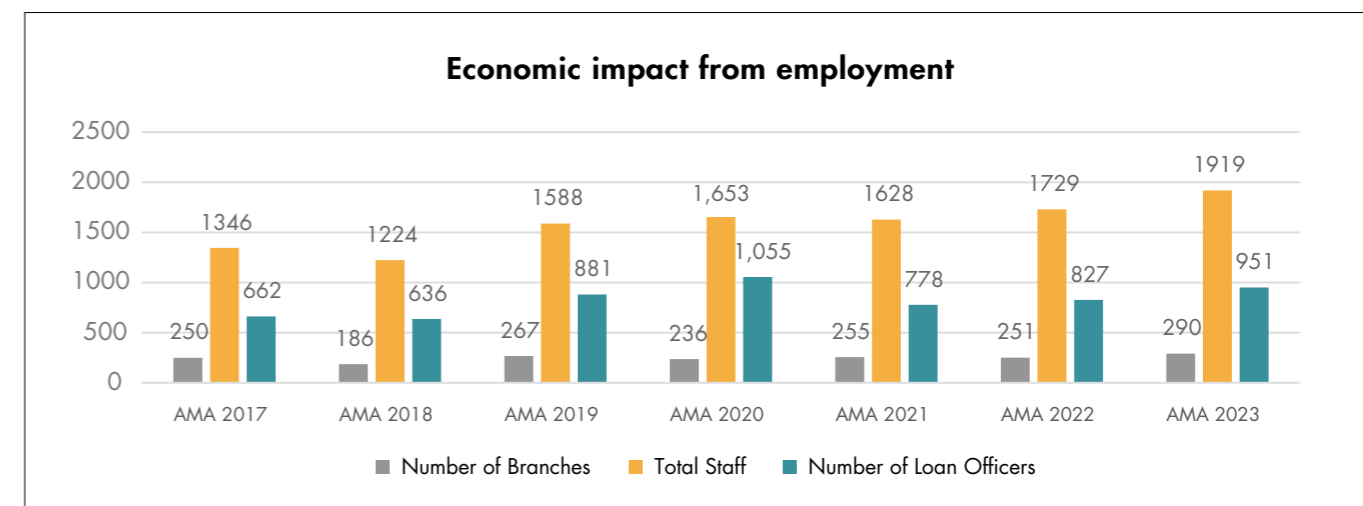
Source: Albanian Microfinance Association

The Microfinance sector has a large physical expansion and as a result a focus on the right employment to be at the service of the client with quality and correctness. The sector counts over 1919 employees, of which 951 are loan officers. The 10 microfinance institutions have a total network of 290 branches spread across the country.

Also, the sector employs professionals of all ages, with a focus on the 30-45 age group, which is the age that sets the economy in motion the most.

It is also important to emphasize the increase in the number of female representatives at high managerial level. 63% of non-bank financial institutions, our members have female management staff from 41%-60%.

**Graph 14 - Number of employed staff and member branches of the association over the years, December 2023**

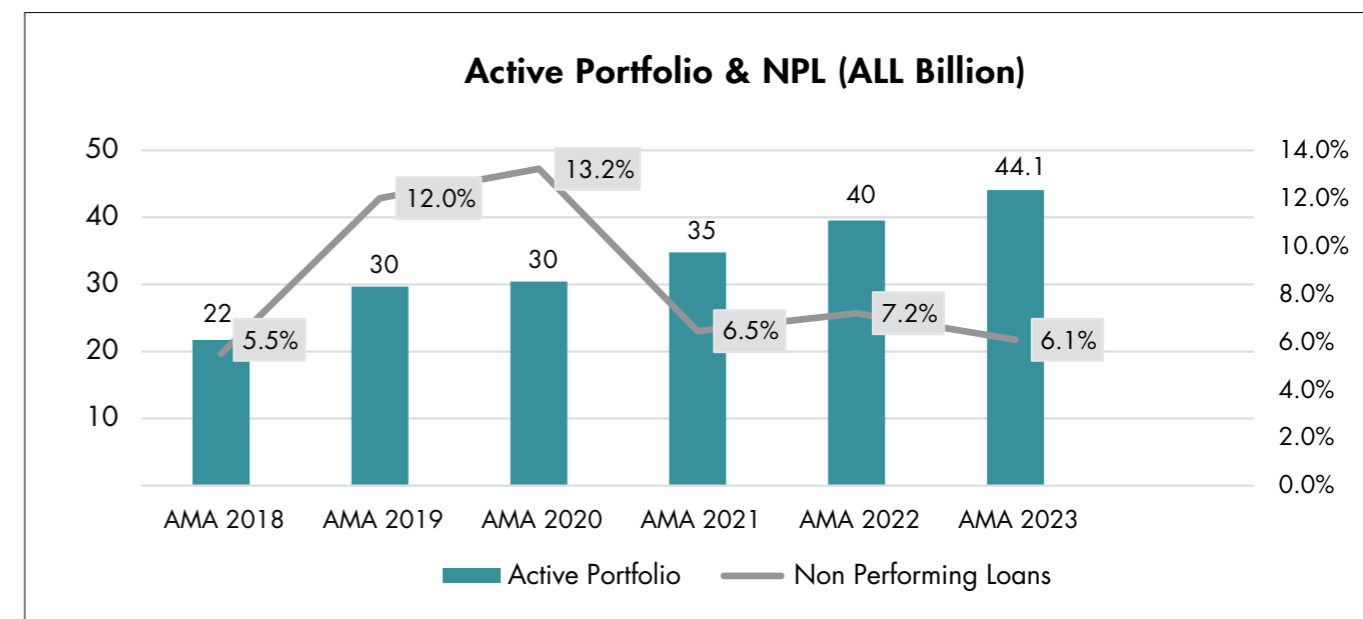


Source: Albanian Microfinance Association

As for the quality of the loan portfolio, according to the figures reported by the members, during 2023 there was a decrease in portfolios in arrears of more than 30 days, an indicator that remained at the value of 6.1% for the end of 2023 against the figure of 7.2% for the end of 2022 (the figures refer only to

members of the Albanian Microfinance Association). The member institutions have taken the relevant measures by increasing the provisioning level for problem loans, mainly financed by their own capital and shareholders' contributions in the form of new injections.

**Graph 15 - Percentage of loans over 30 days late against total loans, December 2023**



Source: Albanian Microfinance Association



During the last 5 years, the members of the Albanian Microfinance Association have invested in technology at significant levels compared to the total level of their capital expenditures.

The total volume of investments for the last 5-year period reaches the figure of more than 17.7-million-euro equivalent.

Investments in technology include the modernization of internal information systems, automation of processes, compliance with information security parameters and digitization.

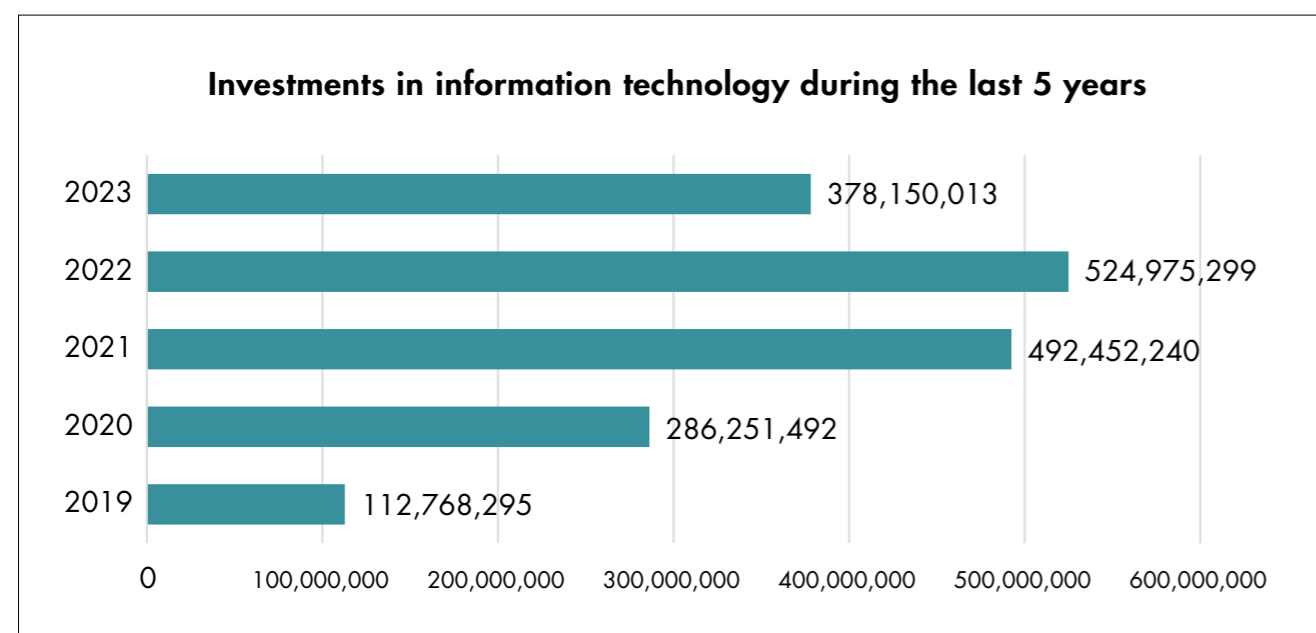
Today, a good number of the members offer loan online, as well as other financial services offered through digital platforms.

instruments among its members and the public. It supports the technical and institutional consolidation of its members, sharing best practices and identifying financial and economic trends.

The year 2023 has been a year with important commitments on the part of the association and its members. During this year, the position of the Association as an important actor in the initiatives and developments pertaining to the financial markets

was further consolidated. Through established collaborations and institutional interaction, the Association coordinated activities to increase the professional level of corporate governance, institutional skills to improve the climate of the financial sector, the level of education and financial inclusion, the high standards of technological skills that provide fast service and with quality, affecting the customer experience, etc.

**Graph 16 - Investments in information technology (figures in ALL), December 2023**



Burimi: Shoqata Mikrofinansca Shqiptare

## 2.4. FINANCIAL RESULT

During the year 2023, IFJBs that exercise lending activity have generated a positive net result of 4.96 billion ALL. The average return on assets for IFJBs that

exercise lending activity reaches 7.7% (against 4.8% in 2022), while the average return on capital reaches 37.4% (against 17.9% in 2022).

## 2.5 ACTIVITY OF THE ALBANIAN MICROFINANCE ASSOCIATION AND STRATEGIC PRIORITIES

The Albanian Microfinance Association operates in the specific economic context with the ultimate objective to serve the future economic development of the country, and to promote the creation of jobs and the financial inclusion of self-employed individuals, farmers, small entrepreneurs and SMEs. ve, through the strengthening of the microfinance sector and the institutions operating in it.

The activity of the Albanian Microfinance Association is part of a collective and joint effort between its member institutions, to increase institutional visibility in the impact that microfinance has on the national economy. The Albanian Microfinance Association has a significant role in improving the legal and supervisory framework. that regulates microfinance activity in Albania, promoting best practices, sharing knowledge and introducing new financial

### 3 ACTIVITY OF THE MEMBERS OF THE ALBANIAN MICROFINANCE ASSOCIATION DURING 2023

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### 3.1 | AGRO & SOCIAL FUND SHPK

Throughout 2023, although improving, the outlook for the global economy remained fragile again, in the presence of high inflation, because of the war in Ukraine and the uncertainties fueled by the turmoil in the financial sector which were also reflected in the national economy.

Even though 2023 was a year of economic instability where the effects of price increases on the one hand, or increased competition on the other hand were visible, the results of the Agro & Social Fund showed that the commitment of all links of the institution gave a positive result supported also in the long-term strategy of the institution. ASF is becoming more and more consolidated with strong management capacities as well as a qualified team to maximally fulfill all targeted objectives.

In summary, the results achieved by ASF during 2023 are as follows:

ASF përgjatë 2023 janë si më poshtë:

- We managed a portfolio of about ALL 1.174 billion. In cumulative figures throughout these years, about 33,551 customers have been served, disbursing about ALL 7.3 billion
- At the end of 2023, 53.5% of customers belonged to rural areas and 44% of customers were women
- A staff of 90 employees served 3,511 customers
- During 2023, ASF expanded its activity, opening the newest regional branch, that of the city of Fier, as well as having a new location for the regional sub-branch in Tirana

It also continued throughout the year to raise funds with the partner KIVA (estimated due to the low fees of funds according to the defined categories) as well as at the end of the year a new agreement was signed with the Dorcas Aid International Foundation for the project entitled "FOR PROMOTION OF ENTERPRISE

IN THE REGION OF TROPOJA and PUKA THROUGH CREDIT".

Throughout 2023, ASF participated in the Conference organized by MFC, which was held in Budva, during which it was possible to establish contacts with several potential lenders with whom the exchange of information has continued and the finalization of agreements is expected throughout the year 2024.

Meetings were also held with current partners, with whom we discussed the expansion of collaborations, which are also expected to be finalized throughout the year 2024.

Now turned into a tradition, ASF participated in the "Borrow Wisely" campaign, this campaign initiated by MFC, throughout the month of October, adapting to the innovations brought this year to the selected target group.



### OBJECTIVES AND STRATEGY FOR 2024

Based on the projections raised in the short-term Business Plan for 2024, ASF aims to:

- ASF by the end of 2024 aims to have reached a loan portfolio with an absolute value of ALL 1.35 billion and to have disbursed loans to approximately 3,026 clients, with a disbursed amount of ALL 968 million
- ASF will use all its resources, in the best form, to keep the portfolio at risk at the predicted level, where PAR >30 no more than 5%, and will aim to increase or improve instruments for detection and control of key risks that threaten the organization; RAF, Vintage Analysis and Early Warning Flag
- ASF until the end of 2024 aims to expand the reach and coverage with financial services in other rural and semi-urban areas, through the consolidation of existing offices as well as the addition of new offices (within the existing consolidated branches)
- ASF aims to improve its product offering through product improvement, in coherence with developments, designing temporary offers associated with specific seasons and adapting to the needs of the clientele
- In order to achieve performance and growth goals, ASF plans growth focused on the human resources branch by about 18%
- ASF throughout 2024, but extended to be completed in the mid-term period (2024-2026), will aim to make substantial investments for further guaranteeing the security and integrity of data, increasing the quality of work with the information system and service to increase cyber security







### 3.2 CRIMSON FINANCE FUND ALBANIA (CFFA)

Crimson Finance Fund Albania (CFFA) is a financial institution with a social mission to increase access to finance for micro and small enterprises, start-ups and activities that generate new jobs. CFFA seeks to support these groups of enterprises with financing and financial advice, helping them to get out of the <<vicious cycle of staying small>>. With a wide range of products such as installment loans, leasing, credit line and factoring, CFFA aims to cover the needs of these companies in investments, working capital, or addition and improvement of fixed assets.

Crimson Finance Fund Albania finances the manufacturing sector three times more than the average of the financial market in proportion to its portfolio, as well as dedicating about 25% of its disbursements to start-ups, thus becoming a promoter and an open door for the latter who, in addition to financing, also benefit from a free personalized consultancy regarding their business plan and financial projections.

The year 2023 has been one of the most successful years for CFFA in terms of its performance, despite the challenges in the market related to the increase in interest rates. Throughout this year, CFFA managed to increase its portfolio by 42% (or 55% without considering the effect of the exchange rate) compared to 2022, bringing it to 780 million in ALL. This increase was also accompanied by an increase in the level of disbursements by 43% (or 57% without considering the effect of the exchange rate) compared

to 2022, bringing this level to 504 million ALL (20% above the budgeted value). CFFA also managed to reduce the level of non-performing loans to 4.3% at the end of 2023, as well as increase profit by 37% compared to the previous year.

The year 2023 also marked a further consolidation of CFFA's relations with domestic and foreign financial partners such as the European Investment Bank, EBRD, and other financial institutions with a development mission.

For the first time at the end of 2023, CFFA published the Impact Report.

This report summarizes 6 development objectives that CFFA focuses on: 1. Financial inclusion 2. Access to finance for start-ups 3. Financial education and mitigation of informality 4. Gender equality and job creation 5. Impact social and environmental 6. Serving underserved sectors

CFFA intends to resolutely continue fulfilling the mission of its partners throughout the year 2024, becoming an important actor in the local financial market by positioning itself among banks and other financial institutions in terms of the value of financing and the terms offered. CFFA will continue to focus its activity on the financing of assets, productive activities and start-ups by cooperating with international financial institutions that support social finance and aim to increase the impact of our loans to narrow the gap of access to finance for micro and small enterprises.







### 3.3 | FED INVEST SHKK

FED invest is a Savings and Credit Society and is the first pioneer microfinance institution established in Albania because of a pilot initiative of the World Bank in 1992. FED invest represents a financial cooperative with more than 91 thousand members served through 64 branches in the whole country. The members of FED invest are mainly farmers, small entrepreneurs, rural and urban families excluded from banking financial services. As one of the main institutions with a presence in rural areas offering a wide range of affordable financial services for the rural population, FED invest has a direct impact on the socio-economic development of Albania, with over 200 thousand loans and half a billion euros of injected into the economy during the 32 years of its existence. For more information about FED invest please visit: <https://www.fedinvest.al>

FED invest has continued to expand its activity in all directions and strengthen the institution's image in Albania and among local and international partners. In addition to the stable growth of the loan portfolio, the deposit portfolio has also increased, utility payment services have been extended to all branches of FED invest and institutional capacities have increased.

During 2023, the loan portfolio increased by 11.7%, reaching 6.25 billion ALL. About 50% of the new lending of 3.2 billion ALL has supported activities in rural areas. A special focus has been on the financing of SMEs in the sector of agrotourism, mountain and sea tourism. The quality of the loan portfolio has been maintained at satisfactory parameters, with NPL of 6.0%.

Also, during 2023 the portfolio of deposits in FED invest increased by 4.8%, reaching 5.3 billion ALL, strongly supported by the promotion of 12-month and 24-month MAX deposits, in Lek and Euro. While

the increase of the depositor base of 34% for 2023 marks the biggest increase over the years, also confirming an increase of the FED invest brand in a very competitive deposit market.

Main activity indicators:

|          |                                   |
|----------|-----------------------------------|
| Members  | 91,372                            |
| Branches | 64                                |
| Villages | 3000                              |
| Staff    | 308 (64 % of the staff are women) |

|                  |                  |
|------------------|------------------|
| TOTAL ASSETS     | ALL 7.85 BILLION |
| CAPITAL ADEQUACY | 20.1% LOAN       |
| PORTFOLIO        | ALL 6.25 BILLION |
| MEMBER DEPOSITS  | ALL 5.29 BILLION |

Several important collaborations were realized during 2023 with our strategic partners including new financing and guarantee lines with end beneficiaries small and medium enterprises, as well as with partners with whom FED invest coordinates efforts to offer a wide range of non-financial services for farmers and entrepreneurs in the agriculture and livestock sector through the ABA Center and the [abaonline.al](http://abaonline.al) platform.

FED invest will continue to grow in urban and rural areas through tailored and transparent products for members: loans, deposits, utility payments, current accounts, overdrafts, digital services, etc. FED invest will continue investments in technology and innovation to support digitized financial and non-financial processes and services, as well as to provide secure financial transactions for our members.





## 3.4 FONDI BESA

### 1. THE MAIN INDICATORS OF FINANCIAL ACTIVITY FOR 2023

| Indicator                   | December 2023 (ALL) |
|-----------------------------|---------------------|
| Active Credit               | 26,357              |
| Loan Portfolio              | 14,416,899,724      |
| Disbursements number/year   | 14,832              |
| Value Disbursements/year    | 7,976,969,415       |
| Average Outst. /Active loan | 536,742             |
| Average Credit/Year         | 537,822             |

\*) Figures in ALL

### 2. ACHIEVEMENTS OF FINANCIAL ACTIVITY

- The loan portfolio results in a 2.2% increase, compared to 2022
- The average annual loan results in a 4.91% increase compared to 2022
- Disbursements in number result in a 3.24% increase, compared to 2022
- Disbursements in value result in an increase of 8.30%, compared to 2022

### 3. CHALLENGES OF FINANCIAL ACTIVITY

- Stability in the level of disbursements, considering a microfinance market at the "stagnation" level. The number of disbursements has increased both in number and value
- The loan portfolio has increased
- Worked intensively on the implementation of the new system.
- Work has been done to manage the risk that worsened during the year aiming at improvement during the current year
- Work has been done to support the staff at all

levels in this difficult year

- Effective contacts were made, and agreements were signed with various donors for securing funds
- Continuous work has been done on the follow-up and performance of Write-Off loans.

### 4. INCREASE IN STAFF

Compared to the previous year, i.e. the end of 2022, according to which the total number of 623 employees marked an increase of 3% or 18 employees in number, the year 2023, until December 31, 2023, where the total staff consisted of 620 employees, marked a decrease of 0.5% or 3 employees in number.

### 5. THE EXTENT OF FINANCIAL ACTIVITY

At the end of 2023, Fondi Besa operates with 77 offices around the country, of which 34 are Regional Offices and 43 of them Satellite Offices (+ 1 Central Office).

Each Regional Branch has 1-2 satellite offices in the same city or in the nearest cities.

### 6. STRATEGIC PRIORITIES & OBJECTIVES FOR THE PERIOD 2024 – 2026

Following the strategic objectives, the Besa Fund will aim to fulfill the following:

- To maintain an outstanding portfolio in the amount of ALL 19.5 billion and an active clientele of 50,000 customers at the end of 2026
- To maintain a portfolio at risk of no more than 4-5% during the next three years.
- Increase staff productivity by reaching 140 active credits by the end of 2026
- To maintain and improve financial self-sufficiency during the next three years
- To maintain the indicators in accordance with the supervisory regulations of the Bank of Albania
- To strengthen the social dimension, where it will be aimed to increase the financial inclusion of women with the aim of disbursing about 5,000 loans per year. Through the lending activity, we aim to finance about 2,500 new enterprises per year, creating the possibility of maintaining about 10,000 jobs, for improving their quality of life directly or indirectly







### 3.5 | IUTE ALBANIA

IuteCredit Albania sh. a was established as a joint-stock company on August 4, 2014, and operates in accordance with the law "On merchants and commercial companies" and other laws that regulate business in Albania. In the commercial register (CKB) the company is identified as NIPT L42011023U and its main office is located at the address: "Andon Zako Çajupi" Street, ND.3, Entrance No.2, Administrative Unit No.5, Tirana. "IuteCreditAlbania" Sh. a is fully owned by the sole shareholder "Iute Group As" based in Estonia.

The main object of the company's activity is activities in the field of lending and the company is licensed by the Central Bank of Albania with license no. 32, dated 31.03.2015 as a Microcredit Non-Banking Financial Institution. The company started its activity offering consumer loans in April 2015.

#### Vision

People will use fast financial services and transfer money instantly. We are part of this future. Exceptional customer experience is why people will come back again and again.

#### Mission

Iute's mission is to create an exceptional experience in personal finance, exceeding customer expectations.

The goal is to improve everyone's standard of living, giving them the opportunity to use modern technology and access to the digital economy. IuteCredit Albania guarantees all customers with loan products, which are consumer loans without guarantees, with maturities from 1 to 48 months.

The company is part of Iute Group As based in Estonia, which is listed on the Frankfurt Stock Exchange, and which is the 100% shareholder of the capital of IuteCredit Albania.

Even the year 2023, like the year before, was a positive year in terms of growth that also reflects the

development of IuteCredit Albania in fully digitalized solutions for customers, for more stable lending practices, for larger loan amounts in periods longer and with lower interest rates.

During 2023, the average annual percentage (APR) of disbursed loans has decreased again to 45.84% from 54.3% during 2022, while the trend for 2024 is to decrease to 35%.

Digitization in the delivery of our services continued to be a boon to growth during 2023.

A special focus has been devoted to investing in cyber security. The attacks faced by some of the institutions in our country made us review the security policies and improve the infrastructure to provide guarantees for customer data but also to maintain the company's reputation.

The year 2023 has marked improvements in many financial indicators compared to the previous year.

The company's total assets in 2023 increased by 7% compared to 2022, revenues increased by 16%, while profit increased by 126% compared to the previous year. Borrowing funds to ensure sufficient liquidity is a normal company process. Resources are diversified, borrowing funds in the domestic and foreign markets. Borrowing rates have not changed compared to 2022, for foreign funds, while we can emphasize that they have decreased for the domestic market. This is a very good indicator to measure the level of risk assessed by non-bank financial institutions and has led IuteCredit to increase borrowing in the local market at a lower cost, reflected in the loans it offers to customers. The year 2023 was finalized with the issuance of 2 corporate bonds with a private offer for IuteCredit Albania for a value of nearly 3 million euros.

The net loan portfolio at the end of 2023 resulted in a 17% increase from last year. The credit quality continues to be very good, where even at the end

of 2023, loan repayments within the 30-day delay amount to 86%.

The total number of customers increased by 15.3% while that of good active customers increased by 2.7% compared to the data for the previous year. The number of employees at the end of 2023 decreased by 10% compared to 2022, where the decrease was due to the restructuring of the company and the orientation towards online services more than those in branches.

IuteCredit Albania continues to invest in the development and improvement of the competencies and skills of its employees by creating an environment that encourages development through training programs, where during 2023 each employee has completed an average of 2 trainings provided by foreign trainers, with a total value of 45,000 Euros.

We also advise and support our customers in many other communication channels: phone, Email, Facebook, WhatsApp, Viber, online chats where we provide a seamless customer experience. Our contact center has successfully answered 1,069,023 customer inquiries in 2023, and we answered 79.03%

of our calls in less than 20 seconds and served our customers with satisfaction and professionalism.

This year as well, like every other year, IuteCredit Albania continued its involvement in activities of a charitable nature in the total value of 13,000 Euros.

#### Objectives and strategy for 2024:

Expectations for the year 2024:

1. Expanding the nature of products and services for our customers
2. Continuous investments in Digital Finance
3. Investments in the network of ATMs throughout Albania
4. Investments in specific technological processes such as: electronic identification of customers and their electronic signature through trusted service providers
5. Continuous growth of the main financial indicators
6. Loan product for businesses



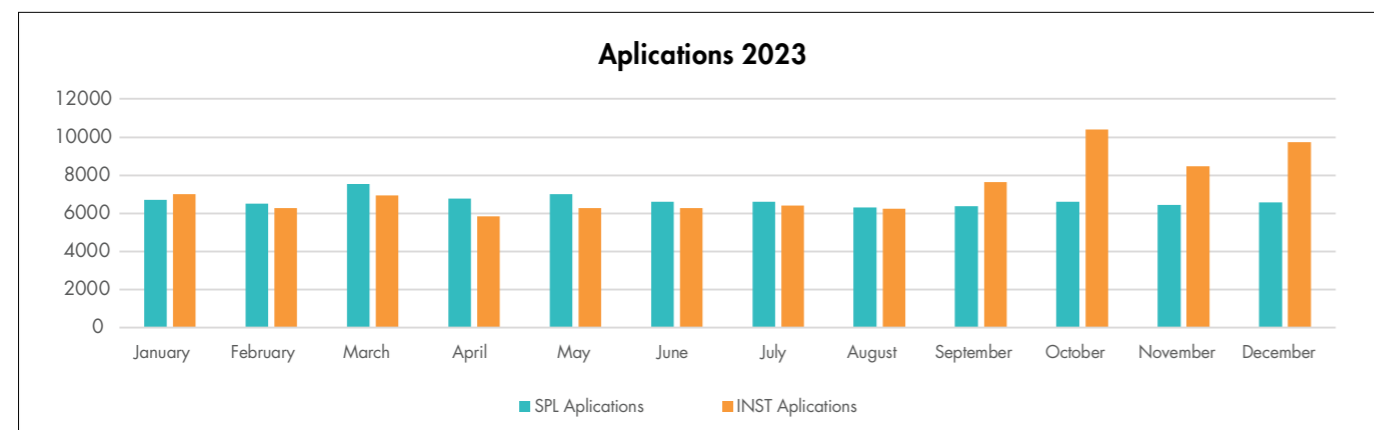




### 3.6 | KREDO FINANCË

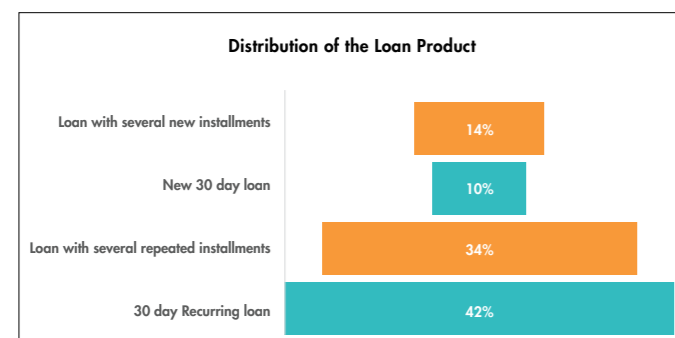
The year 2023 started as a promising year, and in fact even though the month of April slightly shook the confidence in the continuity of the year, then the

hard work of all employees was rewarded with an unwavering and growing continuity for the following months.



As can be clearly seen from the graph, this year brought a better-known trend in economic dynamics. Keeping the total applications at the same levels throughout the first part of the year. Only in the month of September do we see the beginning of an increase, which culminated in October of 2023. The main weight of this increase was carried by the installment loan product, showing us once again the importance for the individual of a division of expenses over time. The month of December shows a staggering increase both in the number of applications and in loans disbursed.

There are several factors that brought this stability and growth in 2023. Kredo Finance during 2023 has remained loyal to its strategy of offering discounted products to loyal customers, but also like every other



year it has helped all new customers by continue to market its fantastic offer – FREE FIRST LOAN!

The health of a company is evident from the level of repeat customers it manages to maintain. As can be seen clearly from the chart above, Kredo Finance relies heavily on repeat customers. In the graph above, we see that Kredo Finance’s portfolio for 2023 consists mostly of 76% of recurring loans, and only 24% of loans generated by new clients for Kredo Finance.

To increase the quality of its service, Kredo Finance has invested heavily in the automation of processes and the improvement of all communication links between its employees.

During the year 2023, we see that we have stability in the number of staff compared to 2022, which shows the loyalty of the staff to the institution. At the end of 2023, Kredo Finance has 230 employees who direct and follow the work to serve all its customers in 38 branches.

You can't be called Fintech if you don't bring new products or processes to market. Always at the forefront of technological development, Kredo Finance completed the negotiations with the Evrotrust company in 2023.

One of the key advantages of Kredo.al is the partnership with EvroTrust, a leading company in digital security. Through EvroTrust, Kredo.al enables a 100% online identification process, including identification document verification, biometric identification and digital signature for the customer.

Identification document verification: To guarantee security and legality, EvroTrust enables an accurate verification of the client’s identification document. This process ensures that the data is valid, and that the customer is eligible for credit. The market launch of this innovation will be at the beginning of 2024.

#### Objectives and strategy for 2024:

Our plans are long-term and ambitious.

Kredo Finance plans for 2024:

1. To further expand its network of services
2. To expand its impact on increasing the level of financial education
3. To increase the performance capacity of its staff through an intensive and specific professional and personal training program







### 3.7 | MIA FINANCE

MiA Finance sh. a is a non-bank financial institution, founded in 2007, with 100% Albanian capital, licensed by the Bank of Albania in 2010 for microcredit activity. MiA finance provides services in 10 branches spread throughout Albania.

MiA Finance sh. a intends to continue improving and consolidating its image through the continuous work of its professional staff, always keeping in mind the indisputable principles such as quality, transparency and flexibility towards clients and equal treatment of clients, regardless of personal conditions, social or demographic. Clients' reliability is our priority and drives us to work even harder to achieve a favorable position in the market as the most reliable financial institution with high professional ethics. MiA Finance offers financial products for all types of customers. The target groups are small and medium businesses and agribusinesses.

MiA Finance sh. a has continued to expand its activity in all directions and strengthen the image of the institution in Albania and among local and international partners.

During 2023, the loan portfolio has increased by 149%, focusing continuously on increasing the loan portfolio given to micro and agro businesses. The quality of the NPL loan portfolio has decreased significantly to 13.88%.

#### Main activity indicators:

Total Branches: 10 (70% of them opened during 2023)

Number of Employees: 60 (75% of the staff are women)

Among these, several important collaborations were realized during 2023 with our partners. A total of 7 branches were opened during 2023.

MiA Finance will continue to grow in urban and rural areas through customized and transparent loan products for customers.

#### Objectives and strategy for 2024:

- 1. Opening of new MiA branches
- 2. Diversification and growth of the loan portfolio in volume and number
- 3. Continuous promotion in different media
- 4. Sponsorships, etc.

For more informations about MiA Finance please visit the website: <https://miafinance.al/>







### 3.8 | NOA

For 25 years, NOA has been able to successfully respond to the growing demand of entrepreneurs, farmers and Albanian families for adapted and always more ambitious financing. And the year 2023 best symbolizes this reality as the active financing portfolio exceeded 80 million euros with an annual growth of 25%. At the same time, the number of new disbursements has also increased, which confirms the fact that NOA has remained loyal to its priority segments by offering the same products, but with a more dynamic provider, processing and follow-up capacity. It is this reputation already confirmed over the years of NOA's products and financial offer that explains the fact that 1 in 2 customers during 2023 will be NOA's customers for the first time. The growth of the portfolio during 2023 should also be read under the lens of the increase in the costs of funds, which exceeded 13%. It is thanks to NOA's capacity to create the necessary economies of scale on the technological, business and financial levels that the increase in costs did not impact lending activity. On the contrary, it served as an incentive to provide a better-quality service, which is also confirmed by the levels of PAR30, which remained at the level of 3.4%.

Meanwhile, at the institutional level, there would be the most outstanding achievements of NOA. First, the extension of lending activity across the border by opening the first branch in Kosovo. An operational achievement but also an overview of NOA's vision to provide human finance wherever the roots of our communities are found. Second, the successful issuance for the first time in Albania of an open private bond. Its signature within a record time by many private institutions and individuals is the strongest proof of the trust that the NOA logo conveys in the Albanian market. Thirdly, the evaluation up to the finalist level of NOA, alongside Balfin Group and Credins Bank, within the initiative organized by UNDP "SDG Business Pioneers Award". An award which confirmed that the investment over the last years in

the promotion of Human Finance has been translated into real and tangible terms and for third parties specialized in ESG issues. In this register, we should also mention the Consumer Protection Certification, as an achievement that proves the investment of all NOA staff in reaching the highest standards.

Distinctive features, events or outstanding results during 2023

- Opening of NOA Kosovo
- Issuance for the first time in Albania of a public offering bond
- Conference of the Balkan Economic Forum
- Participation in fairs
- Donations
- CPC Certificate

#### Strategic priorities and objectives for 2024

This is a year full of challenges that motivate us and push us to move forward. In accordance with our business objectives to reach at the end of 2024 a loan portfolio of about 110 million EURO, we are aiming to implement the model of a financial institution that respects the principles of Human Finance and that offers its services through the vision of NOA 3x3 where the digital branch has taken absolute priority, without leaving behind the network of partners and of course our main business channel, the network of branches. In addition to market positioning, our supporting strategic priorities are the complete automation of internal processes as well as the diversification of new business lines, to offer the client new products and services in addition to credit. Counseling remains one of the lines that will continue to attract more and more attention.

In line with our business development strategy, the small business segment will receive special attention

to ensure a position as favorable as the individual, micro and agro segments. A full set of products, with simplified criteria and processes, will be continuously designed and presented to the client, to ensure a high level of innovation and repositioning in the market.

The new business structure that was introduced at the beginning of February 2024 has started working on the execution of its strategy for this year, and the figures of the first quarter are extremely encouraging.

We remain confident that with the capacities we have, the energy and courage that characterizes us, human communication and cooperation at a higher level, the objectives we have set for ourselves and the strategic priorities we have assumed will be achieved and exceeded to further strengthen the positioning of NOA Financial Institution in the local and international financial market.







### 3.9 | UNIFIN SHKK

UniFin Savings Credit Society is a non-profit non-bank financial institution, which unlike most of them, is funded by all its members. The profits generated from the loan products are reinvested in the capital of the Savings Credit Society with the aim of increasing the lending activity of loans to its members with the created goals of the financial needs of the most favorable conditions for the members. The loan fund for members has as its source the deposits collected by the members of the Savings Credit Society. By doing this in the values and principles of solidarity, transparency and integrity, UniFin Savings Credit Society is one of the most reliable partners in the field of microfinance in the country.

The year 2023 was another successful and positive year. UniFin recorded growth in all its indicators. UniFin opened 4 new branches expanding its geographic map in the north and opening new branches in the existing cities of Korça and Tirana. Membership increased by 10%, the volume of disbursed loans increased by 21%, leading to an increase in the loan portfolio of 17% and that of deposits by 2%, which ultimately resulted in an increase in the capital of UniFin by 13.4 %. The year 2023 also marked a stability in credit quality, keeping the risk level within UniFin's objectives up to 2.7%.

The data of the UniFin Savings-Credit Company for the end of 2023 are as follows:

#### Main Activity Indicators

- Total number of members: 20,973 members
- Total gross loan portfolio: ALL 1,183,500,000
- Total deposit portfolio: ALL 1,061,400,000
- Total branches: 21
- Number of employees: 50

Important developments have taken place in terms of designing new loan and deposit products, which brought conditions in line with the requirements of the membership and the market in general and without reducing the quality of the loan and keeping the costs of funds at an acceptable level.

#### Objectives and strategy for 2024

The year 2024 aims at the further and qualitative growth of the loan portfolio through flexible loan products that aim to meet a wide range of needs for members, from simple consumer needs, support for small and medium businesses to financing needs for home purchase.

UniFin Savings Credit Society aims to build a medium-term strategy for the digitization of products and processes to increase communication with members more quickly and effectively.

Also, for 2024 UniFin Savings Credit Society will continue the partnership with its historical and new partners with whom it shares the same mission and goal.





## 4 SUMMARY OF AMA ACTIVITIES DURING 2023

### 4.1. TRAININGS AND SEMINARS ON THE MAIN THEMES OF THE SECTOR`

#### 4.1.1 The Albanian Microfinance Association held a two-day seminar on the topic: "The risks of financing terrorism presented by new technologies in the Albanian context", February 28, 2023 - March 1, 2023

The Albanian Microfinance Association (AMA) in collaboration with the Royal United Service Institute (R.U.S.I), the Center for Financial Crime & Security Studies (CFCS) and the Albanian Financial Intelligence Unit (AFIU) developed the two-day seminar which explored: "The risks of financing terrorism presented by new technologies in the Albanian context".

Innovations in domestic financial services offer numerous benefits to ordinary people, including better user experience and faster payments, but digital platforms and new technologies can similarly enable terrorists and their financiers. to collect, move, store and spend funds.

Such abuses of new technologies are right at the top of the global counterterrorism financing (CTF) agenda, with countries around the world seeking to strike the delicate balance of, on the one hand, unleashing the positive potential of new financial technologies for financial inclusion and access to banking, while on the other hand developing appropriate regulation and knowledge within the new technology sector itself.

Sessions will be led by RUSI researchers and other leading financial crime experts in the financial technology (FinTech) industry, focusing on helping private sector participants anticipate how their services could potentially be abused by terrorists or their supporters. The second day will bring public and private sector participants together, to jointly discuss risks and responses, and to see first-hand the advantages of collaboration to tackle terrorism financing.



#### 4.1.2 The Albanian Microfinance Association held a joint discussion table with UNHCR Albania in the framework of: "International Day of Refugees and Asylum Seekers" June 20, 2023

The Albanian Microfinance Association, in cooperation with UNHCR Albania, organized a joint discussion table within the framework of: "International Day of Refugees and Asylum Seekers". The purpose of this table was to represent, raise awareness of the assessment of the financial and legal needs of refugees. This serves to understand their involvement, proper documentation, the demand for the use of financial services in the country, and the assessment of interest from financial service providers as well as the extension of their products and services to the refugee population.

Opportunities for the financial sector to serve refugees and best practices followed by financial service providers in other countries were presented by the Albanian Microfinance Association.

On the part of UNHCR in Albania, the participants were introduced to the socio-economic situation of refugees, the legal framework and living needs, as well as the current international practices regarding the effective inclusion of refugees, seeing it from the perspective of the level approach local.

The Albanian Microfinance Association and UNHCR Albania will continue this cooperation even further, to create an enabling situation for refugees and asylum seekers for access to financial services and their rapid integration in our country.



#### 4.1.3 The Albanian Microfinance Association in cooperation with the Institute of Internal Auditors (AIIA) organized the seminar on "Internal Audit Standards and their improvement" December 4, 2023

The Albanian Microfinance Association, in cooperation with UNHCR Albania, organized a joint discussion table within the framework of: "International Day of Refugees and Asylum Seekers". The purpose of this table was to represent, raise awareness of the assessment of the financial and legal needs of refugees. This serves to understand their involvement, proper documentation, the demand for the use of financial services in the country, and the assessment of interest from financial service providers as well as the extension of their products and services to the refugee population.

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The Albanian Microfinance Association and UNHCR Albania will continue this cooperation even further, to create an enabling situation for refugees and asylum seekers for access to financial services and their rapid integration in our country.



#### 4.1.4 As part of the Integrity Week, the Albanian Microfinance Association held a discussion table on the topic: "Corporate Governance in Microfinance Institutions", December 11, 2023

The heads of the legal and compliance departments of the AMA member institutions discussed the legal and regulatory framework for the governance of microfinance institutions with Mrs. Ermira Curri (Tepelena) from the Supervision Department of the Bank of Albania. In this seminar, a picture was presented on the basic principles and rules of effective general management, emphasizing the importance of the governing bodies as well as the risk management system.

The General Secretary of AMA greeted the attendees and thanked Ms. Curri for her presence in this activity. She further emphasized the importance of interaction and information exchange between members and the regulator.

Mrs. Ermira Curri made a detailed presentation on the legal and regulatory framework for the governance of microfinance institutions, presenting a picture of the principles and basic rules of effective general management, emphasizing the importance of the governing bodies as well as the risk management system.



## 4.2. EUROPIAN MICROFINANCE DAY 2023

### 4.2.1 The Albanian Microfinance Association holds the annual event with the theme: "Digitalization of Microfinance: Promoting inclusion and financial stability in Albania"

#### European Microfinance Day-October 26, 2023

The Albanian Microfinance Association organized for the fifth time the event within the framework of the European Day of Microfinance and this year with the

theme: "Digitalization of Microfinance: Promoting inclusion and financial stability in Albania".

Invited were senior representatives from state institutions, the Financial Supervision Authority, the Bank of Albania and representatives of international financial institutions such as: World Bank Albania, EBRD, KfW Bankengruppe Embassy of Switzerland in Albania EU4Innovation etc. Representatives of the community and sectoral associations, non-

bank financial institutions and benefactors of the microfinance activity, who have provided ongoing support to the sector, also participated.

The activity was welcomed by Mr. Eduard Shalsi, Chairman of the Economy and Finance Committee, who emphasized that the topic of this day is very current and important for the financial system. He emphasized the importance of microfinance institutions for that part of the population that does not have access to the banking market and invited all institutions to do more to inform the public and the media and policy makers about the impact that the sector has on the lives of citizens and small businesses. Transparency is a feature that should prevail in the sector and with this message he thanked the association for the invitation.

Mr. Deniz Dërralla, Director of Supervision, thanked and expressed his support on behalf of the Bank of Albania for all microfinance institutions, for all the very good and important work they have done in all these years for the entire financial system, with a tripling of their activity. He encouraged everyone to continue the good work so far to be more productive and efficient thanks to the important steps that the Bank of Albania has taken in the digitalization of the financial sector.

In her speech Mrs. Arlinda Muja, President of AMA thanked all collaborators, partners and supporters in the long and challenging path that microfinance has gone through during these 30 years. Mrs. Muja expressed on behalf of everyone that microfinance





institutions in the country will continue to serve the part of society with lower financial income, starting with the social mission of microfinance. Mrs. Arlinda Muja also presented the primary objectives of the member microfinance institutions, among which the most important are:

- 1) Increasing access to finance
- 2) Creating jobs
- 3) Expanding financial inclusion
- 4) Technological development for continuous improvement of products and services.

Special importance and galloping efforts have been made and will continue to be made in the long process of financial education, also in the support of the agricultural activity of stable.

The event marked an important step in the direction of strengthening the dialogue of the microfinance sector with the government, development financial institutions, market actors as well as with the business community, thus being considered a successful event by partners and participants.

### 4.3. 25<sup>TH</sup> ANNUAL CONFERENCE OF MICROFINANCE CENTRE

#### 4.3.1 The 25<sup>th</sup> annual conference organized by the Microfinance Center (MFC), with the theme: "Thrive together", 24-25 May 2023, Budva

The Albanian Microfinance Association participates in the 25th Annual Conference organized in Budva, Montenegro by the Microfinance Center (MFC) with the theme: "Thriving together".

In this event that marks the 25th anniversary of the MFC International Microfinance Network, Albanian microfinance is represented by the management staff of all its members, who engage in discussions and networking with the participants. Microfinance Center is a social finance network that promotes justice, inclusiveness, equality and accountability in the provision of financial services.



The network brings together about 100 organizations from 36 countries in Europe and Central Asia, which together offer microfinance products and services to about 2 million low-income clients.

The opening speech of the Annual Conference of the Microfinance Center was delivered by the General Secretary of the Albanian Microfinance Association and outgoing Chairman of the Supervisory Council

of MFC, Mrs. Brunilda Isaj.

The conference continued its work on the second day, where from the new elections for the MFC Council, Mr. Perlat Sulaj, administrator of Fed Invest, was elected as the youngest elected member of the MFC Council. Another achievement for the Albanian microfinance association in collaboration with the Microfinance Centre.

### 4.4 SOCIAL FINANCE VIBE 2023

#### 4.4.1 SFV Virtual Conference 2023 with the theme: "Empowering the future" November 21-22, 2023



Social Finance Vibe 2023 was the third edition of the virtual conference organized by the Center for Microfinance (MFC) with the support of the European Union and other partners.

AMA members attended the SFV Virtual Conference 2023 themed: "Empowering the Future" hosted by the Microfinance Center (MFC) with over 400 attendees, 60 keynote speakers and 20 sessions held at the largest two-day event of social finance.

This year, the conference was built around three main themes: social economy, vulnerable groups and mega trends.

On the second day of the conference, Mr. Perlat Sulaj, member of the supervisory board of MFC, administrator of Fed Invest, was a panelist in the session dedicated to comprehensive finance and rural development. Among other things, he emphasized the commitment and contribution to the development of sustainable agriculture and the transformation of finance social in the rural economy.

The conference was a unique space for the exchange of experiences between leaders and experts in European microfinance.





security, digitalization, strengthening of capacities for the changes expected in relation to the legal initiatives to align the legal and regulatory framework with the EU acquis, etc. were mentioned.

Many valuable suggestions were given to internal auditors that will serve as priorities for the Institute's activities for 2024.

Changes and innovations are happening due to: world crises, pandemics, geopolitical conflicts, artificial intelligence, hybrid work, digital revolution, etc., and we must all prepare to welcome it, regardless of the function we serve in the institutions.

Internal auditors are very well positioned to help as "agents" for this change for the good of our institutions and society.



## 4.5 ANNUAL CONFERENCE OF INTERNAL AUDITORS

### 4.5.1 Annual Conference of Internal Auditors, December 12, 2023

On December 12, 2023, the Annual Conference of the Albanian Institute of Internal Auditors for the year 2023 took place. The main theme of the conference was: **"The road to trust building"**.

Albanian microfinance was represented by the President of the Association, Mrs. Arlinda Muja, executive director of Kredo Finance, who was the speaker in the second panel on the topic: **"Risks appearing in the local environment"**.

The panels enabled discussions at more practical levels on issues of great interest such as transparency,

trust and the key role that ethics plays in building trust within the institutions where we work and our society.

The second panel brought a very current topic such as the new risks in the internal environment and how Internal Audit should develop to adapt to these trends.

Invited panelists with excellent knowledge of the Albanian market, in various aspects of the market, brought a practical and valuable discussion to the attendees regarding the expected new developments in the local market and the challenges faced by institutions in a dynamic world and constantly changing.

Among the most important risks in the domestic market, the lack of qualified professionals, cyber



## 5 SIGNIFICANT EVENTS

### 5.1 ISSUANCE OF THE FIRST PRIVATE BOND WITH PUBLIC OFFERING

#### 5.1.1 Historic moment - first private bond with public offering, May 24, 2023

Noa sh. a non-bank financial institution, very important member of the Albanian Microfinance Association, pioneer in the listing on the Albanian Stock Exchange of the first non-governmental title.

Congratulations on the ceremonial celebrations in the framework of the 25th anniversary of the establishment of this institution and this event that marks a historical moment in the secondary finance market, paving the way for investments in the private sector capital markets for these instruments.

The issued bond will now be quoted on the Albanian Stock Exchange, making it the first title of a private entity that can be freely listed on the stock exchange,

as until now public trading of securities has only been possible for issued securities from the government.

The bond has a term of 5 years and a fixed annual interest of 8% that is paid every 6 months.

The bond is unsecured, subordinated and was issued in Lekë currency with a minimum value of 500,000 Lekë. This means that this instrument comes last in order of repayment of obligations, but it is still in front of the shareholders.

The chain effect - Listing on the Stock Exchange makes financial securities liquid, which can be shown at any moment, creating the opportunity for investors to sell and buy them freely. This creates new opportunities for the financial market.



### 5.2 THE THIRD MANDATE AT THE HEAD OF THE ALBANIAN MICROFINANCE ASSOCIATION

#### 5.2.1 Meeting of the General Assembly of Members

The Albanian Microfinance Association (AMA) held its year-end meeting to discuss and approve the 2024 Budget Plan and vote for the next President who will lead the association for a 2-year term 2024-2026. The members unanimously approved the third mandate of Mrs. Arlinda Muja as President of AMA.

In a perfect continuity of success and unwavering commitment to the microfinance sector in Albania, Mrs. Arlinda Muja, General Director of Kredo Finance, enjoys another well-deserved reward. She has been elected for the third time in a row as the President of the Albanian Microfinance Association, a situation which shows not only her professionalism in the field

of microcredit services, but also her commitment to the diseases of the microfinance sector in the country.

Kredo Finance has been an important force in the microfinance sector in Albania, offering various financial services to the local community.

Mrs. Arlinda Muja has led with passion and vision, helping to increase the access of individuals and small businesses to financial resources.

The election of Mrs. Arlinda Muja for the third time in a row as the President of the Albanian Microfinance Association is a clear recognition of her extraordinary contribution in the field of microfinance.

This vote of confidence by the members of the



association shows that she is a respected leader and a recognized expert in this field.

As President of the Albanian Microfinance Association, Mrs. Arlinda Muja has announced a clear vision and an important priority for the future of the microfinance sector in the country.

Mrs. Muja has expressed her intention to deepen the cooperation between microfinance institutions and other actors of the sector as well as the regulatory institutions of this sector, with the aim of improving services and providing new opportunities for clients.

In addition, Mrs. Arlinda Muja is dedicated to improving financial education and community awareness regarding the advantages and risks of

using financial services.

This effort aims to help increase financial awareness and improve financial management skills for individuals and communities in need.

The election of Mrs. Arlinda Muja for the third time in a row as the President of the Albanian Microfinance Association is a clear proof of the respect and appreciation of her work in the field of microfinance.

Being the head of Kredo Finance and the Albanian Microfinance Association, she serves as an inspiring model for all those engaged in the development of the financial sector in Albania.

## 6 RESEARCH AND PUBLICATIONS

### 6.1 SURVEY OF ECONOMIC EXPECTATIONS THROUGHOUT THE YEAR 2024

#### The Albanian Microfinance Association publishes the financial indicators for 2023 and the results of the survey on the economic expectations of citizens for 2024

The Albanian Microfinance Association held a meeting with economic journalists and media representatives in the country, to convey information about the activity of the sector during 2023, as well as plans and expectations for the future.

During the meeting, the challenges of the Albanian economy were presented from the perspective of individuals, the role of microfinance in promoting the local economy and the essential importance of these institutions in the technological development of the financial sector and the financial education of the individuals served.

#### a) The activity of the non-bank lending and microcredit sector

The microfinance sector at the end of 2023 resulted in 200,000 active clients and over 255,000 disbursed loans. The volume of disbursed loans has reached 36.6 billion ALL, or almost 360 million euros, from 34 billion in 2022. Meanwhile, the non-performing loan (NPL) has fallen to the level of 6.1% from 7.2% in 2022.

The first place in the portfolio of members is occupied by businesses of all types (51%) and then by individuals (36%). Meanwhile, in terms of the number of loans, the microfinance sector is mostly focused on the individual, which accounts for 80% of active loans.

Meanwhile, lending activity has grown significantly with an active loan portfolio of 44 billion ALL or about 440 million euros.

According to the official data of AMA members, the sector counts 1,919 employees, of which 951 are loan officers. The 9 microfinance institutions have a total network of 290 branches spread across the country.

Albania continues to have a strong demand for microfinance products. Most of the Albanian IFJBs follow a responsible social policy targeting financially excluded individuals and disadvantaged geographical areas

#### b) Market research on the economic situation of citizens for 2023 and their economic expectations for 2024

Some of the conclusions of the study regarding the expectations of individuals are listed below:

- 52% of the interviewees have several sources of income.
- The predominant source of income comes from the private sector.
- 27% of employees in the states have a second source of income from rent and work in private business.
- 50% of pensioners interviewed declare that they are employed in the private sector.
- 93% of individuals interviewed declare that the year 2023 has had a somewhat negative or negative impact on their income.
- Only 8% of the interviewees managed to save money for investment/purchase.
- 72 % of the interviewees declare that they can afford the monthly expenses but saving money is difficult.
- 42% of the interviewees have tried to reduce expenses in order not to get a loan during 2023, since they already have one.
- 40% of the interviewees encountered too many difficulties and had to get loans.
- 58 % of the interviewees stated that they have income for essential vital purchases.
- 16.5% of the interviewees cannot even buy clothes and clothing. This includes the category of pensioners.
- 95% of the interviewees declared that family expenses are focused on the payment of utility bills.
- 60% of interviewees stated that they had a car at home and needed a budget for its maintenance.
- Clothing, pharmaceuticals, medical checks, children's education were realized as expenses for 50% of the interviewees.



15. Over 80% of the interviewees declared that they will not restructure housing or buy a car.
16. The interviewees stated that they use one or more financial instruments.
17. The interviewees have used some of the services at the same time, such as the credit card and the bank loan.
18. A significant number of the interviewees received a loan from a non-bank financial institution and at the same time used banking products.
19. Only 16% of interviewees still consider debt from relatives, the rest is directed to financial institutions.
- The future remains challenging with frequent changes in the economy associated with the reduction of household expenses and careful management of income.

### 6.3 BORROW WISELY CAMPAIGN 2023

#### 6.3.1 "Microfinance for Women's Entrepreneurship"

"Borrow Wisely" Campaign, its 9th edition, promotes global standards of responsible lending and customer care. This annual international campaign is run by the Microfinance Center (MFC) and its partners.

The Albanian Microfinance Association together with some of its members are proud members of this network with valuable contributions that strives for justice, equal opportunities and ethics in the provision of financial services.

This year's theme was "Microfinance for Women's

Entrepreneurship". This campaign, organized by the Microfinance Center (MFC) and its members, focuses on overcoming the gender gap and promoting the role and transformative impact of microfinance in financing and empowering women entrepreneurs.

The digital component was the emphasis of this edition of the "Borrow Wisely" campaign. Improving access, guidelines and recommendations for optimizing services, promoting products and offering convenient payment options and other tools that lead to the success of businesses in the era digital.



## 7 LOBBYING AND ADVOCACY

### 7.1. RELATIONS WITH THE BANK OF ALBANIA

Non-bank financial institutions and Savings-Credit Societies are financial entities licensed and supervised by the Bank of Albania. Albanian Microfinance maintains close relations and cooperates with the Bank of Albania in terms of representing the members of the association, in terms of improvement and changes applied in the regulatory plan, as well as the exchange of qualitative and quantitative information exchanged in terms of the progress of the sector and trends observed within it in relation to the economic and financial environment of the country in general.

The Association has maintained constant contacts with the Bank of Albania regarding regulatory changes and the creation of a healthy financial environment to create the appropriate support for all market segments and the economy in general.

#### 7.1.1 IX meeting of the National Payment System



#### 7.1.2 Meeting of the technical committee for the national financial education strategy, June 15, 2023

June 15, 2023, the first meeting of the technical committee was held in the framework of the preparation of the National Strategy for Financial Education and Inclusion where AMA is an integral part of this committee.

#### Committee, December 13, 2023

The Albanian Microfinance Association participated in the IX meeting of the National Committee of Payment Systems, which took place on December 13, 2023 under the direction of Deputy To the First Governor and at the same time Chairman of this Committee, Mrs. Luljeta Minxhozi.

The Committee meeting continued with presentations and technical discussions on SEPA membership criteria and requirements for Albania; implementation of the project on quick payments;

AMA expressed appreciation for the finalization of the Strategy for Financial Education and Inclusion and expressed the commitment of members to contribute to future projects and initiatives in order to improve financial education in the country.

Organized under the special care of the First Deputy Governor of the Bank of Albania, Mrs. Luljeta Minxhozi, this meeting served to establish the first milestones of future cooperation, to get to know more closely the current projects and the goals of the institutions in this field, as well as to determine the deadlines and objectives of the National Strategy for and Financial Education and Inclusion.



## 7.2. RELATIONS WITH THE GOVERNMENT AND OTHER ACTORS OF THE FINANCIAL MARKET

### 7.2.1 Investment Council, October 6, 2023

The Albanian Microfinance Association was a participant in the ad hoc meeting called by the Investment Council, chaired by the Minister of Finance and Economy Mr. Ervin Mete. At the center of the discussions was the quality of public services in interaction with the public sector.

The microfinance sector supports the initiatives undertaken by the Ministry of Finance and Economy to improve the business environment and expresses its readiness to be a contributing factor in these initiatives, in support of its more than 270 thousand clients, businesses, micro-enterprises and Albanian farmers.



### 7.2.2 The next meeting of the Investment Council, December 15, 2023

The Albanian Microfinance Association participated in the next Meeting of the Investment Council called by

the Minister of Finance and Economy Mr. Ervin Mete. The Economic Reforms Program **2024-2026** was the focus of discussions and consultation of this document with state institutions, business representatives and international partners.



### 7.2.3 Panel discussion "Increasing access to finance for agriculture", March 10, 2023

The Albanian Microfinance Association was a panelist in the meeting organized by the Ministry of Agriculture and the Bank of Albania, through the general director of Fed Invest, Mr. Perlat Sulaj.

This meeting brought together our microfinance institutions and savings-credit societies and representatives of farmers. to discuss the operation of all links of interaction between the actors of this chain, as well as the further increase of access to financing for farmers and agro-processors.



### 7.2.4 Consultative meeting on the law on Cyber Security, November 10, 2023

The Albanian Microfinance Association together with its members met with representatives of the National Authority of CESK to discuss the draft law "On cyber security". The members recommended that the classification and categorization of non-bank financial institutions as important or critical infrastructure should be done considering the type of services or the impact these institutions have on the economy and be fully related to their primary activity.

Mr. Igli Tafa, general director of the CESK National Authority, said in his speech that the authority aims to guarantee that all subjects implement the basic standards for guaranteeing information security.

The National Authority promised to be cooperative with the sector and guaranteed that the Albanian Microfinance Association will be part of the process of further consultations and specifically of the new methodology for identifying critical and important information security infrastructures.



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