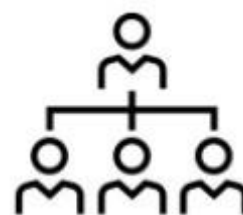
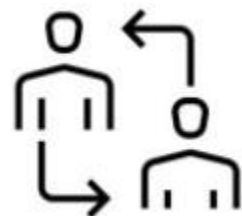
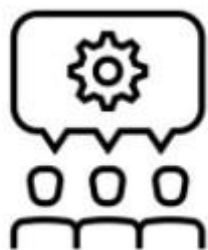




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# Strategic Plan 2021-2023



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## **Introduction**

The three-year strategic plan identifies the strategic objectives of the Agency and projects related to the planning period 2021 - 2023. It is the result of the work of the Agency and has been drafted following the Strategic Plan 2018-2020, including new initiatives and projects.

The crisis in the public health and economy, as a consequence of the Covid-19 pandemic, has prompted us to focus more on initiatives related to operational readiness and strategic partnership, while continuing to monitor and assess the risks. For the planning period, the ongoing uncertainties force us to focus on intensifying our readiness, in order to increase our abilities to coop with the situations we may face.

## **Agency Profile**

The Deposit Insurance Agency ("Agency" or "ADIA") is an independent institution established in 2002 under Law No. 8873, dated March 29, 2002, "On Deposit Insurance", as amended by Law No. 10106, dated 30 March 2009 and Law No.78/2012, dated 26 July 2012. From July 2014, the activity of the Agency is regulated by Law No. 53/2014, dated 22 May 2014, "On Deposit Insurance", as amended by law no. 39/2016 and Law No. 132/2016. In accordance with the law on deposit insurance, the Agency reports to the Bank of Albania ("Supervisory Authority"), the Assembly and the Council of Ministers of the Republic of Albania. The Agency is a member of the International Association of Deposit Insurers and the European Forum of Deposit Insurers. The Agency was established for the purpose of insuring and compensating deposits in banks and savings and credit associations ("SCAs") operating in the territory of the Republic of Albania. Membership to the deposit insurance scheme is mandatory for all



institutions that collect deposits and are licensed by the Bank of Albania.

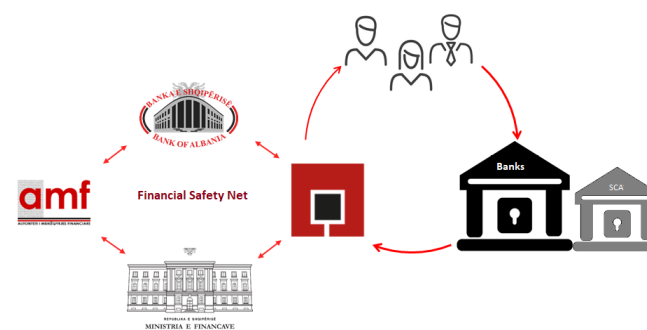
Based on the Law “On Deposit Insurance”, the Agency insures and compensates up to 2,500,000 Lekë the depositors in each member bank of the insurance scheme. At the same time, the Agency insures and compensates up to 2,000,000 Lekë depositors that are members in each savings and credit association member of the insurance scheme.

The Agency exercises its functions, in order to meet its objectives in implementation of the Law “On Deposit Insurance”. In particular, but not only, the Agency approves the membership of banks and SCAs in the scheme, as well as their exclusion; verifies data reported periodically by member entities; conducts full and partial verifications regarding the insurance and compensation of deposits in member entities; conducts activities for raising awareness and educating the public about the deposit insurance scheme; compensates deposits, according to the provisions of this law; receives initial contributions

, insurance premiums, special contributions; and invests financial means according to the provisions of this law.

By Law No. 133/2016, dated 22/12/2016, "On the Recovery and Resolution of Banks in the Republic of Albania", approved within the framework of the recovery and resolution legal package in Albania, with the Bank of Albania as the responsible authority in the quality of the Resolution Authority, the Agency has been assigned other additional tasks. In this law, the Deposit Insurance Agency has been assigned powers to administer the Resolution Fund, consisting of bank contributions and used in accordance with legal provisions in the events of resolution.

*Graphic display of the insurance and deposit compensation scheme*





## Mission, Vision and Values of the Deposit Insurance Agency

### MISSION OF THE AGENCY

Fulfilling the public objectives of the deposit insurance scheme in compliance with the law "On Deposit Insurance".

### VISION OF THE AGENCY

To be a dynamic contributor to the financial safety net system in the country by addressing on time and in a transparent manner issues related to the effectiveness of the deposit insurance scheme.

### VALUES OF THE AGENCY

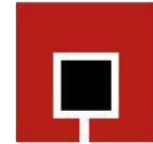
**Integrity** - We act in accordance with the ethical and professional standards of the institution.

**Teamwork** - We communicate and collaborate effectively with each other by appreciating and respecting individual values.

**Commitment** - We work with passion and dedication towards achieving institutional objectives.

**Transparency** - We ensure an open approach and a high level of accountability of the institution to the depositor and all groups of interest.

**Responsibility** - We guarantee professional decision-making and reliability in the administration of the deposit insurance scheme.

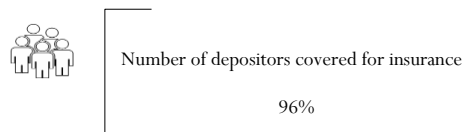
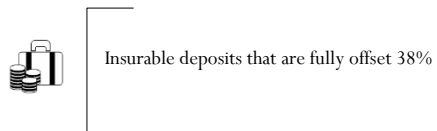
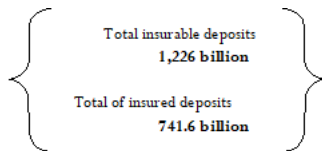
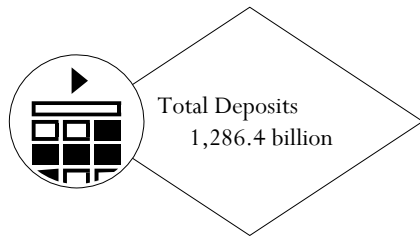


**The operational environment on which the Strategic Plan is drafted**

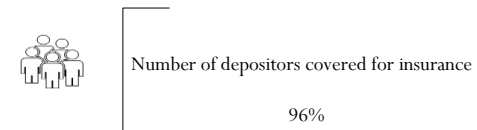
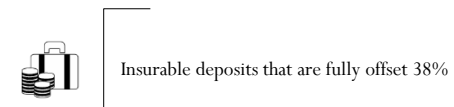
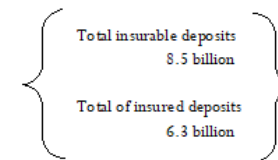
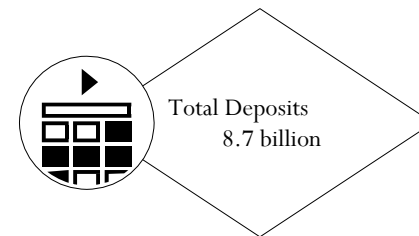
*Note: Data refers to the period 31.12.2020.*



12 members of the scheme



8 members of the scheme





### **Strategic Plan 2021-2023**

#### Preconditions of strategic planning

In its strategic planning for the period 2021-2023, the Agency has considered as a key precondition the potential impact of the COVID-19 pandemic on the deposit insurance scheme. In cooperation with the institutions of the financial safety net, we will continue to monitor the possible situations to which the members of the deposit insurance scheme may be exposed. The Agency considers that the situation of the Covid-19 pandemic will not worsen as a result of the vaccination process, therefore the banking and financial system will continue to be stable during the planned period.

Moreover, it is assessed as a precondition of planning that the Agency will continue to operate with the same model of human capital, which is valued as an institutional asset of the Agency, as well as with the support of its strategic partners. While we will carefully monitor and assess the risks to which the insured members of the scheme may be exposed, it is considered that the preconditions for strategic planning will remain unchanged throughout the period.



## Strategic Priorities, Objectives and Initiatives

### Strategic Priority 1

The increase and consolidation of the operational, financial, regulatory, human and infrastructural capacities of the Agency to fulfill the institutional objectives.

Fulfilling the objectives of the deposit insurance scheme is the main pillar of the work for the strategic planning of the Agency's activity. Well management of all capacities, continuous improvement, as well as transparency, responsibility and effectiveness of the Agency, are considered essential in fulfilling these objectives.

Based on the performance of the Strategic Plan 2018-2020, on the recommendations of the Assembly of the Republic of Albania, but also on the processes of self-assessment of the scheme for compliance with the core principles of effective deposit insurance systems, the Agency will continue to focus its efforts to improve technological and financial capacity, as well as increase operational readiness in case of insurance events. Objectives and strategic initiatives for the years 2021-2023, are based on the recommendations of experts, which were provided to the Agency in the framework of cooperation with national and

foreign institutions, as well as in the processes of verification and simulation of insurance events that were carried out in cooperation with the members of the scheme.

*Strategic Objective: The increase of operational readiness to prepare and conduct the compensation process*

- Strategic initiative: Single customer view testing .

During the next three years, in order to guarantee a prompt intervention in case of an insurance event, the Agency will be focused on testing the readiness of the deposit and depositors files for timely and accurate reporting by all members of the deposit insurance scheme, at SIRK. The technical simulation exercises with each member of the scheme will aim to increase the accuracy of depositors payment list in case of an insurance event. For this purpose, during this period the work will be intensified, particularly to verify the





compliance of the data reported in the SIRK with the data in the core systems of DIS members regarding the single customer view of depositors in accordance with the criteria set by the Agency.

Continuous verification and testing of the maintenance and reporting of depositors' data by DIS members, as well as ensuring the timely and correct submission of depositors' single customer view in case of an insurance event will ensure the accuracy of payout list and timely preparation by the Agency.

- Strategic Initiative: Promoting the improvement of depositors' data quality through the Platform designed for this purpose.

"Strategic platform for improving the quality of data of depositors and deposits in the banking system", drafted according to proposals from all groups of interest, defines actions and deadlines needed to be implemented by all member banks of the scheme. During the next three years, the Agency will follow up with the reporting on the fulfillment of actions and deadlines, in accordance with it. Furthermore, in order to monitor the implementation of the platform and verify the accuracy of bank reports, the Agency will continue to include this topic of great importance for the operational readiness in its periodical verification programs, as well.

The Agency, during the verification processes and targeted trainings programs designed for the customer service DIS members employees, will focus on the importance of the accuracy of depositors and deposits data.

- Strategic initiative: Simulation exercise with Agent Banks.

Over the next three years, the Agency will continue to work with each selected Agent Banks by simulating a payout event. During these simulations, the Agency will test the ability of the selected agent banks to promptly and accurately carry out a payout process, as well as the regulatory framework of this process, in order to better respond to such an event.

The simulation exercises will start with mutual meetings and coordination between the Agency and the agent banks, then continue with various trainings and consultations regarding the preparation of payout process. The whole process will be finalized with the testing of payments to the depositors.



The aim of the simulation exercises is to make sure that the employees of agent banks are professionally trained to carry out the payout process, the appropriateness of the regulatory and legal basis for this process, as well as the improvement of the professional capacity of the Agency.

These simulations will also help to improve and adapt the systems of agent banks and the Agency to successfully carry out an payout process.

- Strategic initiative: Outsource supporting capacities, in case of insurance event.

Over the next three years, in order to increase operational readiness to prepare and carry out the compensation process, the Agency will focus on providing a list of operators that provide outsource support services, as well as reviewing it periodically.

In addition, the Deposit Insurance Agency will cooperate with support partners for the timely and effective implementation of the payout process. Such entities are estimated to support the Agency in case of insurance events, with services in various fields such as: maintenance and development of IT systems, auditing, accounting, legal, and call center services, etc.

During these three years, the Agency intends to organize trainings with the staff of these entities, in order to continuously prepare them for their specific role during the payout process.

- Strategic initiative: Ensuring business continuity for the activity of the Agency

The drafting of the Agency's Business Continuity Plan aims to provide a decision-making management framework, necessary for the coordination of critical functions following a disruptive event, which may interrupt the activity of the institution. This plan aims to define the management of the continuity activity, the actions to be taken, the resources to be used and the procedures to be followed before, during and after such an event.

Despite previous experiences and good management during the pandemic, the Business Continuity Plan will address the critical functions and the deadlines for their fulfillment, effective decision-making and staff training so that the Agency's activity continues uninterrupted.



- Strategic Initiative: Study on modernizing of scheme features.

Evaluation to review the methodology of calculating the coverage amount as well as the exemptions list.

Assessment of the structure of the deposit insurance premium.

The Strategic Plan 2021-2023 envisages the evaluation of the necessary steps regarding the modernization of the main features of the scheme, aiming at simplifying the process of insuring and payout of deposits, in compliance with international standards. For this purpose, the components of the coverage amount and the list of exemptions from the deposit insurance scheme will be analyzed and evaluated. Also, the structure of the deposit insurance premium will be evaluated in relation to its calculation formula. This study will assess the financial impact on the Agency as well as to the members of the DIS scheme. The study will be based on the data from the amount of insured deposits, eligible deposits, total deposits and data on the Agency's deposit insurance fund.

*Strategic Objective: Improving the capacities of information technology*

- Strategic initiative: Automation of the payout process.

The purpose of this initiative is to upgrade and modernize the SIRK and to integrated new modules for the automation of the payout process. New developments will enable the verification of depositors in a payout process as well as the identification and tracking of payments to depositors. This initiative includes the development and implementation of a module for processing potential depositors' complaints in an insurance event, as well as designing a user-friendly reporting environment that will improve the management of the information system in the Agency.

In cooperation with the EBRD, the Agency plans to finalize the terms of reference for the upgrade of the SIRK and the development of new modules for the automation of the payout process management, in the period covered by this Strategic Plan.



- Strategic initiative: Improving and increasing the readiness of the IT infrastructure.

During the next three years, the Agency will aim to improve and increase the readiness of the IT infrastructure. An important part of the projects covered by this initiative is the establishment of the Disaster Recovery Site, as part of the Agency's Business Continuity Plan. This Disaster Recovery Site will ensure the functioning of the systems, enabling the continuity of work even in case of force majeure that hinders the activity in the main center. Following its completion, periodic tests will be performed in order to ensure the continuity and effectiveness of the essential operations and processes related to the activity of the Agency.

The Agency will also consolidate physical security in its existing IT infrastructure, aiming to minimize risks and increase timely prevention and intervention capabilities in case of fire or other disruptive events.

*Strategic objective: Readiness of financial capacities*

Strategic initiative: Assessment of the deposit insurance funds readiness.

In the next three years the Agency will continue to test its operational readiness, focusing on the promptness of the deposit insurance funds in case of an insurance event. These simulation exercises will be conducted in cooperation with the Bank of Albania and will enable the Agency to assess its needs and capacity to make the funds liquid.

Furthermore, these exercises will enable the Agency to better plan its investments in accordance with the needs for liquid funds, based on the risk assessment of the member of the DIS.

- Adoption and implementation of stress test methodology

The stress test method, recently developed with the assistance of the World Bank, is an additional tool available to the Agency to calculate the target size of its deposit insurance funds. This methodology can also be applied to assess the impact of a systemic banking crisis on the financial situation of scheme members. The results will affect the composition of the portfolios of deposit insurance funds so that the Agency is as much prepared as possible in case of a payout event. This methodology is particularly important in a pandemic period where impacts on the economy are



large and extended, which can affect the entire banking and financial system.

- Strategic initiative: Increase the solvency of the Agency in case of insurance event.

In order to fulfill its legal objectives in protecting the interests of depositors and to contribute in the stability of the banking and financial system, the Agency is in the process of negotiating a credit line with the EBRD in order to increase its financial capacities in case of an insurance event.

The credit line should be considered an additional financial instrument to the deposit insurance scheme in Albania in accordance with deposit insurance international standards. It increases the protection of depositors, by improving the coverage both for insured deposits and financial institutions member of the DIS. This credit line will strengthen the financial capacity of the Agency during the Covid-19 pandemic, in case of any financial shock with high systemic risk. Furthermore, the credit line would provide for the liquidity needs, within a very short time, in case of any insurance event.

*Strategic Objective: Modernization of the legal and regulatory framework to comply with the European Union Directive and the IADI Core Principles.*

- Strategic initiative: Study on possible amendments to the law "On Deposit Insurance"

One of the important elements of strategic planning is the review of the compliance of the legal and regulatory framework of domestic jurisdiction with the European Union Directive 2014/49/EU "On Deposit Insurance Schemes", or possible amendments thereto.

The main objectives of the study are: ensuring legal coherence for insurance or exemption from coverage, avoiding obstacles to the rapid and accurate calculation of the payout amount, as well as reviewing the relevant acts for improving coordination of the Agency with the DIS members, agent banks and members of the financial safety net. In addition to these elements, the recommendations by local and foreign technical expertise, have emphasized the need to analyse the opportunities, advantages and challenges for assessing the structure of the deposit insurance premium and its basis.



All these elements require legal and sub-legal amendments for deposit insurance, which affect all its members, such as the Bank of Albania, in the capacity of the Supervisory Authority, as well as banks and savings and credit associations. In order to identify potential amendments, it is intended to conduct in-depth analysis with the banking and financial market entities in the country, due to the impact not only in the costs for the deposit insurance scheme, but also in the reporting data, as well as the adjustment of operational and technological capacities for deposits and depositors.

For this reason, during the period 2021 - 2023, it is intended an in-depth cooperation with the members of the financial safety net in the country, with members of the scheme, as well as with local and foreign authorities of expertise, to identify the most adaptable modalities for implementation, in our country.

- Strategic Initiative: Review and improvement of the regulatory framework of the Agency on deposit insurance and pay out process

The simulation exercises and self-assessment processes on the Core Principles of Effective Deposit Insurance Systems of the International Association of Deposit Insurers (IADI) confirmed the further consolidation of the deposit insurance scheme in the country.

Meanwhile, the findings and recommendations drafted at the end of these processes, in addition to identifying technological, operational and functional improvements, have also emphasized the improvements of the legal and regulatory framework into force.

In case the analysis of improvements and amendments will identify the necessity of reviewing the provisions of Law No. 53/2014, dated 22.05.2014 "On Deposit Insurance", as amended, the bylaws of the scheme should be reviewed, which affects the insurance of deposits in banks and savings and credit associations, as well as the payout of insured deposits.

To this end, the Agency will cooperate with the institutions of the financial safety net and members of DIS to review the existing legal and regulatory framework for the implementation of improvements to the scheme.

*Strategic Objective: Increase of the level of public awareness about the deposit insurance scheme.*

- Strategic Initiative: Use of audiovisual tools for public awareness.

The Agency, taking into account, *inter alia*, the situation created by the Covid-19 pandemic will aim, through the use of information and audiovisual communication channels, to convey to the public the



necessary information regarding deposit insurance and compensation. To this end, the public communication approach will be addressed through educational and informative videos regarding the specific aspects of the Agency's activity. This approach aims to make the transmitted information easily perceptible to all age and interest groups. The videos will be published on the official website of the Agency and on its social media accounts.

Also, the Agency will continue to update informative and educational materials, taking into account possible amendments in the legal and regulatory framework as well as to adapt its approach towards a more efficient communication with the public.

- Strategic Initiative: Periodic assessments of the level of public knowledge on the deposit insurance scheme and the role of the Agency.

The Agency will commit to effectively implement the strategy of informing and communicating with the public, considering that raising public awareness about the deposit insurance scheme and the role of the Agency is essential to better manage an insurance event and to strengthen and maintain financial stability in the country. Public awareness is a long-term commitment and evaluating the effectiveness of the public awareness strategy is a challenging task. To measure

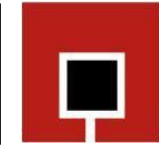
the effectiveness of its strategy, the Agency will conduct surveys with the employees of the members of the DIS as well as with depositors and the public to assess the level of their knowledge on the deposit insurance scheme and the role of the Agency.

The obtained results and their comparison with the data of previous studies will serve to adjust and determine the nature, scope and frequency of public awareness activities and campaigns.

- Strategic initiative: Increasing the effectiveness of the communication tools with the public.

In the period of the Strategic Plan 2021-2023 the Agency will continue to effectively use its tools of communication on the basis of the principle of transparency and accountability, in accordance with the approved Transparency Program. To this end, the Agency will aim to dynamically communicate by being in line with the approved communication strategy.

The official website of the Agency will continue to be the main instrument for informing the public about the deposit insurance scheme and the Agency by providing ongoing information and data in the public interest. Consequently, the Agency aims to remodel its official website in order to make it more dynamic and easy to use by depositors and the general public. This revamping will



include a more direct and transparent approach to information on the payout process.

The Agency is active on its social media accounts. The Agency will work to identify new techniques for further information and

public awareness, following the new marketing trends and the information technology advancements.

Collaboration with universities will also continue through open lectures with students, as one of the target groups identified in the communication strategy.





## Strategic priority 2

### Ensuring the continuity of the strategic partnership.

Effective cooperation with strategic partners, such as financial safety net institutions, members of the deposit insurance scheme, and international partners will help us to successfully fulfill the legal mandate. This cooperation includes interaction through institutional and transparent consultations in order to create values for all actors involved. Having in mind this goal, we will continue to work closely with all identified strategic partners to be as efficient as possible in achieving the objectives and strategic initiatives envisaged in the strategy of the institution for the years 2021-2023.

*Strategic Objective: Strategic partnership with regulatory authorities.*

- Strategic Initiative: Participation and contribution to FSAG and ad hoc working groups

The Agency is a member of the Financial Stability Advisory Group (FSAG), which consists of the Ministry of Finance, the Bank of Albania and the Financial Supervision Authority. In this context, the Agency considers that cooperation and coordination with the institutions of the financial insurance network in the country should be the focus of its three-year strategy, in order to successfully fulfill its mandate and public objectives.

Considering the essential role that the institutions of the financial safety net have in supporting an efficient deposit insurance and compensation system, especially in this period affected by the COVID-19 pandemic, the Agency will work to strengthen institutional relations through consulting and engaging cooperation on legal initiatives, compliance with regulatory acts, participation and contribution in joint or mutual forums as well as activities aimed at financial education of the public.

This cooperation will function in the framework of the Cooperation Memorandum into force, which aims at the functioning of the regulatory framework for the management of emergency situations in the activity of markets and financial entities operating in the Republic of Albania, through the development of the financial system, prevention and eventually the administration of these situations.



- Strategic Initiative: Review of the Trilateral Agreement between the Bank of Albania, the Ministry of Finance and Economy and the Agency

The Agency considers it very important to strengthen its relations with members of the safety net in order to fulfill its institutional functions. Accordingly, the review of agreement between the Bank of Albania, the Deposit Insurance Agency and the Ministry of Finance and Economy is amongst of the top priorities of this strategic plan. It is worth noting that this agreement was signed by the parties in 2012 and its revision comes as a result of amendments in the legal framework over the years. The objective of the agreement will be the cooperation between the parties in order to supplement the funds needed by the Agency, to fulfill its legal obligations in case of insurance events.

- Strategic Initiative: Cooperation with the Bank of Albania and the Albanian Association of Banks

Consolidation of inter-institutional cooperation helps in the exchange of mutual information, in a timely and transparent manner and ensures the consistency of the information transmitted to the public from different sources.

The Agency will actively participate in banking and financial education campaigns and will continue to provide support and

its contribution to the activities conducted in Money Week event, organized by the Bank of Albania in cooperation with the Albanian Association of Banks.

*Strategic Objective: Strategic partnership with the members of the deposit insurance scheme*

- Strategic Initiative: Trainings with scheme members, aiming to enhance their knowledge of the scheme and their role in an insurance event.

Communication and interaction with member entities of the deposit insurance scheme is a priority for the Agency. Employees of banks and SCAs are considered as very important partners of the Agency in informing and educating depositors about the deposit insurance scheme. Trainings and meetings with scheme members will take place with the aim of deepening knowledge about the scheme and their role in an insurance event. To this end, the discussion of strategies and the coordination of joint efforts to address issues and problems related to communication with depositors and the public, will be the focus of training activities.



*Strategic Objective: Strategic partnership with international financial institutions.*

- Strategic Initiative: Cooperation with the EBRD.

The Agency is committed to improving its operational capacity in line with the best international practices, including the Core Principles for Effective Deposit Insurance Systems and EU standards. Following the cooperative relations with international financial institutions, the Agency will cooperate with the EBRD on the development and changes in the existing SIRK as well as conduct a study on the possibility of adopting a risk-based premium system. Cooperation with the EBRD in relation to the SIRK is a continuation of previous technical support, which focused on the design, development of the Agency's SIRK.

Furthermore, through the technical assistance provided by the EBRD, the Agency has planned to conduct a study in order to see the possibility of applying the premium calculation based on the risk of each insured subject. The calculation of the premium based on the risk of deposit insurance scheme members is in accordance with the IADI Core Principles<sup>1</sup> for Effective Deposit Insurance Systems. Also, the European Union Deposit Guarantee Schemes

<sup>1</sup> <https://www.iadi.org/en/core-principles-and-research/core-principles/>

Directive (DGSD) no. 2014/49 / EU<sup>2</sup>, promotes the use of this premium calculation method.

- Strategic Initiative: Cooperation with the World Bank.

In the period of the Strategic Plan 2018-2020 the Agency has benefited from the cooperation with the World Bank in terms of technical assistance for the implementation of several important projects such as the one related to the evaluation of the financial parameters of the deposit insurance scheme. Taking into account this fruitful cooperation, the Agency will aim to include in the Strategic Plan 2021-2023 the expertise of the World Bank in the most essential projects it has planned. The involvement of this prestigious international financial institution through technical assistance projects is considered by the Agency as an added value to the strategic decision-making process of the management and the adoption of coherent and impactful policies on financial stability.

*Strategic Objective: Strategic partnership with counterpart deposit insurance institutions*

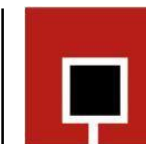
- Strategic initiative: Cooperation with counterpart agencies in the region in the framework of exchange of experiences.

<sup>2</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32014L0049>



The Agency considers that regional cooperation, taking into account the similarities of the legal and institutional mandates of the counterpart schemes, should be one of its priorities within the strategic partnership.

In the context of the Covid-19 pandemic and the impact it may have on the progress of financial systems, the cooperation will aim at exchanging experiences with counterpart authorities, especially those who may have gone through an insurance event, the possible review of protocols of cooperation determined in the framework of the signed Cooperation Agreements, and conducting joint simulation exercises, depending on the situations created by the Covid-19 pandemic.



Strategic Plan Matrix 2021 2023

Strategic priorities	Strategic initiatives	Projects		
		2021	2022	2023
<b>Institutional readiness</b>				
<b>Increase and consolidation of the operational, financial, regulatory, human and infrastructural capacities of the Agency to meet the institutional objectives.</b>	<b>Strategic Objective: Increase of operational readiness to prepare and conduct the compensation process</b>			
	Single customer view testing.	<ul style="list-style-type: none"> <li>• Technical simulations with members of the scheme</li> </ul>	<ul style="list-style-type: none"> <li>• Technical simulations with members of the scheme</li> </ul>	<ul style="list-style-type: none"> <li>• Technical simulations with members of the scheme</li> </ul>
	Promoting the improvement of depositors' data quality through the Platform designed for this purpose.	<ul style="list-style-type: none"> <li>• Implementation of Strategic Platform to improve the quality of data on deposits and depositors in the banking system.</li> <li>• Trainings with staff members of the scheme.</li> </ul>	<ul style="list-style-type: none"> <li>• Monitoring the fulfillment of the requirements of the Strategic Platform.</li> <li>• Trainings with staff members of the scheme</li> </ul>	<ul style="list-style-type: none"> <li>• Monitoring the fulfillment of the requirements of the Strategic Platform.</li> <li>• Trainings with staff members of the scheme.</li> </ul>
	Simulation exercise with Agent Banks	<ul style="list-style-type: none"> <li>• Trainings and consultations</li> <li>• Simulation BA1</li> </ul>	<ul style="list-style-type: none"> <li>• Trainings and consultations</li> <li>• Simulation BA2</li> </ul>	<ul style="list-style-type: none"> <li>• Trainings and consultations</li> <li>• Simulation BA3</li> </ul>
	Outsource supporting capacities, in case of insurance events.	<ul style="list-style-type: none"> <li>• Supporting partners</li> </ul>	<ul style="list-style-type: none"> <li>• Supporting partners</li> </ul>	<ul style="list-style-type: none"> <li>• Supporting partners</li> </ul>
	Ensuring business continuity for the activity of the Agency.	<ul style="list-style-type: none"> <li>• Conception and drafting of Business Continuity Plan (BCP)</li> </ul>	<ul style="list-style-type: none"> <li>• BCP testing</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluation/ updating of BCP</li> </ul>
Study on modernizing the scheme features.	<ul style="list-style-type: none"> <li>• Evaluation to review the methodology of calculating the coverage amount as well as the list of exemptions</li> <li>• Assessment of the structure of the deposit insurance premium and its basis</li> </ul>	<ul style="list-style-type: none"> <li>• Consultation with financial insurance network institutions</li> <li>• Consultation with scheme members</li> </ul>	<ul style="list-style-type: none"> <li>• Proposal for inclusion in the package of possible legal amendments</li> </ul>	



Strategic Objective: Improving the capacities of information technology				
	Automation of the payout process.	<ul style="list-style-type: none"> <li>• Terms of reference</li> <li>• Improving the SIRK</li> <li>• Building new modules</li> </ul>	<ul style="list-style-type: none"> <li>• Implementation/ development</li> <li>• Live system</li> </ul>	<ul style="list-style-type: none"> <li>• System testing</li> <li>• Technical simulations</li> </ul>
	Improving and increasing the readiness of the IT infrastructure.	<ul style="list-style-type: none"> <li>• Improving server room conditions</li> <li>• Establishment of a second functional center for IT systems (Disaster Recovery Site)</li> </ul>	<ul style="list-style-type: none"> <li>• Periodic testing</li> </ul>	<ul style="list-style-type: none"> <li>• Periodic Testing</li> </ul>
Strategic Objective: Ensuring the readiness of financial capacities				
	Assessment of the deposit insurance funds readiness	<ul style="list-style-type: none"> <li>• Liquidity fund readiness testing</li> </ul>	<ul style="list-style-type: none"> <li>• Liquidity fund readiness testing</li> </ul>	<ul style="list-style-type: none"> <li>• Liquidity fund readiness testing</li> </ul>
	Adoption and implementation of stress test methodology	<ul style="list-style-type: none"> <li>• Develop a policy for evaluating and adopting a plan to achieve the target fund size</li> </ul>	<ul style="list-style-type: none"> <li>• Conducting periodic stress tests in order to analyze the banking sector and plan funds</li> <li>• Applying the stress-test model on purpose adapting portfolio tranches to risk in the banking sector</li> </ul>	<ul style="list-style-type: none"> <li>• Conducting periodic stress tests in order to analyze the banking sector and plan funds</li> <li>• Applying the stress-test model with the purpose of adapting portfolio tranches to risk in banking sector</li> <li>• Reassess the target size of the fund deposit insurance.</li> </ul>
	Increase the solvency of the Agency in case of insurance event	<ul style="list-style-type: none"> <li>• Credit line with EBRD</li> </ul>	<ul style="list-style-type: none"> <li>• Reporting</li> </ul>	<ul style="list-style-type: none"> <li>• Reporting</li> </ul>
Strategic Objective: Modernizing the legal and regulatory framework in order to comply with the European Union Directive and the Basic Principles of IADI.				
	Study of possible amendments to the law "On deposit insurance"	<ul style="list-style-type: none"> <li>• Assessment of possible legal changes in accordance with international standards to enable the effective implementation of the main objectives of the institution</li> </ul>	<ul style="list-style-type: none"> <li>• Consultation with financial insurance network institutions in the country</li> <li>• Consultation with scheme members</li> </ul>	<ul style="list-style-type: none"> <li>• Proposing possible legal changes</li> </ul>



	Review and improvement of the regulatory framework of the Agency on deposit insurance and payout process	<ul style="list-style-type: none"> <li>Review of existing bylaws</li> </ul>	<ul style="list-style-type: none"> <li>Consultation with the Supervisory Authority</li> <li>Consultation with members of the scheme</li> </ul>	<ul style="list-style-type: none"> <li>Assessment of possible amendments to the bylaws following the amendment of the law "On deposit insurance"</li> </ul>
<b>Objective: Increase of the level of public awareness of the deposit insurance scheme.</b>				
	Use of audiovisual tools for public awareness.	<ul style="list-style-type: none"> <li>Audio-visual communication</li> <li>Informative materials</li> </ul>	<ul style="list-style-type: none"> <li>Audio-visual communication</li> <li>Informative materials</li> </ul>	<ul style="list-style-type: none"> <li>Audio-visual communication</li> <li>Informative materials</li> </ul>
	Periodic assessments of the level of public knowledge on the deposit insurance scheme and the role of the Agency.	<ul style="list-style-type: none"> <li>Survey to measure the level of public knowledge</li> </ul>	<ul style="list-style-type: none"> <li>Survey data analysis</li> </ul>	<ul style="list-style-type: none"> <li>Survey to measure the level of public knowledge</li> </ul>
	Increasing the effectiveness of the communication tools with the public	<ul style="list-style-type: none"> <li>Online communication with the public</li> </ul>	<ul style="list-style-type: none"> <li>Website redesign and reconstruction</li> <li>Online communication with the public</li> </ul>	<ul style="list-style-type: none"> <li>Online communication with the public</li> </ul>
<b>Strategic Partnership</b>				
	<b>Objective: Strategic partnership with regulatory authorities.</b>			
<b>Ensuring the continuity of the strategic partnership.</b>	Participation and contribution to FSAG and <i>ad hoc</i> working groups.	<ul style="list-style-type: none"> <li>Contribution to FSAG</li> </ul>	<ul style="list-style-type: none"> <li>Contribution to FSAG</li> </ul>	<ul style="list-style-type: none"> <li>Contribution to FSAG</li> </ul>
	Review of the trilateral agreement between BoA-ADIA-MFE.	<ul style="list-style-type: none"> <li>Discussion of the draft agreement</li> </ul>	<ul style="list-style-type: none"> <li>Approval of the Agreement</li> </ul>	
	Cooperation with BoA and AAB.	<ul style="list-style-type: none"> <li>Participation in banking and financial education campaigns</li> </ul>	<ul style="list-style-type: none"> <li>Participation in banking and financial education campaigns</li> </ul>	<ul style="list-style-type: none"> <li>Participation in banking and financial education campaigns</li> </ul>



<b>Objective: Strategic partnership with members of the deposit insurance scheme</b>				
	Trainings with scheme members, aiming to enhance their knowledge on the scheme and their role in an insurance event.	<ul style="list-style-type: none"> <li>• Trainings</li> <li>• Update of training material</li> </ul>	<ul style="list-style-type: none"> <li>• Trainings</li> <li>• Update of training material</li> </ul>	<ul style="list-style-type: none"> <li>• Trainings</li> <li>• Update of training material</li> </ul>
<b>Strategic Objective: Strategic partnership with international financial institutions.</b>				
	Cooperation with the EBRD.	<ul style="list-style-type: none"> <li>• Development of IT system for the compensation process performance module</li> <li>• Study on the possibility of adopting a risk-based premium system</li> </ul>	<ul style="list-style-type: none"> <li>• Development of IT system for the compensation process performance module</li> </ul>	<ul style="list-style-type: none"> <li>• Development of IT system for the compensation process performance module</li> </ul>
	Cooperation with the World Bank	<ul style="list-style-type: none"> <li>• Technical assistance</li> </ul>	<ul style="list-style-type: none"> <li>• Technical assistance</li> </ul>	<ul style="list-style-type: none"> <li>• Technical assistance</li> </ul>
<b>Strategic Objective: Strategic partnership with counterpart deposit insurance institutions</b>				
	Cooperation with counterpart agencies in the region in the framework of exchange of experiences.	<ul style="list-style-type: none"> <li>• Cooperation for technical assistance for project development with IADI / EFDI</li> </ul>	<ul style="list-style-type: none"> <li>• Cooperation for technical assistance for project development with IADI / EFDI</li> <li>• Communication with counterparts</li> <li>• MOU's review</li> </ul>	<ul style="list-style-type: none"> <li>• Cooperation for technical assistance for project development with IADI / EFDI</li> <li>• Communication with counterparts to evaluate the possibilities of joint simulations.</li> </ul>





## Risks in meeting strategic priorities

In fulfilling the priorities of a Strategic Plan, an element that must be taken into account is the management of risks that may arise during the implementation of this plan. Risk management means identifying, evaluating, mitigating and continuously monitoring them, as well as reporting to the responsible structures. In addition to the risks identified and managed by the Agency on an ongoing basis such as financial risks, operational risks and during payout process, in this three-year plan external risks are of significant importance, especially as a result of the pandemic, the effects of which extend over a relatively long time and its impacts can be systemic. Although the banking system has satisfactory financial indicators and has increased the level of reserves to cope with a deterioration of the situation compared to 2020, the economic effects of the pandemic should again raise vigilance in the Agency. Precisely for this reason, in this strategic plan are included projects such as: *“Increasing the solvency of the*

*Agency in case of insurance event through the concretization of the Credit Line with the EBRD”, “Conception and drafting of a business continuity plan (BCP) for the activity of the Agency” or “Develop a policy for evaluating and adopting a plan to achieve the target fund size”.* As the effects of the pandemic started last year, it is considered that these projects will be implemented at the beginning of the three-year period of the strategic plan.

Regardless the above, the Agency, in this strategic plan, continues to consider other risks such as financial risks which include credit risk and liquidity risk. To minimize liquidity risk, during this strategic plan, the Agency will renew the trilateral agreement with other members of the financial safety net as well as will sign a credit line agreement with the EBRD.



## Financial Plan 2021 - 2023

The financial plan of the Agency is based on the historical analysis of its financial indicators reported according to international financial reporting standards, as well as on the investment policy of financial assets in accordance with the principles of liquidity and insurance.

These principles will be subsequently applied to financial planning within this strategy.

Based on the results of the periods included in the previous strategic plan as well as in the strategic projects proposed by the structures of the Agency, in the next three years it is predicted that:

- Insurance premium income to increase annually by 1%.
- Revenues from the administration of the Agency's financial assets to increase every year by 1%.
- Current expenditures to vary annually by about 3%.
- Capital expenditures to vary annually by about 3%.

The table below gives the Agency's approved financial plan for 2021, the financial resources needed to ensure the continuity of the strategic plan during this year as well as the financial forecasts for 2022 and 2023.



	2021	2022	2023
<b>Income</b>	<b>4,844,487,063</b>	<b>4,892,931,933</b>	<b>4,941,861,253</b>
<b>Income from Insurance Premiums</b>	3,626,003,807	3,662,263,845	3,698,886,483
<b>Income from initial contributions</b>		-	-
<b>Interest income</b>	1,218,483,256	1,230,668,089	1,242,974,769
<b>Other operating income</b>		-	-
<b>Expenses</b>	<b>(213,400,715.427)</b>	<b>(189,605,600)</b>	<b>(166,024,380)</b>
<b>Financial expenses</b>	(7,261,976)	(10,990,948)	(14,831,789)
<b>Operating Expenses</b>	(113,363,739)	(116,764,651)	(120,267,591)
<b>Financial costs for the credit line</b>	(92,775,000)	(61,850,000)	(30,925,000)
<b>PROFIT/ LOSS FROM ACTIVITY</b>	<b>4,631,086,347</b>	<b>4,703,326,334</b>	<b>4,775,836,872</b>



Explanatory notes:

- The planning of the increase of premium income is based on the trend of moderate increase of the insured deposits in the member entities of the insurance scheme in the previous periods.
- Planning to increase the return on investment of financial assets is based on the historical method and variance

and results from the standard deviation of budget execution data in relation to the plan in previous years.

- Planning for operating expenses consists in increasing the operating expenses and capital expenditures for the continuation of the Agency's activity in accordance with the strategic objectives of this plan.
- The planning for financial expenses is in line with the activity of the Agency in the period of this medium-term plan.
- The financial plan includes the payment of fees related to the benefit of the Credit Line from the EBRD.



## Performance of the Strategic Plan 2018-2020

The Agency estimates that the Strategic Plan 2018-2020 has been achieved to a great extent. The Strategic Plan 2018-2020 has fulfilled the objectives and initiatives planned according to the forecasts, while

the reconsidered initiatives identified have been included in the Strategic Plan 2021-2023. The following table presents the progress of the projects envisaged under the Strategic Plan 2018-2020.

### Legend

**A** Achieved

**RI** Reconsideration of the initiative

Priority 1: Efficiency of the Deposit Insurance Scheme			
Objective	Key Initiatives	Status	Comments
<b>Operational readiness for compensation</b>	The increase of readiness of IT infrastructure related to SIRK	A	Through specific projects, the readiness of the IT infrastructure of the institution has been improved
	Improving the quality of data on depositors and insured deposits.	A	The Agency drafted and finalized the Platform for improving the quality of data on depositors and insured deposits, in cooperation with the Bank of Albania and in consultation with the Albanian Association of Banks.



	Development of IT system for automation of the payout process	A	Improved capacity/uploading and downloading data performance in SIRK Moreover, the relevant bylaws necessary for the automation of the payout process have been adopted.
		A	In the framework of the cooperation agreement, the Deposit Insurance Agency and the Korean Deposit Insurance Corporation completed the project for the design of the master plan of an integrated deposit insurance system.
	Development of work plans for cooperation with Agent Banks in case of an insurance event.	A	During this strategic plan the Agency conducted simulation exercises with the three selected agent banks
	Preliminary identification and selection of support partners for the compensation process.	A	The Agency completed the procedures for the selection of agent banks in the preliminary list, for the period 2021-2023 and other supporting entities.
	Defining the methodology for the preliminary calculation of the cost of the compensation process in case of an insurance event.	A	The budget for a compensation event and the methodology for pre-calculating the cost of a compensation process are currently being prepared.



	Review and improvement of the legal and regulatory framework needed to carry out the compensation process.	A	<p>Pursuant to this initiative, the following have been approved and reviewed:</p> <ol style="list-style-type: none"> <li>1. Regulation on the Internal Audit Charter in the Deposit Insurance Agency.</li> <li>2. Regulation on Handling Complaints with the Deposit Insurance Agency in the Event of an Insurance Event.</li> <li>3. Draft budget in case of compensation event, as part of the Action Plan for the compensation process.</li> <li>4. Manual for the internal procedure for the preparation of the payment list.</li> <li>5. Regulation "On the use of information technology assets and information insurance in the Deposit Insurance Agency".</li> <li>6. Monetary Operations Manual.</li> <li>7. Verification manual.</li> <li>8. Action plan for the compensation process.</li> <li>9. Regulation on the drafting and implementation of the Budget in ADIA.</li> </ol>
<b>Contribution to an effective Resolution Fund regime</b>	Establishing the appropriate infrastructure in the Agency for the preparation and evaluation of opinions on the Resolution Fund plans.	A	The Agency has already defined the responsible structures and formalized their functional tasks for this purpose.
	Development of a method for the preliminary assessment of the compensation fund exposure in case of participation in the RF plan.	RI	This initiative was reconsidered in cooperation with the Resolution Fund Authority.



<p><b>Sound management of deposit compensation funds and Resolution Fund, providing adequate resources for their financing.</b></p>	<p>Maintaining financial performance indicators to the approved budget. (variance 5%).</p>	A	<p>The Agency has continuously monitored the financial indicators of the Agency to ensure the maintenance of the variance accepted according to the Strategic Plan.</p>
	<p>Ongoing assessment of the level of deposit compensation funds and timely fulfillment of liquidity needs in case of an insurance event through an early warning system.</p>	A	<p>This project was implemented in cooperation with the World Bank.</p>
	<p>Drafting the methodology for estimating the cost of managing deposit compensation funds and Resolution Funds.</p>	A	<p>Following the discussions with the Resolution Fund Authority, the methodology for estimating the costs of administration of the Resolution Fund was approved in January 2019, which was implemented for the calculation of administration costs for 2018.</p>
	<p>Improving the method of risk management related to investments and the portfolio of invested insurances.</p>	RI	<p>In agreement and cooperation with the Internal and External Audit, it was assessed that the internal control mechanisms for monitoring the investment activity are sufficient.</p>
<p><b>Increasing the level of awareness and public trust in the deposit insurance scheme</b></p>	<p>Continuing to promote the financial education of the public in the country through the participation of the Agency in inter-institutional financial education programs.</p>	A	<p>The Agency has participated in the activities carried out during the Global Money Week in cooperation with AAB and the BoA, as well as in other inter-institutional activities.</p>
	<p>Continuing to increase communication with target groups to raise public awareness for</p>	A	<p>The Agency has continued to raise awareness of target groups through the use of various means and channels of communication.</p>





	the agency and its role, especially in an insurance event.		
	Increase transparency and accountability in informing the public and other stakeholders about the role, activity and decision-making of the Deposit Insurance Agency and its role, especially in an insurance event.	A	In accordance with the Law on the “Right of Information” and the “Transparency Program”, all necessary measures have been taken to increase the level of transparency and accountability in the Agency.
	Consistently evaluate the effectiveness of the communication strategy.	RI	Reconsideration of the initiative. The survey is expected to be conducted in 2021.
<b>Evaluation of the effectiveness of the deposit insurance scheme</b>	Evaluation of the adequacy of the financial indicators of the deposit insurance scheme according to the relevant IADI/ EFDI standards.	A	This project was implemented in cooperation with the World Bank.
	Assess the compliance of the scheme with the Basic Principles for an Effective Deposit Insurance System.	A	The project was implemented in collaboration with FSVC. The evaluation process determined that the Agency is in compliance or broadly in compliance with 15 of the Basic Principles and materially inconsistent with a Basic Principle.



### Priority 2: Human Capital Management

Objective	Key Initiatives	Status	Comments
<b>Creating a suitable environment for the professional development of employees in accordance with the vision and mission of the Agency.</b>	Drafting the human resources development strategy document.	A	Approved by decision of the Board of Directors.
	Identifying the needs for continuous professional development and growth of employees.	A	This process is implemented in accordance with Human Resource Development Strategy.
	Designing training programs and applying educational methods that ensure the most effective acquisition of new knowledge by employees as well as their transfer among employees.	A	This process is implemented in accordance with Human Resource Development Strategy.
<b>To motivate and retain existing staff as well as attract new talents.</b>	Employee promotion based on performance system.	A	The performance appraisal system continues to be applied in accordance with the criteria approved by the Board of Directors.
	Attracting new talent through promoting the ADIA student internship system and collaborating with local universities.	A	The agency engaged students of excellence, who conducted internships near its premises.



**Priority 3: Strategic Partnership Development**

Objective	Key Initiatives	Status	Comments
<b>Strengthening relations with FSAG institutions.</b>	Strengthen cooperation and review the cooperation agreement with the BoA, including the implementation of legal obligations of the Resolution Fund.	A	According to the plan, the revised Cooperation Agreement with the Bank of Albania was signed in December 2019.
		RI	This initiative will be operationalized and passed for implementation in the Strategic Plan 2021-2023.
<b>Development of relations with member entities of the deposit insurance scheme and other institutions of the sector.</b>	Intensification of relations with the subjects of the scheme.	A	Meetings were held with all banks and SCAs members of the deposit insurance scheme regarding the maintenance of deposit and depositor data. Close training, counseling and information relationships have been maintained with all members of the scheme.
	Signing of MoU with AAB	A	The Cooperation Agreement between the Albanian Association of Banks and ADIA was signed in December 2018.



<p><b>Intensification of international cooperation with counterpart institutions and international organizations to which ADIA adheres.</b></p>	<p>International cooperation with counterpart institutions.</p>	<p>A</p>	<p>In view of this objective, cooperation agreements were signed with the Interbank Deposit Protection Fund (Fondo Interbancario di Tutela dei Depositi - FITD) of the Republic of Italy and with the Deposit Insurance Fund of Turkey.</p>
	<p>International cooperation within the membership in EFDI and IADI.</p>	<p>A</p>	<p>International cooperation within the membership in EFDI and IADI during the reported period has continued normally, culminating with the organization of the 40<sup>th</sup> meeting of the IADI Europe Regional Committee as well as the technical seminar on "Contingency Plans and Crisis Management / Cases of Resolution".</p>



## Financial performance 2018-2020

	(in million ALL)	Budget 2018 Forecast	Budget 2018 Realization	The change in %	Budget 2019 Forecast	Budget 2019 Realization	The change in %	Budget 2020 Forecast	Budget 2020 Realization *	The change in %
<b>Income</b>		4,086	4,288	4.9%	4,135	4,475	8.2%	4,186	4,715	12.6%
1 From Premiums		3,221	3,276	1.7%	3,253	3,393	4.3%	3,285	3,590	9.3%
a) Bank Funds		3,210	3,273	2.0%	3,242	3,376	4.1%	3,275	3,572	9.1%
b) SCA Fund		11	13	27.6%	11	16	55.5%	11	19	73.2%
2 From investing financial means		865	1,001	15.7%	883	1,082	22.6%	900	1,143	27.0%
a) Bank Funds		864	999	15.7%	881	1,081	22.6%	899	1,141	26.9%
b) SCA Fund		2	2		2	2		2	2	
<b>Total Expenses</b>		192	156	-18.9%	198	139	-29.7%	218	144	-33.6%
Current Expenses		180	146	-18.8%	189	137	-27.4%	199	140	-29.5%
Operational		82	57	-29.8%	86	51	-40.0%	90	34	-61.8%
Staff		90	82	-9.5%	95	82	-13.8%	100	95	-4.2%
Other		8	7	-10.9%	9	4	-50.1%	9	10	12.3%
Capital expenditures		12	10	-21.2%	9	1	-82.6%	19	5	-76.3%
Long Term Assets		12	10	-21.2%	9	1	-82.6%	2	5	125.5%
Long-Term Assets Intangible		-	-		-	-		17	-	
Total expenses vs Total income		4.71%	3.65%		4.78%	3.10%		5.20%	3.06%	

\*Data for 2020 referring to the expected realization



During the years 2018-2021, the Agency in the continuation of its activity has had in constant attention the realization of the financial plan approved for this Strategic Plan.

The table above presents the report on the realization of revenues and expenditures versus the forecast for the three financial years 2018 - 2020.

As it is clear from the table, the income from premiums and investment of financial assets during the three years have had an increasing trend in their realization against the forecast.

In developing its activity, based on the objectives set out in the Strategic Plan 2018-2020, the Agency has shown care by efficiently and effectively managing expenditures and implementing its initiatives based on the cost-benefit principle.

Referring to the data, the ratio Total expenditures versus Total revenues fluctuated from 3.06% -3.65%, respecting the initiative of maintaining the specific weight of total expenditures to total revenues, at the level of 3-6%.



## Conclusion

The initiatives of the Strategic Plan 2021-2023 will be forwarded to all structures of the Agency in order to successfully develop and implement them. The progress of the Strategic Plan initiatives 2021-2023 will be monitored by the Strategy Committee and reported periodically to the Agency Governing Council.

The Agency will continue to be vigilant in case of possible changes in the operational environment of the Agency or the members of the deposit insurance scheme, to react in time to review its strategic initiatives and to refocus its resources while maintaining continuity of its key functions.