



The Impact of Fintech on Albania's Financial System: Transforming Banking and Financial Markets

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Abstract

This study explores the transformative role of financial technology (fintech) in Albania's evolving financial ecosystem, emphasizing its impact on banking, payment systems, and financial markets. Through a qualitative approach involving expert interviews and supported by secondary data, the paper identifies fintech's potential to enhance financial inclusion, modernize infrastructure, and align Albania with European standards through initiatives such as SEPA and TIPS integration. While the adoption of digital tools is accelerating, significant challenges persist, including limited financial literacy, regulatory uncertainty, and inadequate infrastructure. The findings reveal that targeted policy reforms, regulatory sandboxes, and digital literacy programs are critical for leveraging fintech to promote inclusive economic growth. By drawing comparisons with neighboring Southeastern European countries, the paper highlights actionable strategies for Albania to foster innovation, bridge financial access gaps, and strengthen its regional financial integration.

Keywords: Fintech, Financial Inclusion, SEPA Integration, Regulatory Challenges, Cybersecurity

1. Introduction: Understanding Fintech's Transformative Role in Albania

1.1 Background and Context: Global and Albanian Fintech Developments

1.1.1 Brief Introduction to Fintech and its Disruptive Potential in Banking and Financial Markets

Financial technology, or fintech, encompasses the application of innovative technologies to enhance, disrupt, or replace traditional financial services, revolutionizing the banking and financial industries over the past decade. With advancements such as digital payment systems, mobile banking, peer-to-peer lending, blockchain technology, and artificial intelligence (AI), fintech has introduced unprecedented efficiency, accessibility, and personalization. Its transformative potential lies in reducing reliance on physical infrastructure to serve underserved populations, streamlining operations through automation and AI, and fostering market innovation with transparent and decentralized technologies like blockchain. Globally, fintech drives the shift from cash to digital payments, democratizes investment opportunities, and implements advanced risk management systems, reshaping the

financial landscape by challenging traditional business models and promoting financial inclusion on a remarkable scale (Statista, 2024; World Economic Forum, 2023).

1.1.2 The Relevance of Fintech to Albania's Financial Ecosystem

Albania's financial ecosystem is experiencing a period of rapid modernization, driven by its aspirations for EU integration and increased regional financial cooperation. According to the Bank of Albania (2024), more than 70% of financial institutions now offer digital services, and using online banking increased by over 40% between 2021 and 2023. However, cash continues to dominate over 50% of transactions, revealing both progress and persistent gaps in digital finance adoption. The expansion of mobile banking applications such as Raiffeisen ON and Credins Online reflects a growing shift in consumer behavior, particularly in urban areas.

At the same time, Albania's fintech startup ecosystem remains in its early stages. Platforms like EasyPay and M-Pay represent early fintech entrants focused on digital payments and mobile wallets, yet broader innovation—such as robo-advisors, crowdfunding platforms, or blockchain-based lending—is still limited. Regulatory guidance remains fragmented, though the Bank of Albania and the Albanian Financial Supervisory Authority (AFSA) have taken steps toward modernization, including public consultations on digital finance laws and participation in regional financial harmonization efforts.

Albania's recent inclusion in the Single Euro Payments Area (SEPA) and its participation in the TIPS platform (Target Instant Payment Settlement) signify key milestones. These initiatives align Albania with EU-level standards, enhance cross-border payment capabilities, and open the door for more robust fintech integration. However, regional comparisons show that Albania still lags behind peers such as Croatia, Romania, and Bulgaria in terms of investment in fintech infrastructure, consumer trust, and policy support.

1.1.3 The Gap This Study Fills

Despite increased interest in digital transformation and fintech in Albania, academic research on the subject remains limited. Most existing studies focus on regional trends or macro-level indicators without delving into the micro-level dynamics shaping fintech adoption in Albania. This study addresses that gap by integrating qualitative insights from top-level experts with a detailed exploration of Albania's regulatory, technological, and market conditions. It offers an in-depth assessment of how fintech is reshaping financial access, capital markets, and banking behavior—while identifying barriers unique to Albania's transitional economy. In doing so, it contributes to the growing body of knowledge on how small, developing markets can leverage fintech to leapfrog traditional development barriers and align with broader European standards.

1.2 Research Problem and Objectives: Exploring Albania's Fintech Challenges and Opportunities

In recent years, financial technology (fintech) has reshaped global financial systems, offering digital solutions that improve access, efficiency, and transparency in banking, investment, and payments. Albania, a small Southeastern European country transitioning toward EU integration, stands at a pivotal moment in its financial evolution. Digital transformation efforts—such as the integration into the Single Euro Payments Area (SEPA), the expansion of online banking, and the early development of domestic capital markets—signal a growing readiness to adopt fintech solutions. However, this shift is unfolding in a context marked by

low financial literacy, regulatory inertia, and infrastructural gaps, which risk slowing down Albania's momentum toward a digital, inclusive, and competitive financial system.

While global fintech research has focused on mature markets or large emerging economies, Albania remains underrepresented in this literature. This paper addresses this gap by examining fintech's role in transforming banking and financial markets in Albania, a country with untapped digital potential but significant institutional and consumer readiness challenges. The analysis is grounded in both expert perspectives and cross-country comparisons, providing actionable insights that align with regional integration and EU convergence efforts.

Research Objectives

The paper sets out to:

- Analyze how fintech is reshaping Albania's banking sector, especially in digital payment systems and financial inclusion.
- Assess the implications of SEPA integration and regional digital platforms like TIPS for financial service modernization.
- Explore fintech's potential in advancing capital market development, with attention to emerging platforms (e.g., crowdfunding, robo-advisors).
- Identify regulatory, technological, and behavioral barriers hindering fintech adoption.
- Compare Albania's progress with peer economies in Southeastern Europe to extract lessons and strategic opportunities.
- Offer recommendations for regulators, banks, and fintech startups to foster a balanced, innovative, and secure financial ecosystem.

Research Questions

The study will address the following research questions, guided by insights from the selected experts:

Fintech in Banking:

- How has fintech impacted Albania's banking sector, particularly in terms of digital payment systems and financial inclusion?
- What are the implications of SEPA integration for fintech-driven banking innovations in Albania?

Fintech in Financial Markets:

- How has fintech contributed to the development of Albania's financial markets?
- What are the barriers and opportunities for fintech in enhancing market participation?

Innovation and Technology:

- How can fintech solutions like AI, blockchain, and cybersecurity technologies improve financial product development in Albania?
- What are the key challenges associated with adopting advanced fintech solutions in Albania's financial system?

Regional Comparisons:

- How does Albania's adoption of fintech compare to other SEE countries, and what lessons can be learned from these experiences

Policy and Regulation:

- What regulatory reforms are needed to foster fintech innovation while ensuring stability and consumer protection?
- How can policymakers support the collaboration between traditional financial institutions and fintech startups?

1.3 Methodology: Qualitative Insights from Albanian Financial Experts

1.3.1 Explanation of Semi-Structured Interviews and Their Relevance

This study adopts a qualitative research approach, with semi-structured interviews, serving as the primary data collection method. Semi-structured interviews are particularly suitable for this research because they provide a flexible yet focused framework for exploring the complexities of fintech's impact on Albania's financial system.

Flexibility: The open-ended nature of semi-structured interviews allows for in-depth discussions, enabling the interviewees to share detailed insights based on their expertise.

Targeted Insights: Pre-defined themes and questions ensure the discussion remains aligned with the research objectives while leaving room for the exploration of unanticipated topics.

Rich data collection captures the perspectives of experts in a nuanced way, providing qualitative insights that complement theoretical and quantitative studies (**Bryman, 2016, pp. 395–398**).

The insights gained through these interviews will be analyzed thematically, contributing to a comprehensive understanding of the role of fintech in Albania's banking sector and financial markets. To enrich this qualitative foundation, the forthcoming section explores global and regional fintech trends to contextualize Albania's position within the broader innovation landscape.

1.3.2 Introduction of the Interviewees

The study will leverage the expertise of four prominent figures in Albania's financial ecosystem offering unique perspectives on fintech's impact.

Table 1. Profiles of Interviewed Experts in Albania's Fintech and Financial Market Ecosystem

Name	Role & Affiliation	Areas of Expertise
Artan Gjergji	Senior Expert on Capital Markets Founder, Albanian Securities Exchange	Securities industry, portfolio investments, private equity, fintech, blockchain
Arton Lena	Asset Management Expert	Global financial markets, insurance, product innovation, financial regulation, IT, and AI
Linda Shomo	Founder & CEO, EasyPay	Digital payments, fintech entrepreneurship, financial inclusion, innovation in the Albanian ecosystem
Natasha Ahmetaj	Vice Governor, Bank of Albania	Financial stability, banking regulation, monetary policy, digital finance modernization

1.3.3 Sample Size and Selection Criteria

This study conducted semi-structured interviews with four leading experts from Albania's financial and fintech sectors. These individuals were selected through purposive sampling based on their demonstrated leadership roles, subject matter expertise, and active involvement in banking, capital markets, digital payments, and regulatory development. The experts include senior executives from fintech companies, a central bank official, and a capital markets innovator, ensuring a diversity of perspectives across both public and private financial institutions.

1.3.4 Interview Format and Duration

Each interview was conducted individually, either in person or virtually via secure video conferencing tools, depending on the availability and location of the participant. The interviews took place over a 10-day period and ranged in duration from 45 to 70 minutes. All sessions were conducted in Albanian, then transcribed and translated for consistency in analysis.

1.3.5 Design and Themes

A semi-structured interview guide was developed, comprising both standardized and adaptive questions organized around five key thematic pillars:

- Digital transformation in banking
- SEPA and TIPS integration in Albania
- Fintech's role in capital market development
- Regulatory and cybersecurity challenges
- Regional fintech comparisons and best practices

This structure allowed for consistency across interviews while enabling deeper exploration of expert-specific insights. The flexible design also accommodated spontaneous elaboration and contextual clarification by the interviewees.

1.3.6 Ethical Considerations

All participants provided informed consent prior to the interviews, and permission was granted to audio-record the conversations for transcription purposes. Anonymity and confidentiality were ensured upon request, and participants were given the option to review and approve any direct quotes used in the final manuscript. The study was conducted in accordance with ethical research principles, including respect for participant autonomy and data integrity.

1.3.7 Analytical Rigor

To enhance analytical validity, transcripts were coded independently by two researchers. Data saturation was observed by the fourth interview, with no new major themes emerging. The thematic findings were further triangulated using secondary data from national fintech policy reports, SEPA implementation documents, and Bank of Albania digital finance bulletins.

Building upon the outlined objectives and contextual background, the following section reviews global and local literature to position Albania's fintech evolution within the broader financial innovation landscape.

2. Literature Review

The World Bank (2020) highlights the fintech opportunity in the Western Balkans, including Albania, emphasizing gaps in digital infrastructure and the need for enabling regulation in line with EU frameworks.

The literature review begins with an overview of international fintech trends before narrowing the focus to Albania's fintech developments and regulatory progress. This layered approach provides both context and contrast to better understand the unique challenges and opportunities faced by the Albanian financial system.

2.1 Fintech Innovations and Their Global Influence

Key global trends influencing fintech development include the rise of digital banking, advancements in real-time payment systems, and the proliferation of AI-driven tools for fraud detection, credit scoring, and customer service automation. The implementation of open banking regulations under PSD2 in the European Union has played a pivotal role in promoting competition, innovation, and consumer empowerment across member states. Neobanks like N26 and Revolut have introduced mobile-first, branchless banking models that challenge traditional banks, while blockchain and distributed ledger technologies are being piloted for cross-border remittances and smart contracts.

These innovations have helped democratize access to financial services globally, particularly for underserved populations. Fintech has also enabled lower transaction fees, faster processing, and enhanced transparency, contributing to the digital transformation of entire financial ecosystems.

2.2 Fintech in the Albanian Context

While Albania has begun adopting elements of digital finance, its regulatory, technological, and institutional frameworks are still developing. Unlike EU countries that have mandated PSD2 compliance and fully embraced open banking, Albania's financial system is only beginning to align with these standards. For instance, the Albanian Financial Supervisory Authority (AFSA, 2022) has initiated consultations aimed at enabling third-party payment providers and developing licensing procedures for digital platforms—preliminary steps toward fostering a more open and competitive financial services environment.

Digital wallets and mobile banking platforms such as EasyPay and Raiffeisen ON represent Albania's initial wave of fintech applications, primarily focused on domestic money transfers and bill payments. However, services like peer-to-peer lending, robo-advisors, or fully digital investment platforms—common in developed fintech markets—are either absent or in a nascent stage in Albania.

Albania's recent integration into the Single Euro Payments Area (SEPA) and participation in the TIPS (Target Instant Payment Settlement) platform represent major milestones that bring it closer to European financial infrastructure standards. These integrations enable real-time, cross-border euro transactions and reduce transaction costs—conditions that can significantly

boost the competitiveness of Albanian fintech providers in both domestic and regional markets.

- Compared to regional peers, Albania's adoption of fintech remains modest. For example, North Macedonia has implemented regulatory sandboxes and fostered public–private partnerships in blockchain-based identity verification. Meanwhile, Kosovo's young, tech-savvy population and high mobile penetration are driving grassroots fintech adoption, despite the country's own regulatory limitations (Odorovic et al., 2020).

2.3 Focus Areas of Impact

The global and regional trends provide a roadmap for Albania's fintech development, but the country must address its own structural barriers—low financial literacy, cash-dominated culture, and underdeveloped capital markets—to replicate the success of more advanced economies. In this context, Albania's progress depends not only on technological adoption but also on institutional agility and regional collaboration. The literature thus suggests that Albania must accelerate efforts in regulatory reform, infrastructure digitization, and talent development to realize the full benefits of fintech innovation.

In light of these international and local developments, there remains a gap in empirical insights specific to Albania. To address this, the following section outlines the methodology employed to gather expert perspectives on fintech's evolving role within the Albanian financial system.

3. Methodology

This section presents the research design and procedures used to explore the key drivers, barriers, and future outlook of fintech in Albania. The methodology integrates qualitative insights through expert interviews to complement the theoretical foundation established in the previous section.

3.1 Research Design

This study leverages insights from interviews with four experts, providing a comprehensive understanding of fintech's impact on Albania's financial ecosystem. These participants were selected based on their extensive expertise and diverse perspectives, including insights from policymakers, fintech entrepreneurs, and banking professionals. This approach ensures a nuanced exploration of fintech's role in transforming Albania's financial landscape. The findings are further supported by secondary data sources offering a robust analysis of emerging trends, challenges, and opportunities in the fintech domain.

This study employs a qualitative research design, chosen for its ability to provide in-depth insights into complex and evolving phenomena such as the impact of fintech on Albania's financial ecosystem. Qualitative research is particularly suitable for understanding perspectives, exploring new topics, and generating hypotheses.

Semi-Structured Interviews: The primary data collection method for this study is semi-structured interviews. This method is ideal for achieving a balance between consistency and flexibility (Albaret & Deas (2023)).

Consistency: A set of pre-determined themes ensures the discussion remains aligned with the research objectives.

Flexibility: Open-ended questions allow participants to elaborate on their experiences, expertise, and perspectives, enabling the discovery of unanticipated insights.

Semi-structured interviews are especially appropriate given the expertise of the selected participants, allowing the researcher to delve deeply into their specialized knowledge areas while also exploring broader implications for fintech in Albania.

3.2 Data Collection

Interview Process: The interviews will be conducted in a structured yet conversational manner, either in-person or virtually, depending on the availability and convenience of the participants. Each interview will be recorded (with consent) and transcribed for analysis. Ethical considerations, including informed consent, will be strictly adhered to.

Rationale for Selecting Experts: The participants were chosen based on their extensive experience and unique perspectives on Albania's financial ecosystem:

3.3 Data Analysis

Thematic analysis is chosen for its systematic approach to identifying patterns and themes within qualitative data, ensuring a robust understanding of participants' insights. Having established the methodological groundwork, the subsequent discussion analyzes expert perspectives, uncovering opportunities, challenges, and strategic implications of fintech adoption in Albania.

Thematic Analysis: A thematic analysis approach will be employed to systematically analyze the qualitative data collected from the interviews. This approach is effective for identifying patterns and insights across diverse perspectives.

Steps in Thematic Analysis:

- **Data Familiarization:** Review interview transcripts to gain an initial understanding of the content.
- **Coding:** Assign codes to significant statements or themes that emerge during the interviews.
- **Theme Identification:** Group related codes into broader themes, such as "digital transformation in banking," "regulatory barriers," or "innovations in financial markets."

Reviewing Themes: Ensure that themes accurately represent the data and align with the research objectives.

Interpretation: Analyze the themes to draw meaningful conclusions and identify trends relevant to fintech's impact in Albania.

With a clear understanding of the study's qualitative framework, the next section delves into the findings and offers an analysis of emerging themes based on expert insights.

4. Discussion

As emphasized by the International Monetary Fund (2021), the rise of fintech must be accompanied by robust cybersecurity frameworks, a challenge that Albania is beginning to address through policy and regulatory upgrades.

This section interprets the interview findings in relation to Albania's financial transformation and fintech adoption. It highlights areas of innovation, institutional gaps, and emerging regulatory responses, drawing connections to regional trends.

4.1 Opportunities for Albania

SEPA as a Gateway: SEPA represents a transformative opportunity by fostering cross-border efficiency, enhancing trust, and providing a foundation for integrating advanced fintech solutions like blockchain-based payment systems. Artan Gjergji highlights the potential for SEPA to streamline euro transactions and improve Albania's financial connectivity.

Diagram 1: The diagram represents the relationship between cross-border efficiency, reduced transaction costs, increased trust, and enhanced competitiveness. Source: European Commission, 2024, and Bank of Albania, 2024)

Alternative Financing Platforms: Crowdfunding and venture capital platforms can address SME funding gaps. Regulatory frameworks for alternative investments need significant development to facilitate these platforms effectively.

4.2 Challenges in Adoption

- Regulatory Barriers:

Prolonged licensing processes and unclear compliance requirements hinder fintech growth. Implementing a regulatory sandbox to allow controlled testing of innovative solutions is recommendable.

Regulatory Sandbox: A Pathway for Fintech Innovation in Albania

A regulatory sandbox offers a controlled environment for fintech firms to test innovative products while ensuring consumer protection. This framework fosters innovation by reducing compliance burdens and aligning with EU standards, critical for Albania's fintech ecosystem. Examples from the UK's Financial Conduct Authority demonstrate how sandboxes can promote fintech growth and partnerships. For Albania, a sandbox could focus on digital payment systems and mobile banking, addressing challenges like limited resources and regulatory constraints. Targeted awareness campaigns and international collaborations are essential for effective implementation.

- Cybersecurity and Consumer Trust:

Building robust cybersecurity frameworks and educating consumers about digital finance are critical. User-friendly tools and campaigns can enhance trust and adoption. Adopting ISO/IEC 27001 standards for cybersecurity and conducting regular public awareness campaigns about fraud prevention can enhance trust in digital platforms.

Table 2: Challenges, Impact and Solutions

Challenge	Impact	Proposed Solution
Regulatory Barriers	Slows fintech adoption	Introduce a clear fintech regulatory framework
Cybersecurity Threats	Risk of data breaches and fraud	Adopt global standards, e.g., ISO/IEC 27001
Consumer Trust	Low adoption rates	Awareness campaigns and user-friendly tools

Source: Author

- The Role of Fintech in Advancing Financial Inclusion

Financial inclusion focuses on providing accessible and affordable financial services to individuals and businesses, particularly those excluded from traditional banking systems. Fintech is emerging as a transformative force in this domain by addressing critical barriers such as limited physical infrastructure, high costs, and complexity. Through innovative solutions, fintech platforms bridge the gap for the unbanked, offering mobile-based financial services like digital wallets and mobile banking that eliminate the need for physical bank branches. These tools are particularly impactful in remote and rural areas, where banking access is often limited.

In addition to improving accessibility, fintech reduces transaction costs significantly. Peer-to-peer payment systems bypass traditional intermediaries, lowering fees and making financial services more affordable for underserved populations. Simplified user interfaces in fintech apps further enhance accessibility, enabling individuals with limited financial literacy to manage their finances effectively. Localized platforms also address cultural and language barriers, ensuring that services are user-friendly for diverse demographics.

Fintech plays a vital role in expanding credit access through alternative credit scoring mechanisms that leverage data from mobile usage, utility payments, and online behavior. These innovative approaches allow underserved populations to qualify for loans, while platforms offering microloans and crowdfunding provide much-needed funding for small businesses and individuals. Moreover, fintech encourages financial planning and investment through automated savings apps and micro-investment platforms, democratizing access to financial growth opportunities.

Security and real-time capabilities are also key contributions of fintech. Blockchain technology enhances transaction security and transparency, addressing trust issues that often hinder financial inclusion. Real-time payment solutions enable instant transactions, which are particularly beneficial in emergencies or for daily financial needs. Furthermore, fintech supports small and medium enterprises (SMEs) by offering digital marketplaces that expand market access and streamline payment processes, fostering growth and competitiveness.

Lastly, fintech promotes financial literacy through integrated educational tools that teach users about budgeting, saving, and investing. Gamified features within these platforms make learning engaging and accessible, empowering users to make informed financial decisions. By addressing systemic barriers and leveraging technology, fintech has the potential to transform financial inclusion, enabling underserved populations and businesses to participate in and benefit from economic opportunities.

- Impact on Albania

A 2019 survey by the Bank of Albania revealed that only 54% of individuals were aware of at least five financial products, significantly below the global average of 83%. Additionally, the ownership of financial products in Albania is markedly lower compared to global figures (Dushku, 2022). The same survey indicated that Albanians possess only 53% of the necessary financial knowledge, behaviors, and attitudes, compared to a global average of 61%. This deficiency is reflected in the low levels of financial inclusion within the country. The study by Toska, Thomaj, and Bregu (2021) emphasizes that fintech can drive Albania's economic growth by enhancing financial inclusion and modernizing the country's financial sector through innovative digital solutions. These indicators suggest that a significant portion of Albania's population is either unbanked or underbanked, lacking adequate access to or utilization of formal financial services. Addressing these gaps is crucial for enhancing financial inclusion and economic empowerment in the country.

The following table summarizes the above, highlighting the financial inclusion challenges in Albania compared to global benchmarks.

Table 3: Financial Inclusion Challenges in Albania Compared to Global Benchmarks

Financial Product	Ownership in Albania (%)	Global Average (%)
Payment Products	29%	70%
Savings Products	22%	50%
Credit Products	13%	44%
Insurance Products	9%	37%
Aspect	Albania (%)	Global Average (%)
Financial Product Awareness	54%	83%
Financial Literacy	53%	61%
Metric	Albania (%)	Comparison (%)
Account Ownership (2017)	<40%	70% (Upper-Middle-Income Countries)

Source: Author

Fintech solutions, particularly mobile banking and digital wallets, could address 60–70% of this segment, especially in rural areas with limited access to traditional banking. Fintech has the potential to:

- Close the Inclusion Gap: By introducing mobile banking and digital wallets tailored to Albania's unique demographic needs.
- Empower SMEs: Enabling small businesses to secure funding through alternative credit systems and digital platforms.

By addressing systemic barriers, fintech is not only transforming the financial ecosystem but also empowering underserved populations to participate in and benefit from economic opportunities. To provide comparative insight, the following section examines digital banking and fintech adoption across Southeastern Europe, identifying lessons applicable to Albania's advancement.

4.3 Comparative Analysis

Digital Banking Adoption Trends in Southeastern Europe

The comparative analysis of digital banking adoption trends across Southeastern European (SEE) countries highlights Albania's position relative to its regional peers. This comparison underscores the varying degrees of fintech integration and adoption within the region, influenced by factors such as EU membership, regulatory frameworks, and digital literacy levels. Table 3 presents a summary of key adoption rates, enablers, challenges, and lessons that Albania can draw upon to accelerate its own fintech development.

Table 4: Digital Banking Adoption Trends in Southeastern Europe

Country	Digital Banking Adoption Rate	Key Factors	Challenges	Source
Slovenia	>60%	EU membership, harmonized regulations, enhanced security and accessibility.	None specified.	European Commission (2021)
Croatia	High	Strong smartphone use, investments in user-friendly mobile apps by banks.	None specified.	Croatia National Bank (2021)
Bulgaria	~40%	Alignment with EU financial regulations.	Digital literacy and internet access in rural areas.	Pálvölgyi (2019)
Romania	~40%	Embracing digital solutions; growing fintech sector.	Rural internet access and limited trust in digital platforms.	Romania Central Bank (2021)
Kosovo	Low	Young population and increasing smartphone use.	Developing banking sector with low penetration in digital services.	EBRD (2020)
Albania	Low	Growing fintech interest; potential for progress.	Digital literacy, internet access, and regulatory support.	Bank of Albania (2021)
Montenegro	Expanding	Increasing smartphone use.	Rural internet access and regulatory challenges.	European Commission (2021)
North Macedonia	Growing	Partnerships with fintech firms; increased mobile wallet adoption.	Data security concerns and limited digital literacy.	Pálvölgyi (2019)
Serbia	Rising	High smartphone penetration; demand for mobile banking services.	Regulatory and literacy challenges.	Banca Intesa (2020)

Source: Kola, Zhezha, Noti 2024

4.4 Summary of Discussion

Albania's fintech ecosystem presents significant opportunities for growth, particularly through SEPA integration and digital innovations that can bridge gaps in financial inclusion and market development. However, challenges such as infrastructure limitations, regulatory hurdles, and cybersecurity risks must be addressed. By learning from regional peers and leveraging its unique advantages, Albania can position itself as a rising player in the SEE fintech landscape. Building on the thematic insights discussed, the next section presents practical recommendations for stakeholders driving Albania's fintech development.

Table 5. Summary of Thematic Analysis Insights

Thematic Area	Insights
Fintech and Capital Markets	The underdeveloped state of Albania's capital market limits fintech's transformative role. Current operations like government securities trading lack automation, relying on manual processes. Market depth and liquidity improvements could enhance fintech's impact.
Access to Funding	Crowdfunding and venture capital platforms could bridge SME funding gaps. However, Albania's restrictive regulatory environment, shaped by caution after the 1997 financial crisis, hampers progress. Legislative framework development is essential.
Blockchain and Decentralization	Blockchain technology and smart contracts are not immediately viable in Albania due to the absence of foundational financial instruments like corporate bonds and equities. Integration might take a decade, contingent on progressive market development.
Artificial Intelligence and Data Analysis	AI and data analytics transform asset management by enabling real-time data analysis, performance forecasting, and anomaly detection. AI acts as a strategic partner for optimizing investment strategies and democratizing access through robo-advisors.
Challenges in Fintech Adoption	Poor technological infrastructure, reliance on cash, and conservative banking practices obstruct innovation. Open banking initiatives face resistance from traditional banks, impeding competition.
Future of Traditional Banking	Albanian banks must adopt digital models to reduce operational costs and remain competitive. A shift towards digital services, emphasizing cash elimination, is seen as pivotal for cost reduction and innovation.
Regulation and Policy	Regulatory alignment with EU standards and implementing a regulatory sandbox are critical. Deregulation could stimulate competition, enabling fintech innovation while maintaining consumer protection.
Financial Inclusion	Fintech can address Albania's low financial literacy by offering transparent, user-friendly apps with educational modules. Gamification can engage users, fostering trust and financial market participation.
SEPA and Payment Systems	SEPA integration enhances cross-border transaction efficiency, reducing costs and fostering trust. However, Albania's "country risk" and anti-money laundering classifications limit fintech's collaboration with European institutions.
Academic Contributions	Universities must update curricula to include fintech, equipping students with globally relevant skills. Technology's educational potential simplifies financial concepts and promotes inclusion.

These findings underline the strategic importance of regulatory alignment, talent development, and cross-sector collaboration. Building on this analysis, the following section offers practical implications for stakeholders and concludes the paper.

5. Recommendations

This section summarizes the study's key contributions and presents actionable insights for policymakers, financial institutions, and fintech entrepreneurs seeking to advance Albania's digital finance landscape.

The findings of this study offer actionable implications for several stakeholder groups:

1. For Policymakers: The adoption of regulatory sandboxes and harmonization with EU standards provides a roadmap for creating an innovation-friendly environment. This also ensures consumer protection while reducing entry barriers for fintech firms.
2. For Financial Institutions: The study highlights the urgency for traditional banks to digitize processes and explore partnerships with fintech startups. Such collaborations can reduce operational costs and increase access to unbanked segments.
3. For Startups and Entrepreneurs: Insights into the challenges of infrastructure, regulatory gaps, and trust underscore the importance of building user-friendly, transparent, and secure fintech platforms that cater to Albania's financial literacy levels and rural population needs.
4. For Educators and NGOs: There is a clear opportunity to integrate fintech and digital finance education into formal and informal training programs, which could significantly accelerate user adoption and innovation readiness.

These implications emphasize that fintech in Albania is not only a technological shift but a multifaceted opportunity for economic modernization, financial inclusion, and regional competitiveness.

- **Practical Applications and Policy Implications**

The findings of this study offer several practical implications for stakeholders within Albania's financial ecosystem. To foster fintech innovation while ensuring regulatory oversight, regulatory sandbox trials could be initiated within the mobile payments segment. A pilot program involving companies like EasyPay in collaboration with traditional banks would enable controlled testing of financial innovations and help align development with regulatory standards.

Additionally, to promote financial inclusion, especially in underserved rural areas, the government could implement digital literacy campaigns that incorporate mobile banking tutorials. These initiatives would not only educate users but also build trust and increase adoption of digital financial services.

Fintech firms are encouraged to collaborate with universities and business incubators to establish innovation hubs. These hubs would serve as platforms for nurturing local talent, fostering research and development, and generating market-relevant fintech solutions tailored to the Albanian context.

Moreover, traditional banks could explore strategic partnerships with emerging fintech startups to co-develop digital lending products and expand credit access to small and medium-sized enterprises (SMEs), especially those in underbanked regions.

These measures, if implemented effectively, could enhance the development of Albania's fintech ecosystem and accelerate the modernization of its financial services landscape. In conclusion, the final section reflects on strategic priorities that will enable Albania to leverage fintech effectively and move closer to European integration benchmarks.

6. Conclusion

Albania stands at a crossroads where fintech can redefine its financial ecosystem. By addressing systemic barriers, aligning regulations with global standards, and leveraging

expert insights, Albania can position itself as a rising player in the Southeastern European fintech landscape. Strategic investments, robust partnerships, and a focus on education will be instrumental in driving this transformation.

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