управление инвестициями, если они не организованы как инвестиционный проект. В полной ли мере реализован потенциал этих инвестиционных расходов — вопрос остается открытым и без использования инвестиционного проекта как формы инвестирования ответить на него практически невозможно [3, с. 102–103].

Становится очевидным, что в интересах обеспечения высокой инвестиционной привлекательности предприятия требуется разработка инвестиционных проектов в процессе реализации стратегии развития предприятия. Однако единого метода определения инвестиционной привлекательности предприятия не существует. Оценка возможна разными методиками, которые основываются на использовании доступной и достоверной информации для внешних инвесторов. С нашей точки зрения, наиболее предпочтительным методом определения инвестиционной привлекательности предприятия является метод дисконтирования денежных потоков. Данный метод основан на использовании большого числа количественных и качественных компонентов оценки инвестиционной привлекательности предприятия и, кроме того, широко используется для оценки эффективности инвестиционных проектов. Представляется, что дисконтирование любых инвестиционных расходов на предприятии характеризует его руководство как четко представляющее себе цели развития и реальные способы их достижения, что дает предприя-

тию дополнительные конкурентные преимущества на финансовых рынках.

Очевидно, предприятие, желающее привлечь дополнительное финансирование, должно максимально облегчить инвесторам получение информации о своей хозяйственной деятельности, позволяющей рассчитать все необходимые показатели. Если для определения количественных показателей достаточно стандартной бухгалтерской отчетности, то для качественных компонентов требуется зачастую инсайдерская информация, получить которую внешнему инвестору довольно затруднительно, т. к. она, как правило, не систематизирована и не формализована. Поэтому любые технологические новации, модернизационные мероприятия, технические и организационные улучшения в воспроизводственном процессе должны оформляться в виде инвестиционных проектов, в которых максимально можно учесть факторы, влияющие на принятие положительных инвестиционных решений. Это позволит оценивать инвестиционную привлекательность предприятия, дисконтируя денежные потоки в рамках всех инвестиционных проектов, осуществляемых на предприятии. Небезосновательно утверждать, что динамика инвестиционной привлекательности будет являться следствием благосклонного отношения инвестиционного сообщества, располагающего необходимой информацией об экономической деятельности предприятия, которое, в свою очередь, последовательно следует заявленной эффективной стратегии своего развития.

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Foreign capital and credit expansion in Albanian banking system

Abstract: This article aims to examine the role of foreign banks in credit expansion in Albania. The financial system in Albania is a bank based financial system. The role of bank credit in the Albanian economy has been significantly increased especially after 2000, when large capital inflows entered in the banking system. The entrance of foreign banks has been influenced by several factors such as profit orientation, privatiza-

tion process, trade relationships etc. The rapid development of banking system was associated with credit expansion. Therefore the credit growth has been very fast. Has the bank credit expansion been a normal consequence of the fast financial development in Albania? Based on the literature, this article will answer to this question examining the credit growth rates in Albania, after 2000. The data used in this article will be of secondary type, based on the official statistics published by respective institutions.

Keywords: bank, credit expansion, foreign capital.

Introduction

Banking system in several countries of the Western Europe as Germany, France and Austria, has been characterized by a large number of regional banks, saving institutions and state banks for development. The profit was not the sole goal of these institutions. They were engaged in achieving some social common objectives as regional development or stimulation of certain industrial sectors. However, after the 90', many financial institutions have been privatized; many other have been merged or acquired and therefore their ownership structure has changed. These structural changes have directed these institutions toward other objectives, as the profit maximization. The countries of Eastern Europe offered great opportunities for them to increase their profits. Therefore many banks from Austria, Italy, France and German have expanded their activities in the Eastern Europe countries. The Greek banks opened their branches in their neighboring countries as Albania and Serbia. As result the major part of the foreign capital invested in financial institutions in Eastern Europe countries comes from Europe Union.

After the literature review and the methodology, the article will shortly examine the profile of the foreign capital in the Albanian banking system. The next section describes the process of credit expansion and gives the answer to the question: "Has the bank credit expansion been a normal consequence of the fast financial development?". The conclusions are presented in the last section.

Literature review

Episodes of booms and busts, which are typical in financial capital markets, are also observed in credit distribution. Empirical literature shows that banking crises are typically preceded by lending booms, but very few lending booms end in a banking crises (Gourichas et al. (2001), Tornell and Westermann (2002), Bordo and Jeanne (2002).

The Balkan banking market has been a profitable and suitable investment sector for the western European banks. The foreign banks operating in Balkan's countries are part of large banking groups in their home countries and they represent a crucial factor of financial intermediation in their country. Therefore their initiative to ex-

pand their risky loans may be encouraged, considering that their governments would support these banks if they get in troubles (Eichengreen 2003).

Also credit expansion may result in banks incapability to properly evaluate the credit risk. Due to the lack of personal contacts and relationships with the clients, the foreign banks rely on their own methods and statistics to evaluate the credit risk of their borrowers. Credits are therefore based on numerical information and are granted if an individual exceeds a threshold (Lapavitsas 2009: 138–139). As these statistical methods have been designed for risk evaluation in major capital markets, they may be inappropriate for emerging and transition countries (Mihaljek 2008: 25). As result the fast credit expansion may lead to an increase of risky loans and probably may threat the financial stability of a country.

Methodology and data set

In order to give an answer to the above mentioned question, the author has calculated the annual credit growth rate during a period of fifteen years (2001–2015). Based on the literature review, the credit growth rates have been compared with the GDP growth rates. The data used in this article are of secondary type. The data on outstanding credit volume have been taken from the publications of the Bank of Albania. The data on the GDP growth rates have been taken from the publications of the World Bank.

Foreign capital in Albanian banking system

Until 1991, the Albanian banking system was characterized by the lack of the foreign capital, as in the other sectors of the economy. Italian capital was the first foreign capital inflow in the banking system through establishment of the Italian-Albanian Bank in 1993. The structure ownership of the banking sector in Albania has been changed over years. In 2000, the public sector had a considerable share of the banking system ownership (38 percent). In 2004, due to the privatization process, the state share has been reduced in 7 percent, and in 2009, the banking system has been totally owned by private sector. The private domestic capital entered in the banking system in 2002. In 2014, it accounted about 12 percent of the total banking capital. From the viewpoint of capital origin, there is noted an upward trend of foreign capital share. The Alba-

nian banking market highlights the existence of entities and banks with experience in foreign markets. In 2014, the major part of the foreign capital comes from Europe Union. Turkish capital shares the highest value — about 21 percent of the total banking sector capital, followed by Austrian capital — 21 percent, and Italian and Greek one — respectively 17 and 14 percent.

Expansion of bank loans

The volume of outstanding loans in the banking sector has been continuously increased (except 2013). In the first half of 2000, the ratio of credit volume to gross domestic product was lower than in the second half. This ratio is significantly increased after 2004, when the foreign capital accounted more than 90 percent of the total banking system assets. The main consequence of the foreign bank entry was the expansion of bank loans. The total outstanding loan volume has been increased from ALL 15 billion (in 2000) to ALL 198 billion (in 2006), to ALL 549.9 (in 2014). Expansion of the loans was encouraged from the bonus payment schemes offered to the high executives of the foreign bank branches. Thus the managers of foreign-owned banks could have been interested in fast credit expansion in order to boost their own income (Mihaljek 2008, 26).

Moreover the balance sheet structure of an individual bank is not only the result of its own management decision, it is also dependent on the balance sheet structure of other banks in the banking system (Alves et al. 2008). Therefore if a bank increases its assets by expanding loans, other banks may follow, and the result would be a global acceleration of credit growth in a country.

On the other hand, as the literature explains, the credit expansion generally is associated with the increase of loans risk.

The ratio of non-performing loans to total outstanding loans is increased in other western Balkan countries after 2008, while in Albania this ratio has been increased earlier, since 2005. According to the Annual Report of Albanian Bank, the non-performing loans have been significantly increased immediately after 2008, recording the maximum figure in June 2014, with a ratio of 24.1%. In December 2014, non-performing loans ratio

fell at 22.8%. Stock of non-performing loans fell at ALL 135.7 billion. A question arises in the context of this credit expansion: How fast should loans be increased in the process of a normal economic development?

Caprio and Klingebiel (1996) argue that real credit growth of one or two times real GDP may occur in normal times as a result of the financial development. By contract, a real growth rate of credits that exceeds two times real GDP growth indicates a lending boom and may lead to banking crises, as was the case of Latin American countries in the past. Based on the statistics of the Bank of Albania, The maximum credit growth rate has been recorded in 2006–82 percent. After 2005, the credit growth rate has been continually decreasing (9.65% in 2010). The credit growth has stopped in 2013 recording a negative value of — 1,21%. In 2014 the outstanding loans volume has been increased by 2.18%.

During the same period, according to the statistics of the World Bank, the real GDP growth rate has been fluctuated from the maximum value of 7,9% (in 2001) to the minimum value of 1,1% (in 2013). It is obvious that from 2001 to 2011, the credit growth rate has been much higher than the GDP growth rate. Credit growth rate exceeds GDP growth rate more than two times (even more than 13 times in 2012). Therefore the Albanian bank credits have experienced an extremely lending boom, mostly as result of foreign bank entrance and their liberal lending practice.

Conclusions

Fast credit expansion caused an increase of credit risk, which in turns give rise to non performing loans, which in turn causes the reduction of credit loans. Likewise any other “boom”, the “boom lending’ ended. But we observed that the growth rate has been reduced even before 2008 — the year when the financial crises started. The consequences of the world financial crises have been appeared in Albania, at least four years later. Therefore the article concludes that the reduction of credit growth in Albania is more as result of the “boom credit” occurrence due to the entrance of foreign capital and the liberal lending practices, than as a consequence of the financial crises.

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