

TRANSPARENCY DHE COMPETITION IN THE BANKING SYSTEM

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Abstract

Purpose. This paper argues that competition in the banking system has increased, many factors, among which the most important is transparency. **Method.** The method of analysis of respective data and the literature of the field. Competition in the banking system helps in good management of the banks and increases the quality of their services. Whether there is competition, and if it is strengthened or weakened, determined by interest rates on deposits and loans, as well as banking services that apply to second-tier banks. In case the costs are covered by additional income, interest rate increases due to asset growth, but whether the costs are not covered, the increase was imposed on banks due to increased competition. Are analyzed changes in banking legislation. The regulation of the Bank of Albania on the transparency. The decision to publish the official website of the Bank of Albania services costs, especially interest rates. **The results.** From the analysis for the years 2007-2012's, it appears that a healthy competition in the banking system, increases the quality of services provided, which helps strengthen the economy by reducing the cost of bank loans.

key words. *banking system, the banking competition, the transparency, the interest rates,*