

***Abdelhafid Boussouf University Center – Mila***

***Institute of Economic, Commercial and Management Sciences***

***Departement of Economics***

***LECTURES ON : the Algerian financial and banking system***

***Addressed to 3<sup>RD</sup> year economics students – Second semester***

***By Teacher: MEKHTOUT Oumaima***

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## ***1. Banking Sector:***

**Central Bank:** The central bank of Algeria is called the Bank of Algeria (Banque d'Algérie). It is responsible for issuing currency, regulating banks, and implementing monetary policy to maintain price stability and support economic growth.

**Commercial Banks:** Algeria has several commercial banks that offer a range of banking services to individuals, businesses, and government entities. These banks provide services such as deposits, loans, foreign exchange, and payment services.

**State-Owned Banks:** Many banks in Algeria are state-owned or have significant government ownership. These banks play a crucial role in financing government projects and supporting economic development initiatives.

**Private Banks:** In addition to state-owned banks, there are also private banks operating in Algeria. These banks compete with state-owned banks and offer similar services to customers.

## ***2. Financial Markets:***

**Stock Exchange:** The Algiers Stock Exchange (Bourse d'Alger) is the primary securities exchange in Algeria. It facilitates the trading of stocks, bonds, and other financial instruments issued by Algerian companies and government entities.

**Regulatory Framework:** The Algerian financial market is regulated by various government agencies, including the Capital Markets Authority (Autorité des marchés financiers) and the Banking Regulation Commission (Commission de régulation bancaire).

## ***3. Monetary Policy:***

The Bank of Algeria is responsible for formulating and implementing monetary policy in Algeria. Its primary objectives include maintaining price stability, managing inflation, and promoting economic growth.

The central bank uses various monetary policy tools, such as open market operations, reserve requirements, and interest rate adjustments, to influence money supply and credit conditions in the economy.

#### ***4. Financial Inclusion:***

Algeria has made efforts to improve financial inclusion and expand access to banking services, particularly in rural and underserved areas. Initiatives such as mobile banking, microfinance, and financial literacy programs aim to increase financial access and promote economic development.

#### ***5. Challenges:***

Despite progress in recent years, the Algerian financial and banking system faces several challenges, including low levels of financial literacy, limited access to credit for small and medium-sized enterprises (SMEs), and the need for modernization and digitalization of banking services.

#### ***6. Conclusion:***

The Algerian financial and banking system plays a vital role in supporting economic activity, facilitating trade and investment, and promoting financial stability. Continued efforts to enhance regulatory frameworks, promote financial inclusion, and address key challenges are essential for the long-term development of the sector.

This overview provides a simplified introduction to the Algerian financial and banking system, highlighting key features and challenges facing the sector.