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Monetary policy and its impact on consumer behaviour toward banks: Evidence and policy implications for Albania

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Abstract

This article examines how monetary policy influences consumer behaviour toward commercial banks in Albania. It develops an integrated framework combining the interest-rate channel, the bank-lending channel, the balance-sheet channel, expectations, inflation perceptions, exchange-rate exposure, trust, financial literacy and behavioural biases. It combines a structured literature review with descriptive secondary evidence from the Bank of Albania, World Bank and International Monetary Fund, focusing on 2004–2024 and the tightening and easing cycle of 2022–2024. The Albanian case is distinctive because of partial euroisation, uneven financial literacy, the importance of remittances, a bank-centred financial system and the growing use of digital channels. Evidence from 2024 illustrates the speed and asymmetry of transmission: the Bank of Albania reduced the policy rate from 3.25 per cent to 3.00 per cent in July and to 2.75 per cent in November, while estimating that loan rates were already around 0.4 percentage points lower than under a no-cut counterfactual. The article concludes that consumer responses are heterogeneous across income, age, indebtedness, currency exposure and digital capability. It proposes a policy agenda based on clearer central-bank communication, stronger disclosure of variable-rate and foreign-currency risks, behavioural consumer protection, improved financial education, better data on household expectations and more transparent bank pricing. The paper contributes by connecting macro-monetary transmission with micro-level banking behaviour in a small, open and partially euroized economy.

Keywords: monetary policy; consumer behaviour; commercial banks; interest rates; financial literacy; trust; Albania; euroization; bank lending; household finance.

1. Introduction

Monetary policy is usually evaluated through aggregate variables such as inflation, output, employment, the exchange rate and credit growth. Consumers decide whether to borrow, save, repay early, refinance, keep money in cash, use a deposit account, move funds between banks, choose lek or euro, postpone a home purchase, or trust a bank sufficiently to adopt a new digital service. These decisions form the behavioural micro-foundations of monetary transmission. When a central bank changes its policy rate, the decision does not move consumption or investment mechanically. Understanding these choices is especially important in bank-centred economies where households rely heavily on commercial banks for payments, savings and credit. Albania provides a relevant setting for such an analysis. A policy-rate increase may quickly affect new loans in lek, but it may have less direct influence on a household borrowing in euro. An easing cycle may reduce bank funding costs, but a risk-averse consumer may still postpone borrowing because of uncertainty about income. A rise in deposit rates may attract savings into banks, yet consumers with low trust may prefer cash or real assets. The Bank of Albania's primary monetary-policy objective is price stability, operationalised as an annual consumer-price inflation rate of 3 per cent over the medium term. In 2024 the Bank of Albania shifted toward easing as inflationary pressure declined. It cut the policy rate from 3.25 per cent to 3.00 per cent in July and then to 2.75 per cent in November. The Bank estimated that the 2024 loan interest rate was approximately 0.4 percentage points lower than it would have been if the policy rate had remained unchanged. This episode illustrates that monetary decisions can affect consumers before the full macroeconomic effect appears, because banks reprice products and consumers revise expectations in advance. The central problem addressed in this article is that research and public discussion often treat consumers as passive recipients of interest-rate changes. In practice, households interpret policy through their income, debt exposure, trust, experience and cognitive limitations; these behavioural mechanisms shape the speed, strength and distribution of monetary transmission. The aim of the study is to analyse how monetary policy affects consumer behaviour toward banks in Albania and to identify the channels, moderating factors and policy implications of that relationship. It addresses four questions: through which economic and behavioural channels does policy influence household interaction with banks; how do euroisation and uneven financial literacy shape transmission; what patterns appear across the main policy phases of 2004–2024; and how can the Bank of Albania, commercial banks and regulators improve transmission while protecting consumers?

The study contributes in three ways. It connects macroeconomic monetary transmission with the literature on household finance and behavioural economics. It applies this integrated perspective to Albania, where existing studies have more often examined inflation, credit, bank profitability or the aggregate transmission mechanism than consumer-bank behaviour itself. Finally, it develops a practical framework for future empirical research, including measurable variables and hypotheses that can be tested through household surveys, bank-level data or longitudinal microdata.

The article is organised as follows. Section 2 presents the conceptual foundations,

Section 3 explains the main transmission channels, and Section 4 examines behavioural mechanisms and household heterogeneity. Sections 5 and 6 describe the Albanian context and methodology; Section 7 discusses the findings; Sections 8 and 9 present policy implications and a future empirical model; and Section 10 concludes.

2. Conceptual and Theoretical Foundations

2.1 Monetary policy as a set of incentives and signals

Monetary policy consists of central-bank actions intended to influence monetary and financial conditions in order to achieve macroeconomic objectives, above all price stability. The policy rate has both a price function and an information function. Its information function arises because consumers interpret a rate change as a statement about inflation, growth and future economic conditions. A rate increase may make borrowing more expensive, but it may also be read as evidence that inflation is serious or that the central bank is committed to restoring stability. A rate cut may reduce instalments and support credit demand, but some consumers may interpret it as a warning that the economy is weakening. Monetary policy therefore changes both budget constraints and beliefs. The effectiveness of policy depends on credibility. When households believe that the central bank will maintain price stability, expected inflation is more firmly anchored. When credibility is weak, consumers may react more strongly to current prices than to official forecasts, causing even an appropriate policy decision to transmit slowly.

2.2 Consumer behaviour toward banks

Consumer behaviour toward banks includes the acquisition, use, evaluation and switching of banking products and relationships. It covers decisions about transaction accounts, cards, digital banking, deposits, mortgages, consumer loans, overdrafts, currency denomination, repayment, refinancing and bank choice. A purely rational model assumes that consumers compare all products, understand compound interest, forecast income, assess inflation and exchange-rate risk, and choose the option that maximises expected lifetime utility. This benchmark is useful but incomplete because banking products are complex and many households rely on simple rules, such as focusing on the monthly payment or remaining with the bank that receives their salary. The banking relationship is also relational. During periods of inflation or tightening, trust determines whether consumers interpret repricing as a legitimate consequence of market conditions or as unfair behaviour by banks.

2.3 An integrated analytical framework

The framework used in this article treats consumer behaviour as the outcome of three linked layers. The first is the macro-monetary layer: policy rates, inflation, exchange rates, liquidity and aggregate credit conditions. The second is the bank-transmission layer: lending rates, deposit rates, approval standards, collateral requirements, fees, maturity, currency denomination and product design. The third is the household-behaviour

layer: expectations, financial literacy, trust, risk tolerance, present bias, inertia, income uncertainty and digital access. The central proposition is that monetary policy affects consumer behaviour indirectly through banks and directly through expectations. The final effect on borrowing or saving is therefore the product of policy, bank strategy and household heterogeneity rather than a single mechanical coefficient.

3. Monetary-Policy Transmission Channels to Consumers

3.1 Interest-rate channel

The interest-rate channel is the most visible route from monetary policy to consumers. When the policy rate rises, market rates and bank funding costs generally increase. Commercial banks then adjust the rates charged on new loans and, depending on contract terms, on existing variable-rate loans. At the same time, higher deposit rates can encourage saving and delay consumption. The magnitude of the response depends on the structure of contracts. Households with fixed-rate loans are protected in the short run, while borrowers with variable rates experience an immediate cash-flow effect. Consumers rarely respond to the policy rate itself. They respond to the bank's annual percentage rate, monthly instalment and approval conditions. Transparent total-cost disclosure is therefore essential for policy transmission and consumer protection.

3.2 Bank-lending channel

The bank-lending channel emphasises the supply of credit. A tighter policy stance can reduce bank liquidity or increase funding costs, leading banks to tighten lending standards. In Albania, where capital markets are limited and banks remain the main formal source of household credit, changes in lending standards can have a large effect. A household rejected by one bank may not have an equivalent non-bank alternative, or may resort to higher-cost credit. This means that monetary tightening can alter not only the quantity of credit but also the composition of borrowers and the distribution of financial risk.

3.3 Balance-sheet and cash-flow channels

Monetary policy influences household net worth and cash flow. Lower disposable income may lead consumers to cut discretionary spending, draw down savings or prioritise debt repayment. This creates heterogeneous and sometimes opposing income effects. Because indebted households often have tighter liquidity constraints, their reduction in spending may exceed the increase in consumption by savers receiving higher interest income.

3.4 Expectations and confidence channel

Central-bank decisions shape expectations about inflation, employment and future interest rates. Communication can therefore affect behaviour even before banks reprice products. Confidence is crucial. A credible tightening cycle can reassure depositors that inflation will be controlled, whereas a poorly explained increase may raise anxiety and

weaken demand. The same decision can therefore stabilise or destabilise expectations depending on communication quality and public understanding.

3.5 Exchange-rate channel

In a small open economy, monetary policy can influence the exchange rate, which affects imported prices, inflation and foreign-currency debt. Albania's partial euroisation makes this channel particularly relevant. A household earning in lek but borrowing in euro faces a currency mismatch. Even if the euro loan carries a lower initial interest rate, depreciation of the lek can increase the domestic-currency burden of instalments. Consumers may also switch deposits between lek and euro in response to interest differentials and exchange-rate expectations. Such portfolio shifts can weaken domestic monetary transmission if households focus more on the European Central Bank or on exchange-rate stability than on the Bank of Albania's policy rate. De-euroisation measures, reserve requirements and risk disclosure therefore interact with monetary policy.

3.6 Asset-price and collateral channel

Interest rates influence housing prices and the value of collateral. Lower rates can support mortgage affordability and property demand, while higher rates reduce borrowing capacity and may lead banks to apply more cautious loan-to-value limits. In markets where real estate is a preferred store of value, the asset-price channel can be strong. Monetary and macroprudential policy must therefore be coordinated.

3.7 Deposit, cash and portfolio channel

Monetary policy changes the relative attractiveness of bank deposits, cash, government securities, foreign currency and real assets. When rates rise, term deposits become more attractive, but the response depends on whether the increase is passed through and whether consumers trust banks.

4. Behavioural Mechanisms and Consumer Heterogeneity

4.1 Limited attention and complexity

Banking decisions require consumers to process rates, fees, maturity, inflation, taxation, insurance and risk. Limited attention means that many consumers focus on the most salient number, often the monthly instalment or advertised rate. A small policy-rate change may therefore have little effect if it is hidden within complex pricing. Complexity may also reduce switching. Consumers can remain with an expensive product because comparison requires time, paperwork and confidence, weakening competition and slowing the pass-through of market-rate changes.

4.2 Present bias and over-borrowing

Present-biased consumers place excessive weight on immediate consumption and insufficient weight on future repayments. During low-rate periods, the availability of

affordable credit can amplify this tendency. Consumers may choose longer maturities because the monthly payment looks manageable, without fully considering the total interest cost. Tightening later exposes these households to stress, particularly if rates are variable. Responsible lending should therefore consider affordability under plausible rate shocks, not only at origination. Banks should present both monthly and total costs and should avoid framing that encourages consumers to underestimate long-term obligations.

4.3 Loss aversion, reference points and perceived fairness

Consumers evaluate rate changes relative to a reference point. A deposit rate that rises from 1 to 2 per cent may feel like a gain even if inflation is 4 per cent, while a loan rate rising from 5 to 6 per cent may feel disproportionately painful. Perceived fairness also matters. Banks that communicate the reason, timing and contract basis of changes are more likely to preserve trust.

4.4 Financial literacy

Financial literacy influences the ability to understand inflation, compound interest, variable rates and exchange-rate risk. More financially literate consumers are more likely to compare products, diversify savings and plan for rate changes. Less literate consumers may rely on family advice or bank staff and may misunderstand the real return on deposits.

4.5 Trust and institutional credibility

Trust operates at two levels: trust in the central bank and trust in commercial banks. Bank trust encourages consumers to keep deposits, share accurate information and use formal services. In Albania, memories of economic transition and informal finance may influence attitudes across generations. Younger consumers may trust digital platforms but have less loyalty to a specific bank; older consumers may value branch relationships.

4.6 Heterogeneity by income, age, indebtedness and geography

High-income households usually have more savings, stronger credit access and greater ability to absorb rate changes. Low-income households are more sensitive to monthly cash flow and may rely on overdrafts or informal borrowing. Urban consumers may have easier access to competing banks and digital services than rural consumers.

4.7 Digitalisation and behavioural transmission

Digital banking lowers search and transaction costs. This can accelerate monetary transmission because rate changes become visible quickly. At the same time, digital interfaces can exploit or reduce behavioural biases depending on design. Well-designed tools can show how an interest-rate change affects future instalments, provide alerts before repricing and display total deposit returns after inflation.

5. The Albanian Context and Monetary-Policy Phases, 2004–2024

Albania's monetary transmission mechanism has evolved alongside financial deepening, banking consolidation, regulatory reform and increasing digitalisation. These phases do not imply that every consumer experienced the same conditions, but they help link policy stance to likely behavioural responses. The pre-global-crisis period was characterised by rapid credit expansion and growing confidence in the banking sector. In the prolonged low-inflation period after the crisis, the Bank of Albania reduced the policy rate repeatedly to support activity and return inflation to target. The inflation shock beginning in 2021 and intensifying in 2022 led to policy normalisation and higher borrowing costs. The Bank of Albania defines price stability as 3 per cent annual inflation over the medium term. In 2024, declining imported inflation and an appreciating exchange rate helped reduce headline inflation. The central bank cut its policy rate twice, ending the year at 2.75 per cent. Reserve requirements also influence transmission. In 2018 the de-euroisation adjustment reduced the reserve ratio for domestic-currency liabilities to 7.5 per cent and increased the ratio for euro liabilities to 12.5 per cent, creating a structural incentive for banks to favour lek intermediation and reduce currency mismatch. Financial inclusion has improved, and the digital payments ecosystem has expanded, but gaps remain. World Bank Global Findex data show that account ownership and digital use have increased globally and in Albania over successive survey rounds. Consumer responses to monetary policy therefore depend on inclusion quality as much as on account ownership.

Phase	Approx. period	Policy and banking environment	Expected consumer response
Credit deepening	2004–2008	Rapid banking expansion; strong credit growth; increasing foreign-currency borrowing	Greater borrowing, housing demand and bank adoption; possible underestimation of currency risk
Global crisis and repair	2009–2013	Higher uncertainty; weaker credit; rising problem loans; cautious bank standards	Precautionary saving, reduced borrowing, stronger emphasis on bank safety
Prolonged easing	2014–2019	Low inflation and repeated policy-rate reductions; gradual repair of bank balance sheets	Cheaper lek credit, refinancing incentives, lower deposit returns and search for alternatives
Pandemic shock	2020–2021	Liquidity support, uncertainty, payment relief and accelerated digitalisation	High liquidity preference, deferred purchases, stronger use of digital banking

Inflation and tightening	2022–2023	Policy normalisation to contain inflation; rising loan and deposit rates	Lower affordability, stronger saving incentives, concern over variable-rate debt
Disinflation and cautious easing	2024	Policy rate cut from 3.25% to 2.75%; inflation declined	Gradual recovery in credit demand, refinancing interest and improved confidence

Source: Author's synthesis based on Bank of Albania monetary-policy reports, annual reports and research publications.

6. Methodology

This study uses a qualitative-dominant mixed secondary-data design. The research combines: (1) a structured review of monetary-transmission, behavioural-economics and household-finance literature; (2) institutional analysis of the Albanian monetary and banking framework; and (3) descriptive interpretation of selected policy and banking indicators. The period of interest is 2004–2024. This horizon captures credit deepening, the global financial crisis, prolonged monetary easing, the pandemic, the post-pandemic inflation shock and the easing decisions of 2024. The core institutional sources are the Bank of Albania's annual and quarterly monetary-policy reports, financial-stability reports, lending-trend publications and research papers. International comparison and financial-inclusion context are drawn from the World Bank, particularly the Global Findex and World Development Indicators, and from IMF publications. The unit of analysis is consumer behaviour toward commercial banks. Because no new household survey was conducted for this article, behaviour is inferred cautiously from observable banking outcomes and established theory. The study does not claim that aggregate credit or deposit changes prove a specific psychological mechanism. Instead, it identifies plausible channels and triangulates them with institutional evidence. The main analytical categories are policy stance, loan pricing, deposit incentives, lending standards, currency denomination, inflation expectations, trust, financial literacy, digital access and household vulnerability. The study examines directional relationships and asymmetries. For example, a rate increase is expected to reduce borrowing demand, but the size of the effect depends on income, debt structure and expectations. Similarly, higher deposit rates may increase saving, but only if pass-through is visible and trust is sufficient. The methodology has four limitations. First, aggregate data cannot fully identify individual behaviour. Second, causality is difficult because policy reacts to economic conditions. Third, data frequency and definitions vary across sources. Fourth, behavioural variables such as trust and perceived fairness are not consistently measured over time. These limits motivate the future empirical model proposed in Section 9.

7. Results and Discussion

7.1 Monetary-policy stance and consumer-facing rates

The Albanian evidence supports the view that policy decisions reach consumers with lags but can become visible in bank pricing relatively quickly. In 2024, the Bank of Albania reduced the policy rate in July and November. Its counterfactual analysis estimated that the average loan rate in 2024 was around 0.4 percentage points lower than it would have been without the easing decision. This is economically meaningful for households because a small rate difference, applied over a long mortgage maturity, changes both monthly affordability and total repayment. The behavioural effect is likely to be stronger for new borrowers than for households with fixed-rate contracts. This expectation channel can delay borrowing in an easing cycle because households wait for a better rate, while in a tightening cycle it can bring borrowing forward.

7.2 Inflation, real returns and the saving decision

Consumers care about the real value of savings, but many observe only the nominal deposit rate. When inflation exceeds the deposit rate, the purchasing power of savings falls even if the account balance increases. A credible tightening policy can reverse this behaviour by reducing expected inflation and increasing nominal deposit returns. The 2024 decline in inflation improved the environment for real saving. However, deposit behaviour depends on the speed at which banks transmit policy to savers. Transparent communication of pricing and competition among banks are therefore part of the transmission mechanism.

7.3 Credit demand, lending standards and affordability

Credit demand is shaped by both price and confidence. Tightening reduces affordability, while uncertainty about employment and income can suppress applications even when lending rates change only modestly. Bank lending surveys help distinguish whether weaker credit reflects lower household demand, stricter bank standards, or both. The strongest impact is expected in consumer credit and housing. Consumer credit reacts quickly to monthly cash-flow pressure, while mortgage demand moves more slowly because housing decisions are infrequent and depend on property-price expectations. Higher rates can also reduce the maximum loan available for a given income.

7.4 Euroisation and currency choice

Partial euroisation complicates transmission. Consumers may compare the lower nominal rate of a euro loan with a higher lek rate without fully pricing exchange-rate risk. A stable or appreciating lek can make the mismatch appear harmless, although a future depreciation would increase instalments for households whose income remains in lek. The 2018 reserve-requirement differentiation sought to create incentives for lek intermediation. More borrowing in the currency of income strengthens domestic policy transmission and reduces household vulnerability. Banks should complement regulatory incentives with standardised stress scenarios showing the effect of exchange-

rate movements on monthly payments.

7.5 Trust, communication and policy credibility

The Bank of Albania's communication influences expectations, but technical reports do not automatically reach ordinary consumers. Consumers often receive monetary-policy information indirectly through media, bank staff or social networks. The message can be distorted, especially when policy decisions are framed only as 'rates going up' or 'rates going down.' Effective communication should explain the chain from inflation to the policy decision and then to household consequences. Tightening should be linked to the protection of purchasing power while acknowledging the short-run burden on borrowers; easing should be presented as data-dependent rather than as a promise of continuously falling rates.

7.6 Financial literacy and asymmetric consumer response

Financial literacy moderates every channel. A financially capable consumer is more likely to compare the effective annual rate, understand variable-rate clauses, recognise currency mismatch and see that a lower monthly payment obtained through a longer maturity may increase total cost. This creates asymmetric welfare effects. Monetary policy can therefore widen differences unless disclosure and education reduce information gaps.

7.7 Digital banking and faster transmission

Digital banking can accelerate pass-through by making rate changes and alternative products more visible. Notifications can warn customers before a variable-rate reset or deposit maturity, while online comparison and application tools can translate lower rates into faster switching or credit demand. However, speed is not always beneficial. Behavioural consumer protection should require cooling-off periods for selected products, prominent total-cost information and affordability checks that are not weakened by automated approval.

7.8 Distributional effects

Monetary tightening transfers income from net borrowers to net savers in the short run. Younger households with mortgages and limited liquid savings are often more exposed, while older depositors may benefit. Low-income consumers are particularly sensitive because essential spending occupies a larger share of their budget. These distributional effects do not invalidate tightening when inflation is high. The policy challenge is to preserve price stability while ensuring that bank practices do not impose avoidable costs on vulnerable consumers.

8. Implications for Monetary Policy, Banking Strategy and Consumer Protection

8.1 Implications for the Bank of Albania

The central bank should treat household behaviour as an explicit part of the transmission mechanism. Policy analysis already incorporates credit, rates and surveys, but more systematic measurement of household expectations, financial stress and currency choice

would improve decision-making. A recurring consumer monetary-policy survey could measure expected inflation, expected borrowing rates, trust, planned major purchases and understanding of policy. Communication should be layered. Technical reports are essential for specialists, while short consumer-oriented explanations should illustrate how policy affects deposits, mortgages and prices. Scenario tools could show the effect of a one-percentage-point rate change on a typical loan. Communication should also distinguish nominal and real returns.

8.2 Implications for commercial banks

Banks should manage monetary-policy changes as a customer-relationship issue, not merely a pricing exercise. Before repricing a variable-rate loan, the bank should provide advance notice, the contractual basis, the old and new payment, and available options. For deposits, banks should disclose the expected return and maturity conditions clearly. Banks can segment support according to vulnerability. Highly indebted customers may benefit from early restructuring options, maturity adjustments or conversion from foreign currency to lek. Such measures reduce default risk and preserve trust. Product design should avoid exploiting limited attention. Advertisements should present the effective annual rate and total repayment with equal prominence to the monthly instalment. Digital interfaces should include stress-testing tools and require active acknowledgement of currency and variable-rate risk.

8.3 Implications for consumer-protection authorities

Consumer protection should focus on outcomes and behavioural risk. Formal disclosure is insufficient if consumers do not understand it. Mystery shopping and consumer testing can identify misleading framing. Standardised key information documents would improve comparison across banks. Switching procedures should be simplified so that competition supports faster and fairer pass-through.

8.4 Implications for financial education

Financial education should be connected to real decisions. General lessons about saving are less effective than practical modules on variable rates, mortgage affordability, inflation, currency risk and digital fraud. Schools, universities, employers and banks can deliver complementary programmes.

9. Proposed Empirical Model and Future Research Agenda

A future quantitative study should test the framework using a representative survey of Albanian bank consumers combined, where legally and ethically possible, with anonymised administrative indicators. The dependent variables could include intention to borrow, intention to save, bank-switching intention, currency choice, trust and adoption of digital services. The key independent variables should be perceived loan-rate change, perceived deposit-rate change, inflation expectations, income expectations and exposure to variable-rate or foreign-currency debt. Moderators should include

financial literacy, age, income, employment status, region, digital capability and trust. A structural-equation model could test direct and indirect pathways. For example, a policy-rate increase may reduce borrowing intention directly through perceived affordability and indirectly through lower confidence. Financial literacy may weaken the relationship between misleading framing and product choice, while trust may strengthen the relationship between central-bank communication and inflation expectations. The following hypotheses provide a testable starting point.

H1: An increase in the perceived cost of bank credit is negatively associated with consumers' intention to borrow.

H2: An increase in deposit rates is positively associated with formal saving, but the relationship is stronger among consumers with higher financial literacy and trust.

H3: Inflation expectations mediate the relationship between monetary-policy communication and the timing of major purchases.

H4: Financial literacy reduces the probability of choosing a foreign-currency loan when household income is denominated in lek.

H5: Consumers with variable-rate debt display a stronger consumption response to policy-rate changes than consumers with fixed-rate debt.

H6: Perceived unfairness in bank repricing increases switching intention and reduces trust.

H7: Digital banking capability strengthens the speed of consumer response to changes in rates.

H8: Income uncertainty weakens the positive effect of monetary easing on borrowing intention.

10. Conclusion

This article has argued that monetary policy influences consumer behaviour toward banks through a combination of economic incentives, bank decisions and behavioural responses. The interest-rate channel changes the price of borrowing and return on saving. The bank-lending channel changes access and conditions. The balance-sheet, exchange-rate and expectations channels alter cash flow, risk and confidence. These effects are filtered through financial literacy, trust, inertia, present bias, income uncertainty and digital capability. The Albanian case shows why a micro-behavioural perspective is necessary. A bank-centred financial system gives commercial banks a central role in transmission. Partial euroisation weakens the direct link between domestic policy and some consumer contracts while creating currency risk. The transition from tightening to cautious easing in 2024 demonstrates that policy can affect consumer-facing loan rates before the full real-economy effect emerges. The central policy implication is that effective monetary transmission and consumer protection are complementary. Financial education enables consumers to interpret rates and inflation. Behaviourally informed regulation reduces the risk that complexity, salience or digital speed leads to harmful choices. Future research should collect repeated household-level data and link expectations with actual banking outcomes. Such evidence would allow policymakers to

distinguish between price, supply, confidence and behavioural channels and to identify which groups are most affected. In the meantime, the framework and recommendations developed here offer a practical basis for improving monetary-policy communication, bank conduct and household resilience in Albania.

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