

WSBI • March 2010 • **ESBG**
The global voice of savings and retail banking



NEWS & VIEWS



Regulators at work - a giant building site

2007 was the year in which the financial world changed. 2008 and 2009 were the years in which the central question for financial institutions, national governments and central banks alike was how to increase resilience in the global financial system so as to ensure stability. It is evident from regulators' and policymakers' agendas throughout the world that 2010 and 2011 will be the years during which the rules of the game for the financial world are to be reset.

It is an undisputable fact that changes to the regulatory framework and extensions of regulatory coverage are necessary. However, as a result, 2010 and 2011 will also be years of great uncertainty for the financial sector and for the wider economy. Of course, this uncertainty is entirely different from the explosion of risk and the market turmoil faced during the peak of the financial crisis. The current uncertainty rather derives from the fact that we find ourselves in the midst of a huge and still expanding regulatory building site under the guidance of – it has to be said – a rather large number of architects, operating at national and international level and under the general direction of the G20. It is on this building site that the main challenges lie and that the risk of 'getting things wrong' may take a major toll in the future – on banks as well as on the wider economy. We should therefore seize the occasion to try and identify some of the foundations that may not be the right ones for the new building under construction.

With this objective in mind, the world's savings and regionally oriented retail banks would like to share some preliminary views. Obviously, for the different types of financial actors, the developments on the various parts of the regulatory building site are of different immediate importance. Of great relevance from a retail bank perspective are the following issues:

In some jurisdictions (national and regional), there are debates on revising the supervisory architecture for the financial sector – discussions are already well advanced in the European Union and the United States. In parallel, the regulatory framework for financial institutions and markets is also substantially amended. At the international level, crucial revisions to the Basel II framework (sometimes described as Basel III) have been put forward for consultation by the Basel Committee.

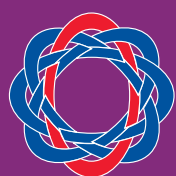
Here, the central and globally shared goal is to make banking 'safer' by resetting important rules applicable to banks. In parallel, the IMF launched an investigation on how to ensure a contribution of financial institutions in sharing the burden of the current crisis and/or providing funds to deal with future crisis. A preliminary analysis of a financial transactions tax or bank levy is expected for April of this year. In addition, the Financial Stability Board is currently developing



IN THIS EDITION

Access to financial services as part of the Millennium Development goals review

Page 5



WSBI



ESBG

Contents

Editorial

- 1 Regulators at work - a giant building site

Financial services news

- 4 WSBI initiates dialogue with Her Royal Highness Princess Maxima of the Netherlands
- 5 WSBI's proposals to include access to financial services as part of the Millennium Development Goals review
- 6 WSBI discusses the key role of postal savings institutions with key African policy makers
- 6 Microfinance should become Smart
- 8 Hedge accounting: ESG takes pro-active initiatives on important changes to come
- 9 Transparency of bank fees in Europe - new Commission's initiatives expected?
- 10 Tax evasion and withholding tax: US proposal will affect EU banks
- 11 Substantial revision of the Basel framework under way
- 12 The EU 2020 Strategy: Savings and regionally oriented retail banks - a part of the solution
- 13 ESG warns of too revolutionary approach to the reform of supervisory architecture

CSR

- 14 The draft international standard on Social Responsibility – WSBI critical of some areas
- 15 The National Savings Bank of Sri Lanka's Commitment to Responsible Business
- 16 The Charter for Responsible Business gains momentum!

Outreach to members

- 17 WSBI/ESBG members named as their country's "Bank of the Year" by The Banker
- 18 Caja de Ahorros de Panama: Expanding and modernizing
- 19 Comoran national postal and services company: modernizing access to finance
- 26 The Korea Federation of Savings Banks
- 28 Savings and retail banks and the global financial crisis: Challenges and opportunities in Latin America and Caribbean
- 30 Al Barid Bank in Morocco: a bold initiative aimed at offering greater access to financial services

Training & Consultancy

- 20 WSBI members follow training courses in Brussels
- 22 Three projects already underway for the Doubling the Number of Savings Accounts Programme
- 25 Project "Support to Banking Universities in Vietnam" completed

Business cooperation

- 32 WSBI/ESBG Creating an International Business Directory
- 33 The International Business Network: a Service for SMEs
- 34 WSBI members Dongbu Savings Bank from Korea and the Government Savings Bank of Thailand sign a comprehensive Memorandum of Understanding

International Forums

- 35 2009 European Microfinance Week "Microfinance in a new era"
- 36 WSBI participates in discussion on Cash Transfer Mechanisms in Case of Humanitarian Disasters

Events

- 37 Programme 200 Years of Savings Banks
- 39 WSBI-ESBG events calendar 2010

Save the date

29 September 2010
Brussels, Belgium

Retail banking Conference

Following up from the extremely successful 2009 conference entitled "Retail banking in Europe - the way forward: Lessons from the crisis and priorities for the future", ESG will again host retail bankers, regulators, decision-makers, and others for a conference on retail banking.

The event, which coincided with the release of the report "Retail banking in Europe – the way forward", featured over 200 participants from countries throughout Europe and other continents. The report can be found at www.esbg.eu.

Contact: retailbanking@savings-banks.com

The central and globally shared goal is to make banking 'safer' by resetting important rules.

CARL ERIC STÅLBERG
ESBG PRESIDENT



an approach to deal with the problems posed by systemically important financial institutions, with the ambitious objective to find solutions to the 'too big to fail' problem. And these are only some of the wider issues currently on the table.

Of the various initiatives with an international dimension, the review of the Basel II framework is the most advanced. Even so, however, the current proposals are a source of significant uncertainty for the banking sector. This is even true for banks like WSB/ESBG's members, who focus mainly on retail activities, whose business was not at the core of the crisis and whose, often regional, focus never bore the ambition to become global systemic players. While there is certainty that the reforms will change the rules also for retail banks' activities, uncertainty prevails as to the impact of these changes. This uncertainty, of course is unavoidable,

given the necessity to act and the time pressure to do so. Yet it also serves as a warning sign on potential problems arising from the presented proposals:

Firstly, the current proposals are far from finalized. This in itself, of course, is not a weakness, but it makes it difficult to assess the adequacy of the proposed measures and their suitability in the wider economic context. This problem is magnified by the complexity of the issues under consideration and the occasional lack of any concrete indication on the envisaged value of certain important parameters. Furthermore, in areas where the proposals are sufficiently concrete, first assessments on the effect of some of the proposed measures raise important concerns. The importance of conducting a 'high quality', comprehensive and meaningful Impact Assessment can therefore not be overstated.

Secondly, the scope of the proposed reforms is extremely wide, and the Basel Committee has even announced that more proposals are to follow. While the breadth of the reform initiative mirrors the extent of the identified shortcomings and reflects the need for action, the amount of envisaged changes also bears dangers. Indeed regulators are well aware that cumulative effects may result in overshooting, economically beneficial activities may be discouraged, or unintended counterproductive consequences may be completely overlooked. It is therefore a disadvantage in the current consultation process that even banks with a straightforward non-complex business model find it a great challenge to assess the consequences of the reform package for their own future, not to mention in a macro-economic dimension.

Thirdly, given the immediate scope of the Basel Committee's work, its proposals target mainly a certain type of credit institution, i.e. large internationally active joint stock companies, operating in the EU and North America. Hence the proposals are also the result of a certain mind-set, and for institutions and economies covered by this mind-set the proposed reforms may indeed successfully address the issues at hand. However, they may be less suitable outside the 'core Basel world', to which the reform package will nevertheless most likely be applied (even if to varying degrees). This leaves open questions for the pluralistic banking sector as such and for the treatment of banks with different ownership structures. It may also impact on the benefits of the reforms in the national context, namely in developing countries and emerging markets. Is enough being done to ensure that the global reform package will indeed be globally applicable?

The uncertainties described are faced by all credit institutions alike – and therefore also by those, often smaller, institutions which had no part in the events leading to the crisis, but which subsequently contributed to the financial stability throughout the turmoil. However great the expected overall benefits of the reform package, it should now become a top priority to ensure that activities and actors in the financial system which proved their value are not put at disadvantage or even at risk.

In short, for 2010 and onwards regulators and policy makers both at national and at international level have set out to reshape the regulatory framework in the banking area. The directions given by the G20 process serve as a useful blueprint. Yet, no blueprint replaces circumspect engineering, foresight and awareness of the second and third order effects at each and every construction phase. It is necessary to 'get the things right' in order to reasonably hope that the overall result will yield the benefits envisaged while provoking only minimum collateral damage. Ending up with a regulatory tower of Babel instead of a globally inhabitable house of Basel would be a lost opportunity not only for the global financial sector, but also for the economy at large.

Carl Eric Stålberg
ESBG President

WSBI initiates dialogue with Her Royal Highness Princess Maxima of the Netherlands

As a follow-up to her involvement in the 2005 United Nations (UN) Year of Microcredit and UN Advisors Group on Inclusive Finance, Her Royal Highness (HRH) Princess Maxima of the Netherlands was appointed United Nations Secretary General Special Advocate for Inclusive Finance for Development in September 2009. The overall objective of her mission is to raise awareness amongst stakeholders critical to the advancement of the financial inclusion agenda, and to propose means for taking concrete actions, all with a view to reducing poverty, equalizing opportunity and achieving the Millennium Development Goals (MDGs).

In this role, Princess Maxima is involved in the work of The Smart Campaign, the Microfinance Consumer Protection initiative endorsed by WSBI. WSBI hosted the December 2009 meeting of the Steering Committee of the Campaign. Princess Maxima attended the discussion on 'fair pricing' of microfinance services, and took this opportunity to have a bilateral meeting with WSBI.

Princess Maxima highlighted the importance of access to financial services and underlined the crucial role of access to savings accounts for the low income groups. She was also supportive of ensuring the diversity of financial service providers, including those serving low income segments of clientele, in order to ensure a stable, competitive and innovative product offer and the diversification of risks. She reacted positively to the call made by WSBI for the recognition of access to finance as a key tool to achieve the MDGs.

Princess Maxima counts on WSBI's support in advancing the financial inclusion agenda and stands ready to contribute to some of its activities, including the 2010 World Savings Day.

CONTACT

Anne-Francoise.Lefevre@savings-banks.com



Mr. Chris De Noose, Managing Director WSBI-ESBG - Mrs. Elisabeth Rhyne, Managing Director, Center for Financial Inclusion - Her Royal Highness Princess Maxima of the Netherlands



Her Royal Highness Princess Maxima of the Netherlands



Chris De Noose and Anne-Françoise Lefèvre brief Princess Maxima and Bahia Tahzib



Mr. Chris De Noose, Managing Director WSBI-ESBG - Her Royal Highness Princess Maxima of the Netherlands

WSBI's proposals to include access to financial services as part of the Millennium Development Goals review



Anne-Françoise Lefèvre

In 2010, world leaders will review the Millennium Development Goals (MDGs). These eight far-reaching goals were set by the United Nations in 2000 and

encompass a broad range of important components for human development – from halving extreme poverty to halting the spread of HIV/AIDS and providing universal primary education. The target date for achieving the MDGs is 2015. While progress has been made towards attaining these goals, there is still a lot of work ahead. Innovative and effective methods will be necessary to accelerate the process.

The Review process of the MDGs is ongoing, which will culminate with a Summit of Heads of State and Government on 20/22 September 2010, with the objective to boost efforts to achieve the Goals.

Access to financial services is not an explicit part of the MDGs as they stand today. WSBI has therefore taken the opportunity of the upcoming review to draw the attention of international policy makers to access to finance, as a means to accelerate progress towards the MDGs by 2015. It has developed an open message jointly signed by 'like minded' global organizations representing socially committed financial institutions and development finance organizations – the World Organisation of Credit Unions (WOCCU), the International Association of Social Finance Organisations (INAISE), Women's World Banking (WWB), the European Microfinance Platform (e-MFP) and the International Cooperative and Mutual Insurance Federation (ICMIF).

Key messages on financial access and the MDGs:

Financial services a key to reaching development goals

It has become apparent that a key accelerator for meeting development objectives is access to core financial services for all population segments, including poor people. During the past decade, there has been increasing attention paid to providing access to microcredit in developing countries to help reach development goals. More recently, it has become clear that access to credit is only one aspect of necessary financial services. Poor people in the developing world – just like wealthier people in developed countries – need access to an entire range of affordable financial services. This includes access to savings accounts, payment services, the ability to send and receive money cheaply through remittances, insurance and other services.

Financial services aid the poor in many ways

Accessible, secure and adaptable financial services are of the utmost importance for a smoothly functioning economy and for the well-being of a society. As such, access to financial services is vital in meeting the MDGs and for improving the quality of life of the world's poor. Consider the first MDG aimed at eradicating extreme poverty and hunger. For a farmer, access to formal savings account can help ensure the availability of necessary resources even when crops are not in season. An interest-bearing savings account is more profitable and less risky than hiding money in the mattress, investing it in livestock that may die or in machinery that ages and loses value. For a family living in an urban slum, access to micro-insurance can ensure that a damaged or destroyed home may be rebuilt without plunging the family further

into poverty. And making remittance services less costly and more accessible to poor recipients dramatically increases resources available for education and health care. These are just a few critical examples of how access to financial services functions as an instrumental "accelerator" for reaching the MDGs.

The signatories to the statement represent socially committed financial institutions and development finance organizations with outreach to low-income and underserved consumer groups in developing countries. Their ongoing services clearly demonstrate that bringing relevant financial services to people in need in developing countries can be a highly effective tool to lift people out of poverty, financially empower them and offer them genuine opportunities for personal development and education.

The MDGs will come under close scrutiny throughout 2010. In a context in which accelerators seem necessary to achieve these goals, signatories express their conviction that broad, global access to financial services is an integral factor for achieving the 2015 objectives. That access is also a key step to further mobilizing national governments, getting more stakeholders involved in extending services to people who most need them.

At national level, members have been invited to disseminate a similar message, along with developments illustrating how their institution takes part to the access to finance's efforts. WSBI members from Spain, Brazil, India (NABARD) and Lesotho have informed of their intention to disseminate the document to their national press.

CONTACT

Anne-Francoise.Lefevre@savings-banks.com

WSBI discusses the key role of postal savings institutions with key African policy makers

In November, Chris De Noose, Managing Director of WSBI, held high-level policy discussions with the African Union Commission (AUC) and the United Nations Economic Commission for Africa during a visit to Addis-Ababa, Ethiopia. The talks mainly focused on three key issues for savings banks in Africa: the development of the postal sector (particularly postal financial services), access to financial services, and remittances.



Hugues Kamewe

The development of the postal sector is a major building block in the social infrastructure of African countries. It plays a significant socio-economic role by facilitating the communication and the provision of goods and services, including financial services. It is therefore crucial to have efficient postal sectors on the continent.

Aware of the crucial function the postal sector could play in expanding financial services, the AUC showed interest in cooperating with WSBI. It is willing to advance the microfinance agenda in Africa. Postal savings banks are seen as potential vehicles for achieving outreach. Indeed, they offer accessible financial services and proximity through nationwide retail distribution networks. The AUC also welcomed WSBI's interest in contributing to the work and activities of the future African Institute of Remittance

(AIR). Both parties agreed to formalise their cooperation through a Memorandum of Understanding (MoU).

This visit also offered an opportunity to meet with officials of the United Nations Economic Commission for Africa who showed interest in the retail banking model and would be willing to cooperate on ICT-related projects.

These meetings took place with the support of the European Union Delegation to the African Union, which also expressed interest in participating in the next steps.

CONTACT

hugues.kamewe@savings-banks.com

Microfinance should become Smart

Microfinance has become one of the fastest-growing sectors in the global economy in the past five years. In many countries, it has become the norm for microfinance institutions (MFIs) to achieve sustained growth rates of 25 percent or more. This has increased competition in many regions as well as the risk that individual MFI and industry standards are not keeping up with such tremendous growth. With the global financial crisis hitting unexpectedly hard all over the world, the need has come also for the microfinance sector to re-examine its objectives and to re-confirm its original commitments to the alleviation of poverty and the empowerment of the poor.

This is the objective of "The Smart Campaign", a global campaign made up of microfinance leaders from around the world that want to keep clients as the driving force of the industry.

WSBI is a member of the Campaign Steering Committee and News & Views had a conversation with Robin Ratcliffe, Campaign Director.

Robin, first of all : Why call it a Smart campaign ?

Well, "Smart" is a globally understood concept that implies a forward-thinking approach to business and way of life. "Smart" for the client protection campaign means helping MFIs achieve their double bottom lines : business profitability as well as doing good for others. In later years of the campaign the "Smart" concept can easily shift to a client-focused marketing effort urging microfinance clients to make smart decisions for their futures by choosing MFIs that prioritize consumer protection principles.

The core message of the Smart campaign is the need for more consumer protection.

What is wrong now ?

Your members being bankers, I don't need to tell you about the importance of trust for any financial business and thus also microfinance. We are convinced that we need to incorporate client protection in the business operations of the microfinance

industry in a proactive way to keep the confidence of the client in their financial service providers. Indeed, perhaps even more than in other financial sectors, the client has from the beginning been at the very centre of the microfinance outreach and we want this to remain so. This can only work if any client of any MFI in the world knows that he can count on the six principles which form the backbone of the Campaign:

- Avoidance of over-indebtedness
- Transparent pricing
- Appropriate collections practices
- Ethical staff behaviour
- Mechanisms for redress of grievances
- Privacy of client data



Robin Ratcliffe, Director Smart Campaign

How can WSBI members get involved in the The Smart Campaign ?

What's in it for you?

A number of WSBI members, as banking institutions involved in microfinance operations, already comply with high standards of consumer protection, which match or even go beyond the Principles of The Smart Campaign. They are invited to endorse the Campaign to express their support to the implementation of client protection provisions by all microfinance providers and to promote their consumer protection initiatives as good practices for others.

For WSBI member banks who have not yet introduced the consumer protection perspective in their microfinance activities, taking part to the Campaign would be a good way to show their willingness to develop fair and clear relationships with their consumers and take part to a capacity building initiative.

How to proceed?

To take action, the first step is to endorse The Smart Campaign via the form available on the website <http://smartcampaign.org>.

Tools and resources are available in order to:

- carry out a self-assessment to check out the strengths and weaknesses of your organisation in the field of client protection,
- or find out about best practices which will support you in implementing the protection principles.

Can you elaborate a little bit more on these principles?

Microfinance in general and microcredit in particular is an extremely efficient tool to help the poor start small enterprises, pay school fees and smooth income, but credits can also become very dangerous if given to the wrong persons or in the wrong way. If microfinance leads to over indebtedness, its original objective would obviously be completely missed.

As for transparent pricing, we think that the microfinance industry needs to be fully transparent in the pricing, terms and conditions of all financial products. Smart Microfinance employs respectful collection practices and adopts high ethical standards in the treatment of our clients. Smart microfinance gives clients a way to address their complaints so they can be served more effectively. And finally, smart microfinance ensures that client data remain private.

How will you implement these principles in daily business practice?

The Smart Campaign does not want to produce a code of good practices that gathers dust on a shelf. We want to work proactively with microfinance networks to monitor difficulties, to implement changes. One way of implementing these changes is to deliver staff training. Another idea we are exploring is a "Smart" certification that would take into account a number of financial and social ratings. And, via Campaign partner CGAP, we are working with regulators around the world, even though many financial regulators are not directly or not at all responsible for consumer protection.

How have MFIs reacted to the Smart Campaign?

As of March 2010, more than 900 microfinance institutions, networks, associations, investors, donors and individuals have endorsed the campaign. Of course, we still welcome new endorsers of this global effort to help the microfinance industry remain both socially focused and financially sound. You should note that The Smart Campaign targets microfinance institutions in the very large sense of the word: microfinance organisations, but also credit unions, cooperatives and savings banks. We encourage WSBI members to join the campaign by logging on to www.smartcampaign.org. I also would like to point out that any organisation that incorporates the Smart Client Protection Principles in its operations will notice strong, lasting relationships with clients, increased client retention and reduced financial risk.

Thank you Robin, for this information.

Hedge accounting: ESBG takes pro-active initiatives on important changes to come



Raphaël Delli

In July 2009, in response to the G-20 call to reduce complexity in reporting financial instruments, the International Accounting Standards Board (IASB) launched a project to replace IAS 39 with a new standard, the International Financial Reporting Standard (IFRS) 9. This replacement includes three phases:

- The first phase concerns “when” to measure fair value.
- The second phase focuses on how to strengthen loan-loss provisions in particular with an expected cash flow approach to impairment.
- The third phase will address hedge accounting and is expected in spring 2010.

Hedge accounting – the second carve out issue

Hedging consists of using financial instruments to offset exposures to different risks, particularly exposures to interest rate risks. Hedge accounting was one of the two provisions carved-out (marked as exceptions) by the European Union when IFRS became compulsory for EU-listed companies in 2005. Since its inception, it has been regarded as one of the most complex aspects of IFRS. Today, while the first carve-out issue – the option for using full fair value for financial assets and liabilities – has been resolved, the hedge accounting carve-out remains problematic.

Regarding its upcoming proposal, the IASB is still at the first level of discussions and has informed stakeholders about its intention to address the issue of general hedge accounting before considering the implications for portfolio hedge accounting.

A thorough approach – not piecemeal – is necessary

ESBG has concerns regarding this piecemeal approach to hedge accounting and would have preferred general and portfolio hedging to be tackled at the same time, rather than being split into two steps. This is because general hedge accounting and portfolio hedge accounting are linked and implementing changes regarding one will have an impact on the other. This could have unexpected consequences on the practice, especially because savings and retail banks hedge their positions on a portfolio basis. Therefore, ESBG decided to send a pro-active position paper to the IASB, the European Commission and to the European Financial Reporting Advisory Group (EFRAG).

The need to take into account the business model of banks

It is critical that IASB understands the issues savings and retail banks encounter with hedge accounting. ESBG especially focuses on two goals, namely to avoid undue volatility in profit and loss, and to simplify hedge accounting.

Diversity in the banking industry is unanimously considered an important strength for the European economy and the savings and retail banks’ business model has proven to be extremely resilient during the crisis. The necessary improvements to hedge accounting can only be achieved if accounting reproduces the economic reality appropriately, taking into account the specificities of the savings and retail banks’ business model.

As a consequence, given that the business model of savings banks uses Asset Liability Management (ALM) techniques, ESBG recommends developing the new hedge accounting rules based on sound ALM

techniques and methodologies.

ALM techniques are used to reduce risks and to diminish the maturity mismatch between contractually short-term deposits and long-term loans. Rather than eliminating interest rate risks completely, the purpose is to suppress volatility in banks’ balance sheets by securing a consistent interest margin. Therefore, a strong focus especially on the following items is needed:

- The effectiveness test applied to a hedging instrument to assess its eligibility for hedge accounting should be adapted. To maintain consistency with risk management methods, a hedging position should only be considered effective if it reduces exposure. Only over-hedging should therefore be recognised as ineffective.
- Core deposits, which form the major part of savings banks’ liability side, should be viewed as eligible hedged items. This position is consistent with the retail activity in which contractually short-term deposits are matched with long-term loans.
- It is extremely important to address the issue of coherence between general hedge accounting and portfolio hedge accounting.

What’s next?

With a view towards the upcoming proposal of the IASB, ESBG stays in close contact with policy makers and other parties involved regarding hedge accounting. ESBG will be working to educate policy-makers about the potential impacts of changes to the hedge accounting rules on European retail banking activities.

CONTACT

Raphael.Delli@savings-banks.com

Transparency of bank fees in Europe - new Commission's initiatives expected?



Astrid Hagenah

In January 2010, hearings of the designated Commissioners showed clearly that consumers and retail financial services will remain the core mandate of the incoming Commission term. Focusing on both elements, DG Directorate General for Health and Consumers (DG SANCO) has already carried out several studies in the past to establish a basis for future policy actions.

Last year in September, DG SANCO made prominent use of its findings of an in-depth market analysis of retail financial services and of an independent study on bank fees in Europe. This bank fees study analysed account prices and levels of transparency among 224 banks comprising 81% of the EU retail market. Based on data collected in 2008 and at the beginning of 2009, the results of the bank fees study have led DG SANCO to voice harsh criticism against retail banks, especially in those markets where the derived total fees are significantly above the average across EU countries.

ESBG has been actively involved in the ongoing discussions with the Commission services as well as stakeholders, and has thoroughly assessed the findings of the study. ESBG and its members have substantial doubts as regards the quality and reliability of the results reached for a number of reasons, most importantly:

- The underlying methodology is not appropriate and relies to an unreasonable extent on assumptions deriving from a lack of available data.
- The report lacks transparency in many ways – for example, the full consumer profiles for each country were not made available. These form a fundamental element to understanding and evaluating the study results.

Inappropriate methodology for the report

More in detail, the Commission study established a ranking between countries to showcase Member States with the highest bank fees. However, the studies failed to sufficiently link the way in which customers use their bank accounts with the prices. As a consequence, existing significant differences of national usage patterns are not reflected accordingly. Another shortcoming is the unadjusted comparison of absolute prices across countries without putting the prices in proportion to economic factors, such as

inter-country differences in GDP per capita, different labour costs, average disposable income, or purchasing power parity.

Lack of transparency in the report

Moreover, the Commission concluded that the level of transparency of prices for bank accounts is low. However, in reaching this conclusion, the Commission relied only upon information available via internet and telephone. They disregarded the fact that information in the branches is one of the main channels for customers to inform themselves about offered products and prices. This fact is even more important given the existing dense network of bank branches in Europe - especially among savings banks. Disregarding this channel reduces the certainty of any conclusion on the level of transparency.

Against this background, the bases of the study and its results cannot be relied upon. In fact, they impede a realistic starting point to draw conclusions on the situation of bank fees in the European retail banking market. ESBG understands the Commission's intention to take a closer look at this issue, following the Commission's policy to put the consumer at the centre of designated policy initiatives. However, many different factors need to be taken into consideration for a conscientious analysis of the current situation of bank account prices in the European markets. In order to have an objective basis, this matter needs to be assessed in a transparent, solid, and thoughtful way.

What's next?

For future market evaluations and EU developments, it is essential to enhance the methodology for upcoming studies. ESBG would welcome that its members' long-standing experience in the retail financial services markets will be considered in this process. Thus, DG SANCO's approach to further assess this important topic with all stakeholders involved is a positive development. However, it is a cause for concern that the Commission does not seem to be willing to take the financial industry's main criticism on the methodology into account and has already announced that it will include this study's findings in deciding on future policy action.

CONTACT

Astrid.Hagenah@savings-banks.com

ESBG and its members have substantial doubts as regards the quality and reliability of the results

Tax evasion and withholding tax: US proposal will affect EU banks

In October 2009, the United States Congress introduced the "Foreign Account Tax Compliance Act" which intends to fight tax evasion from U.S. taxpayers. Replaced and slightly modified by the "Tax Extender Act" of December 2009, it intends to create an additional and important new reporting regime for all foreign financial institutions, which include savings and retail banks. As of 31 December 2012, a withholding tax of 30% would be imposed on most U.S. payments if financial institutions do not meet the demanded reporting requirements.

The requirements that foreign financial institutions would have to comply with would be to:

- identify all American accounts,
- perform annual reporting and disclose the name, address, account number, account balance or value, gross receipts and gross withdrawals or payments from U.S. accounts,
- disclose all additional requested information to the American Internal Revenue Service which implies complying with verification and due diligence audits,
- attempt to obtain a waiver in any case in which foreign law would prevent the reporting of information required, and if a waiver is not obtained, to close the account.

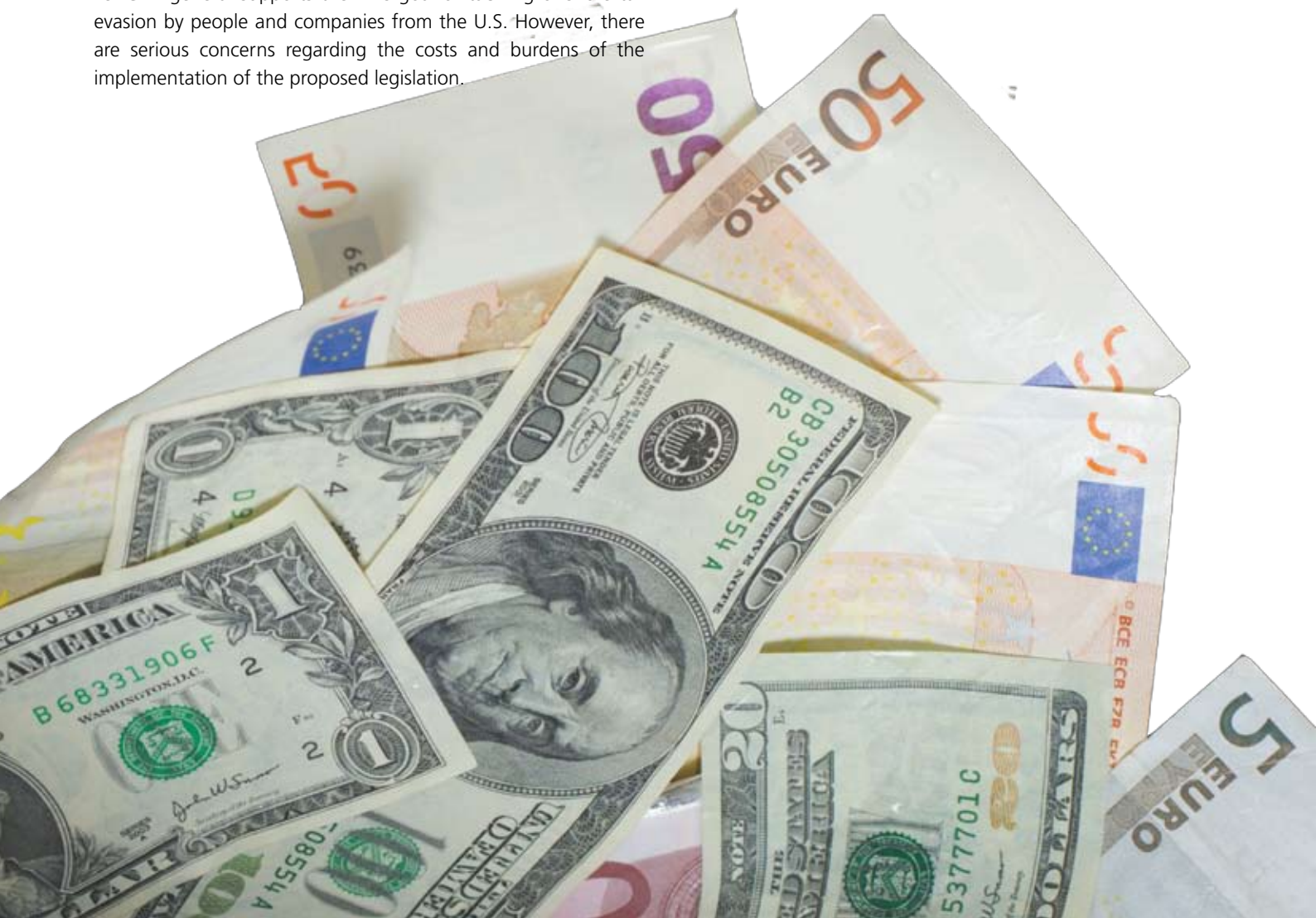
ESBG in general supports the Bill's goal of tackling offshore tax evasion by people and companies from the U.S. However, there are serious concerns regarding the costs and burdens of the implementation of the proposed legislation.

The U.S. Treasury Department and the Internal Revenue Service (IRS) have already implemented significant reporting rules such as the Qualified Intermediary (QI). In addition, the legislation might trigger extraterritoriality issues that go beyond simple tax evasion policies. The optimal way to address tax evasion is through international cooperation and the development of effective and global solutions, such as those proposed by the Organisation for Economic Cooperation and Development (OECD). The OECD has set international tax standards – such as the OECD Model Tax Convention. These enhance transparency as well as exchange of information between different national tax authorities on request.

ESBG has already raised these issues in discussions with the European Commission and stakeholders and will continue to stress concerns regarding legal uncertainty, complexity and disproportionality of the new rules.

CONTACT

Raphael.Delli@savings-banks.com



Substantial revision of the Basel Framework under way



Larisa Dragomir

Already during their Washington meeting of November 2008 G20 leaders had decided on the need to improve the micro-prudential regulation and supervision of financial institutions. They reconfirmed the need for action during the London meeting in April 2009. At the Pittsburgh summit in September 2009 the G20 leaders set a clear timeframe for the reform of the capital framework, envisaging that it be adopted by the end of 2010 and implemented in 2012. In response to these calls, the Basel Committee issued two documents for public consultation, on 17 December 2009: proposals for strengthening the global capital framework (BCBS 164) and proposals for an international framework for liquidity risk measurement, standards and monitoring (BCBS 165). In parallel to the consultation, the Basel Committee is also conducting an overall impact assessment.

In a nutshell, the documents call for the following changes to the current capital framework:

- **Common definition of capital:** The declared objective is to raise the quantity and quality of Tier 1 capital and to internationally harmonise the components of capital, as well as capital deductions and prudential filters. Common equity is seen as the predominant part of Tier 1 capital. It should include ordinary share capital for joint-stock companies (and the equivalent for non-stock companies), as well as retained earnings. It is proposed that common equity should exclude minority interests and certain other filters. The remainder of Tier 1 capital would consist of additional going concern capital including preference shares and hybrids. Capital deductions are envisaged to be entirely from common equity. In addition to the proposed measures, more concrete proposals will follow to also tackle the issue of contingent capital.
- **Capital ratios:** The minimum capital ratios will be calculated for going concern scenarios (implying two measures: common equity/risk-weighted assets and Tier 1 capital/risk-weighted assets) and gone concern scenarios (total capital/risk-weighted assets). The concrete minimum ratios will be determined on the basis of the results of the impact assessment and the calibration exercise.
- **Countercyclical measures:** Capital buffers beyond the minimum ratios will be introduced to address the problem of procyclicality. They will be based on the Tier 1 capital ratio, not on the total capital ratio. Capital falling within the foreseen buffer ranges will set off regulatory measures, such as restrictions on discretionary distributions (dividends, buy-backs, hybrid payments). Furthermore, the Basel Committee also considers the case for forward-looking and dynamic provisioning.
- **Risk coverage:** A series of measures is proposed for strengthening risk coverage and dealing with weaknesses of Basel II

revealed by the crisis. In addition to the enhanced capital requirements for the trading book and resecuritisations put forward in July 2009, the Basel Committee is now proposing strengthened capital requirements for counterparty credit exposures arising from banks' derivative, repo and securities financing activities. Also a possible reduction of the risk weights for exposures to central clearing counterparties is envisaged.

- **Leverage ratio:** The Basel Committee proposes a simple, transparent and independent leverage ratio supplementing the Basel II risk-based ratios. The percentage ratio will be decided on the basis of the results of the impact assessment. It is proposed that the leverage ratio be harmonised internationally and that it relies on a capital measure and an asset (exposure) measure. The leverage ratio should fully adjust for material differences in accounting and appropriately integrate off-balance sheet items.
- **Liquidity regulations:** The Basel Committee plans a framework that would establish minimum levels of liquidity for internationally active banks. A liquidity coverage ratio is envisaged for ensuring that banks have sufficient high quality resources to survive an acute stress scenario lasting for one month. A net stable funding ratio is proposed for promoting resiliency over longer-term time horizons and would require banks to promote stable funding sources on an ongoing structural basis.

ESBG is currently analysing the consultation documents in order to prepare common positions. At first sight, the cumulative impact of the proposed measures appears to be particularly substantial. As a matter of principle, ESBG believes that the proposals are conceptually pertinent; however their actual impact will depend mainly of the calibration and further details that will be decided only once the results of the impact assessment will be available. Therefore, ESBG retains that another consultation will be imperative. Furthermore, a leverage ratio, if conceived as a back-stop regime that would put hard limits on banks' activities is - in ESBG's view - unacceptable. Also, ESBG sees with great concern the use of common shares as the benchmark for defining the criteria for capital instruments to be recognised as Tier 1 capital. Last but not least, depending on the final calibration, the proposals on liquidity risk appear to entail some undesired incentives for banks, such as reducing traditional lending and investing in more risky activities.

On 26 February 2010, the Commission also launched a consultation on the topics covered in the Basel Committee's consultation documents, open for public comments by 16 April. It contains more detailed proposals for addressing procyclicality concerns.

CONTACT

Larisa.Dragomir@savings-banks.com

The EU 2020 Strategy: Savings and regionally oriented retail banks - a part of the solution



Judith Ay

and knowledge as a key input will ensure sustainable prosperity.

This winter, the European Commission presented for consultation the outlines of its proposed "EU 2020" Strategy, the successor to the "Lisbon Strategy". While the strategy is only expected to be finalized this summer, the guiding principles have already been set: Europe should evolve into a new sustainable social market economy, a smarter and greener economy, in which innovation, the thoughtful use of resources

Looking at how these goals should be realized, it is important to recognize that the financial sector plays an essential role in their achievability. Finance is, as many say, the 'lifeblood of the economy'. In the retail banking field, ESBG members are close to the local economy and strive to ensure that this 'lifeblood flow' reaches the areas where it is needed, stimulating economic activity in a sustainable and responsible way. Therefore, responsible and sound retail banks form an important part of the stable and efficient environment which businesses need to prosper and to drive innovation.

Against the background of the financial and economic crisis, it has to be kept in mind that Europe's future economic growth will build on a sound and well-functioning retail banking sector – as indeed it has in the past. This means that any strategy for Europe's future should take into account the potential of the retail banking sector to support growth and economic development at the local level. Namely, the sector's chief contribution to innovative growth lies in a comprehensive coverage with consistent and responsible financial services, providing opportunities for new and innovative businesses to prosper throughout Europe, whether in the economic centers or in more remote areas.

These certainly are goals which ESBG supports and which Europe's savings and regionally oriented retail banks can help achieve. Accordingly, ESBG submitted the Report "Retail banking in Europe – the way forward" (released in September 2009) to the recent consultation¹. The ESBG Report collects ESBG's views regarding lessons from the financial crisis and the long-term integration of the EU retail banking sector, as well as ESBG's recommendations concerning retail banking relevant policy areas.

The ideas laid out by the Commission are laudable. It is especially noteworthy that several of ESBG's core values figure prominently in the approach taken in the "EU 2020" strategy. Naturally the "EU 2020" strategy has a very wide scope, far beyond the immediate concerns of the financial sector. What stands out, however, is the great weight given to sustainable growth, responsibility, greener and knowledge-based business and an involvement of Europe's small and medium sized enterprises. For ESBG members this is a remarkable confirmation of the values which they hold high as part of their tradition and orientation to serve the local and regional economy. In fact, the "EU 2020" objectives of fostering social and economic inclusion, social cohesion and regional development are among the main reasons why many ESBG members were created – often more than a century ago.

ESBG is hopeful that the finalized "EU 2020" strategy will recognize the important role of the retail banking sector. Capitalizing on Europe's strengths at the local level means involving locally present retail banks in a way which allows them to make the greatest possible contribution.

CONTACT

Judith.Ay@savings-banks.com

¹ Downloadable at: www.esbg.eu under "Publications and research" – "Other Research"

It has to be kept in mind that Europe's future economic growth will build on a sound and well-functioning retail banking sector

Several of ESBG's core values figure prominently in the approach taken in the "EU 2020" strategy

ESBG warns of too revolutionary approach to the reform of supervisory architecture

In February 2010, ESBG made public its position on the September 2009 Commission's legislative package on the reform of the EU framework for financial supervision. In general, ESBG supports the creation of an enhanced European financial supervisory framework based on the mutually reinforcing macro-prudential and micro-prudential pillars. ESBG strongly believes that the shortcomings of the current supervisory system need to be repaired, whilst capitalising on the merits of those features that worked well - such as the crucial role of national supervisors in day-to-day supervision.

Equally, ESBG reconfirms its long-standing support for the creation of a common supervisory culture and sees the merits of a single European rulebook in achieving this. Consistency in supervisory practices across EU Member States should not be to the detriment of legitimate national specificities. There should be sufficient guarantees in place so that the common rulebook does not set up a rigid framework overburdening the industry. Especially for smaller banks it is particularly important that proportionality should guide the application of the rulebook, along the lines of a "same risk – same rules" approach.

In close connection to the rulebook, the issue of the legal consequences attached to the so-called "binding technical standards" is of utmost importance. It is essential that all policy choices be exclusively left for the legislators, while technical standards will be capable only of defining the conditions of application of financial legislation. Therefore a clear definition of technical standards should be enshrined in the new legislative framework in view of clearly circumscribing their scope. At the same time, a series of provisions that cannot be considered technical standards, as they necessarily involve discretion and policy choices, should be taken out from the current proposals for an Omnibus Directive.

Altogether, ESBG is supportive of the proposed institutional structure for supervision in the EU. Yet, generic provisions which would allow the transfer of further powers to the new bodies once they are established, such as entrusting them with direct supervisory powers for cross-border institutions or institutions with EU dimension, are capable of changing the nature of the framework. At this stage ESBG considers that a two tier supervisory system is not desirable, as it could not possibly be effective. According to the subsidiarity principle, the EU competences should focus on what can be better achieved at the supra-national level. The EU would be better placed to establish a strengthened reliable coordination and cooperation framework, helping national supervisors to overcome deadlocks when dealing with cross-border institutions. However, because of legal constraints, as well as of the lack of administrative structures capable of undertaking any direct supervisory tasks at EU level and distance from the markets and financial actors, supervisory powers should continue to be exercised

at national level. In this context, ESBG considers that it is not appropriate for the new supervisory framework to contain enabling clauses that would permit the transfer of direct supervisory powers at EU level.

Furthermore, an important aspect of the supervisory reform is the issue of preserving the institutional balance, especially in the light of past discussions in the European Parliament about the checks and balances needed for the Lamfalussy framework. In this context there are concerns in relation to the wide-reaching powers of the Commission proposed under the legislative package - particularly as regards the envisaged competences for adopting and changing technical standards, for determining emergency situations, and for influencing the work of the new Authorities.

With regard to ongoing debates about the lawfulness of some of the powers of the new authorities, especially the envisaged powers to impose binding decisions on individual institutions, it is of utmost importance that the situations and legal relationships underpinning the new EU supervisory framework remain foreseeable and are firmly grounded in an unchallengeable legal base. Given the existing enforcement mechanisms under EU law, ESBG takes the view that any decisions of the new authorities directly addressed to institutions cannot be legally binding and could only constitute recommendations addressed to the institutions concerned.

An important aspect in need of further improvement concerns the participation of the industry in the new supervisory framework. It is indispensable that experts bringing practical insight and representing the industry's views participate, in a structured way, in both the macro- and micro-prudential discussions taking place in the framework of the new bodies. Such experts' representation should properly reflect the banking industry's pluralistic nature. Furthermore, binding public consultation should be secured for all measures to be adopted by the new Authorities (including guidelines and recommendations).

As regards the legislative process, following the publication of the European Parliament's reports on the draft legislative package for a new supervisory architecture, which contain far-reaching proposals for amendments to the initial proposals, it is expected that intensive negotiations will take place between the EU institutions with a view towards finding a common agreement on the details of the future financial supervisory architecture, as some substantial differences appear to exist between the Council's and Parliament's positions on the Commission's proposals.

CONTACT

Larisa.Dragomir@savings-banks.com

The draft international standard on Social Responsibility – WSBI critical of some areas

ISO, the International Standard Organisation, has launched the development of an international standard on Social Responsibility, called ISO 26000. The objective is to offer practical guidance on how to integrate social responsibility into operations and activities and how to engage with stakeholders. The standard will also seek to enhance the credibility of social responsibility reports and to increase customers' and stakeholders' confidence. It will be applicable for all types of organizations – hence the name Social Responsibility, and not Corporate Social Responsibility – i.e. for private, public, for-profit, not-for profit organisations, for multinationals and Small and Medium-Sized Organisations (SMOs), for



organisations from developed and developing countries. Unlike most of other ISO standards, it will be a guidance standard, applicable on a voluntary basis, and is not intended for third party certification nor for procurement or any contractual use, nor as a management system standard.

WSBI part of the Drafting Working Group

WSBI is one of the liaison organisations sitting on the Drafting Working Group, which brings together 75 active national standard bodies. WSBI is convinced that social responsibility can be a key driver for social and economic development and contribute to building more balanced and inclusive societies, both in mature markets and in developing countries. In this respect, it welcomed ISO's general ambition as outlined in the draft guidance standard released for consultation in September 2009.

Concerns about the standard

However, at the same time, WSBI has voiced some concerns about the standard:

- The first regards the scope envisaged, which would extend to all types of "organizations" - including not only companies, but also government bodies and NGOs. There is a need to individualize the guidance by category of actors involved, since social responsibility expectations vary according to organizations' status and missions.
- There is also a need to ensure the overall coherence of the ISO project with already existing CSR tools, developed at the sectoral or national/regional level.
- Overall, the current version of the ISO draft standard would require substantial adjustments to ensure that the final Guidance document is understandable and usable, and that it provides the necessary support to assist organizations in addressing their social responsibility.

As the draft standard heads towards the final stage of its adoption, scheduled for September 2010, WSBI will remain mobilised and develop actions in partnership with other industry stakeholders for the improvement of the document.

CONTACT

Anne-Francoise.Lefevre@savings-banks.com

News and Views dedicates a series of articles on Corporate Social Responsibility strategy and experiences developed by WSBI and ESG members, as a bottom line of their business model and with the objective to bring a return to stakeholders and to society.

The National Savings Bank of Sri Lanka's Commitment to Responsible Business

The National Savings Bank (NSB) of Sri Lanka's mission is "to promote, mobilize and manage savings and serve customers with diverse financial requirements effectively and with genuine care, whilst remaining committed to our community". The mission is therefore not just to build financial wealth but to generate social wealth for the customer base and for the country in general. Within this vision, NSB pursues two specific objectives; to inculcate the savings habit among Sri Lankans and to promote the housing rights of Sri Lankans, especially those most disadvantaged.

NSB is deeply committed to the concept of sustainable and responsible development. As a trailblazer in the local financial industry and as a modern corporate citizen, NSB is conscious of the larger responsibilities it bears and the impact its activities have on the wider society. All the business processes of NSB are arranged to ensure that its returns benefit all stakeholders, including employees, customers and the larger Sri Lankan public. NSB has integrated principles of responsible banking into its operations at all levels:

- **Relations with customers:** NSB published its Customers' Charter in September 2009. The objective of the Charter is to aid in providing NSB's services in an efficient manner through its island-wide branch network and to retain the customers for all their banking needs, by creating a customer friendly environment. The Charter contains information about the required documentation for each specific banking transaction (such as in case of loss of a term deposit certificate). The Charter also directs customers to relevant points of contact for each routine banking operation and gives indications as to the standard duration that each type of banking transaction should take.
- **Accessibility and financial inclusion:** NSB uses its innovative distribution channels to enable unbanked people in rural areas to have access to financial services. NSB has already established a strong island wide network of 4,576 service points which is strongly supplemented by the postal network with 11 postal banking branches, 637 post offices and 3,408 sub-post offices in an effort to bring banking closer to the poor. The Postal network is the only network in Sri Lanka which provides access to each and every household in the island. In order to establish more bank units closer to poor households, NSB is currently:
 - opening kiosk type banking units ("Piyasa") in remote areas;
 - providing branchless banking services through small hand-held devices and mobile banking units; and
 - encouraging groups of poor people to accumulate small savings through group savings schemes.
- **Environment-friendly business:** NSB promotes an environment-friendly working atmosphere. For example, there is a power saving project at NSB's head office and the bank encourages staff to minimize the use of paper. NSB also supports environment protection initiatives, and partners with the Federation of Wildlife Conservation to improve students' knowledge on the environment. Every year, the Bank reviews its sustainability policies to ensure that its activities cause minimum damage to the environment and that they are geared towards preserving and enhancing the environment for future generations.
- **Responsible contribution to the community:** NSB directly supports a number of initiatives that promote religious harmony, cultural activity, artistic life, athletic excellence, health care and education. A total sum of Rs. 30 Million (USD 260,000) was spent for these causes in 2008. Several initiatives were aimed at those in vulnerable situations and those in need of special assistance. In many of these cases, NSB's aim was to empower people, especially the disadvantaged and assist people to take control of their lives.
- **Responsible employer:** There are many ways in which the Bank works to be an excellent employer. For example, it offers its employees attractive retirement benefits. Additionally, in order to facilitate their personal lives, NSB offers housing loans, vehicle loans and personal loans at concessionary rates to its employees. For effective work-life balance, NSB always promotes sports and social activities and encourages staff participation in sports and events, music and dancing, as well as skills development activities.

This commitment to sustainability has led NSB to become the 1st subscriber of the WSBI/ESBG Charter for Responsible Business in the Asia/Pacific region.

CONTACT

Jagath Gamanayake, Deputy General Manager of Marketing and Deposit Mobilisation at NSB, dgm.mkt@nsb.lk

The Charter for Responsible Business gains momentum!

What is the Charter?

The Charter for Responsible Business is a concrete demonstration of the common business values that are embedded in the “Three Rs” – retail, regional, responsible – that has become the motto of WSBI/ESBG. It also projects a strong collective image of the commitment to responsible business by the membership. The Charter consists of six responsible business principles under the headings of:

- Fair and clear relations with customers
- Promotion of accessibility and financial inclusion
- Environment-friendly business
- Making a responsible contribution to the community
- Responsible employers
- Communication

The Charter for Responsible Business was adopted by the ESBG Board in May 2008 and has subsequently been endorsed by ESBG members in 14 European countries, including a number of individual savings banks in Italy and Spain.

New Developments

In the meantime, it was also decided to invite WSBI members outside of Europe to subscribe to the Charter. To date WSBI has received formal letters of subscription from Banco Caja Social (BCSC) in Colombia, the Federación Peruana de Cajas Municipales De Ahorro y Crédito (FEPCMAC) in Peru, as well as the National Savings Bank (NSB) of Sri Lanka. Expressions of interest that have yet to be formalised have been received from the WSBI members from Kenya and Angola in Africa, from China and Iran in Asia and from Bolivia, Brazil, Chile, Costa Rica, Cuba, the Dominican Republic, El Salvador, Guatemala, Mexico, Panama and Peru in Latin America. The list of subscribers can be viewed by clicking on the Charter button on the CSR website (available through www.savings-banks.com under “Corporate Social Responsibility”).

The Charter in practice – a collection of success stories now on the web

The Charter is not just a declaration of intentions. In effect, WSBI/ESBG member banks have a strong commitment to sustainable development and address their corporate social responsibility (CSR) as an integral part of their business. Accordingly, WSBI/ESBG has invited their member banks to provide them with a series of case studies that illustrate how the principles of the Charter are implemented in practice.

The initial results of this survey have been collated in a database, which is linked to the CSR section on the WSBI/ESBG website. The database currently consists of some 100 CSR case studies from a number of ESBG members. These can be consulted by country and organisation as well as by Charter for Responsible Business principle and are accessible by clicking the CSR Database button in the CSR website at the address indicated above.

This information will also serve to produce reference documents on the credentials of the members in specific areas such as access to finance, environment-related issues, financial education and literacy, and their contribution to the societies in which they do business. It will also serve to honour WSBI/ESBG reporting commitments under the United Nations Global Compact Initiative and any other European or international reporting initiatives that WSBI/ESBG may decide to pursue.

The Charter as a differentiating factor

The Charter for Responsible Business and the CSR database are an excellent testimonial to the CSR credentials of WSBI/ESBG member banks and their commitment to responsible business. This constitutes an excellent differentiating factor on the market in these difficult times.

SUBSCRIBE to the CHARTER FOR RESPONSIBLE BUSINESS

WSBI/ESBG members that have not already done so are cordially invited to subscribe to the Charter for Responsible Business and to provide case studies on how the principles of the Charter are implemented in practice.

Members who have already subscribed to the Charter are kindly requested to provide additional case studies for the CSR database and to keep the information up to date.

CONTACT

Fiona.Joyce@savings-banks.com

WSBI/ESBG members named as their country's "Bank of the Year" by The Banker

Over the course of the last year, WSBI/ESBG members have proven their resiliency in the face of the economic and financial crisis. Their retail-focused model and emphasis on serving the community in which they are based has meant that most have successfully continued to provide financial services and serve as intermediaries which help the real economy function and thrive. A number of members have received awards in recognition of their outstanding achievements. Below are a few:

In Thailand, the **Government Savings Bank** has received three awards recently at the State Owned Enterprise Award Ceremony held by the Ministry of Finance, Thailand:

1. The Honorary Award for Organization Management
2. The Excellent Services Award for People Bank Project
3. The Award for Outstanding Corporate, Social and Environmental Responsibility

In December 2009, "The Banker" named its "Bank of the Year" recipients for each country. A number of WSBI/ESBG members were honoured with this award:

- In Austria, **Erste Bank und Sparkassen** were honoured: "A sustainable and long term strategy of sticking to its savings bank heritage and focusing on deposit lending business has ensured the bank is increasingly well positioned within the Austrian retail marketplace".
- In the Czech Republic, **Ceská sporitelna, a.s.** (part of the Erste Group) was honoured: "Sporitelna's traditional emphasis on tailoring flexible products to create personalised services for its customers continues to reap rewards and entrench its position as the Czech Republic's leading bank."
- In Hungary, **OTP Bank** was honoured: "The bank moved quickly to reduce risks on newly originated loans..."

It has also made strenuous efforts to help existing borrowers through debtor protection schemes and active loan restructuring measures."

- In Luxembourg, **Banque et Caisse d'Épargne de l'Etat (BCEE)** was honoured. It was noted that 70% of Luxembourg's residents have at least one form of account with the bank. Between June 2008 and June 2009, client deposits rose by 18.4%, operating income increased by 24.3% and net profit by 33.7%.

In Albania, **Banka Kombëtare Tregtare (BKT)** was recognized as "The Best Bank in Albania for 2009" and "The Best Bank in South Eastern Europe" by the publication Finance Central Europe.

WSBI/ESBG is proud to represent these and the many other members which received awards and which serve their communities while facilitating economic prosperity. Congratulations!



Many savings banks celebrate their bicentenary (see also page 37). Here a campaign of the German savings banks that celebrated their 200th anniversary in 2009



Caja de Ahorros de Panama: Expanding and modernizing

News & Views recently caught up with Jayson Pastor, the new President of Caja de Ahorros de Panama. We talked to Mr. Pastor about his organisation and its role in Panama.

Mr. Pastor, Could you please briefly introduce your organization?

Caja de Ahorros (CA) is a public bank with 75 years of operations in Panama. Caja de Ahorros has 1,600 employees and is a modern bank that competes on an equal footing with the other private banks present in the country. We have 42 branches nationally, 1,000 million dollar in loans, and we occupy the 6th position in local commercial loans and 3rd in residential mortgage lending. Indeed, mortgage lending is one of our strong areas of operation since the origins of the bank.

On the liability side, we focus on the popular savings segments of the population and we have 10% of the market share in non-bank deposits with USD 650 million. A good example of a very popular savings product is the Christmas savings programme where clients make regular deposits throughout the year to save for Christmas expenses. We continue to promote and to improve this programme, and this year we have linked it to an electronic card, to facilitate access to the account in far away communities.

What are the main focus points of your strategy at the CA?

Since I started in July 2009 we have reviewed the structural organization of the bank and the previous business lines. We will continue focusing on residential mortgage lending but we aim to diversify our credit portfolio to include commercial loans. Panama's economy has important activity in the field of ports, telecommunications, and construction. We are also not forgetting our role as being very active in the SME-sector and with a wide array of microcredits.

The search for alternative distribution models is also very important for us. That is why in January 2010 we visited the Chilean WSBI member BancoEstado to find out more about their distribution model CajaVecina, that works with neighbourhood shops and to look at their microfinance infrastructure. We are also interested in participating on the social benefit-cash transfer program Red de Oportunidades, elaborated by our government. All of these serve as a way to grow both in outreach and in increasing the efficiency of our services. Caja de Ahorros de Panama wants to be seen as a modern, efficient and renewed bank and we are working to obtain that image among the public.

How did Caja de Ahorros face the global financial crisis?

We have maintained high levels of liquidity and our capital base has been well above the legal requirements. We have even seen a "flight to security" from depositors at privately owned banks

towards our institution and its public ownership. We have been very conservative with new loans, and we have had good reserve levels for delinquent portfolios. Of course, due to the general market situation, our profits were affected.

In which areas do you think WSBI's support is useful?

I think there is a lot to learn from the other members and WSBI is a great platform for sharing best practices.

You come from the private banking sector - what differences do you see between the business models?

The main focus in private banking is generating the biggest profit possible and providing the highest possible return to shareholders. With Caja de Ahorros, the bank has to be of course profitable, but it combines it with a social agenda. In our case, we want to encourage the savings habit among all of the Panamanian population.

CONTACT

Klaribel Pitti, Public Relations Manager
klaribel.pitti@cajadeahorros.com.pa

Key facts on Panama

Panama is located in Central America, bordering both the Caribbean Sea and the North Pacific Ocean, between Colombia and Costa Rica.

Population: 3.36 million
GDP: USD 24.75 billion (USD 40.33 billion PPP)
GDP per capita: USD 7,360 – USD 11,900 PPP
Area: 75,420 square kilometres
Capital: Panama City
Currency: Balboa (The balboa is tied at a ratio of 1:1 with the USD)

Key facts on Caja de Ahorros de Panamá

Creation: Caja de Ahorros de Panamá was established in 1934 to organize savings promotion among the Panamanian youth and carry out mortgage credits in the interests of society.
Total number of branches: 42
Total assets: Approx. USD 1.379 billion
Total number of employees: 1600

Comoran national postal and services company: modernizing access to finance

While in Brussels to attend the Postal Savings Banks Forum and the Development Forum, SNPSF CEO Mr Ibrahim Abdallah was kind enough to meet us for an interview.

Mr Abdallah, could you say a few words about your organisation?

In 2005, the Comoran national posts and telecommunications company (Société Nationale des Postes et Télécommunications) was dismantled, resulting in the creation of Comores Télécom and of my organisation, Société Nationale des Postes et des Services Financiers, or SNPSF. In our capacity as a financial institution, we have a full banking licence, which enables us to take savings deposits, grant loans and make domestic and international payments. Currently, SNPSF has a total of 38 post offices spread across all three islands, as well as a representative office in Paris, of which I'll say a little more later.

We have a total workforce of 270 and, on 31 August 2009, we were managing some 40,000 accounts representing more than KMF 7.2 billion. SNPSF is the third-largest bank in the Comoros.

What customer categories do you serve?

We serve large public- and private-sector companies, including those working in the hydrocarbons sector and – for example – the national rice authority, or Office National du Riz. We also provide microcredits to employees from the public and private sectors who have accounts with SNPSF.

To do all of this as efficiently as possible, we have invested heavily in IT, including ATMs. Obviously, we've installed these in our post offices, but we've also put some in SMEs, and in supermarkets and other retail outlets. SNPSF is committed to driving the modernisation of payment practices in the Comoros.

How important are remittances from Comorans working abroad?

Very important! A large number of Comorans live and work abroad, and SNPSF provides them with a comprehensive service in partnership with Western Union. In addition, thanks to the Central Bank's clearing house, cheques drawn on our postal cheque accounts are accepted throughout the Comoros.

Why the representative office in Paris?

It's essential that we maintain strong ties with the large Comoran diaspora in France, which numbers more than 350,000. They live mainly in Paris, Marseille and Lyon, and constitute a sizeable market segment. We want them to have access to the same products and services as people living at home, so that they can monitor

their accounts with ease and keep up to date on what our institution has to offer. Using our French representative office will also enable them to avoid risks associated with unregulated money-transfer solutions.

And the inevitable final question – why are you a member of the World Savings Banks Institute?

Concerning our postal services, SNPSF has always been a member of relevant United Nations agencies, such as the International Telecommunication Union and the Universal Postal Union. We're also a member of the Pan-African Postal Union.

In the area of financial services, membership of the World Savings Banks Institute gives us access to expert advice and know-how. It also gives us international reach, which is likely to prove useful, notably as regards certain subjects that are currently of concern to us. I'm thinking, for example, of the exclusive contract with Western Union, which we'd like to renegotiate, as has been done in Kenya and Senegal.

Key facts on The Comores

The Comoros, which consists of three islands – Grande Comore (Ngazidja), Anjouan (Ndzuwani) and Moheli – is located in the Indian Ocean, between Mozambique and the island of Madagascar

Population: 752,438

GDP: USD 532 million (USD 751 million in PPP)

GDP per capita: USD 700 (USD 1,000 in PPP)

Area: 2,235 sq. km

Capital: Moroni

Currency: the Comoran franc (KMF), which is pegged to the euro at a rate of KMF 492 to EUR 1)

Key facts on Caja de Ahorros de Panamá

Creation: in 2005, the Comoran national posts and telecommunications company (Société Nationale des Postes et Télécommunications) was dismantled, resulting in the creation of Comores Télécom and Société Nationale des Postes et des Services Financiers (SNPSF).

Number of branches: 38

WSBI members

follow training courses in Brussels



Participants from Poste Gabon

Since the beginning of the year, two WSBI members, the Caisse Nationale d'Épargne et de Prévoyance (CNEP) of Algeria, and La Poste du Gabon have come to Brussels to follow specialised training courses.



Laurie Dufays

Risk and Credit Risk

Caisse Nationale d'Épargne et de Prévoyance is one of the major players in Algeria as regards the provision of mortgage loans and the financing of public and private real estate projects. In February, CNEP sent six branch managers to the WSBI Headquarters in Brussels to follow a course on risk and credit risk management. Indeed, branch managers have an important, but sometimes overlooked role

in screening applications for loans and deposit accounts. "Branch managers are usually the first contact of the bank customer", says Laurie Dufays, WSBI Deputy Director responsible for Training Services. They have an in-depth knowledge of their customer and at CNEP, their visit to every new business customer before a loan application is critical for the loan approval. The knowledge that the branch manager gains by making a call or paying a visit to a customer goes well beyond the quality offered by any credit-scoring methodology; no matter how sophisticated. The WSBI course on risk and credit risk management was the occasion to update participants' knowledge on credit risk management and procedures. The course in this respect was considered extremely useful by the participants, as it comforted them in their risk practices and provided them with new elements and instruments to mitigate the risk. In addition the course sensitized participants to Basel II regulations and to operational risks. Becoming aware of this type of risks is the first step towards their mitigation; branch managers are also involved and keen to take up this new challenge."

Branch Management

La Poste du Gabon has decided to create a Postbank with a full banking license to be able to offer all banking services including savings, payments, remittances, and credit products to individuals and SMEs.

When the postal bank receives its license it will need to comply with the country's banking regulation and supervision authorities. Since banking and postal services are very different businesses with different risks and challenges, adequate training, rigorous proce-

dures for accounting, credit risk, etc. are absolute necessities.

This is why la Poste du Gabon decided to take advantage of the WSBI training program on branch management and sent six of its best managers to Brussels for a training. The introductory part of the course highlighted the future mission of the bank - to be a bank of trust and proximity in order to provide sustainable banking services to its customers via its large branch network. The program took place over a period of 13 days and combined theory, analysis of business cases, management simulations, working groups, field visits, and preparation of reports. The content focused on marketing to low and medium income earners, the organization of the branch and the distribution network, with visits to several bank branches in Brussels, customer relationship management, risk management and credit risk, and last but not least, the financial simulation of the management of a branch. The main objective of the programme was to encourage participants to pass from a product driven organisation to a customer-centric one and to adapt their policies accordingly. Participants were also particularly sensitive to the operational risks and the role of the branch in generating revenues for the bank.

In the end, the programme presented an opportunity to unite the participants around a common goal for the bank. It created new personal links and a solidarity that is expected to strengthen the team spirit of the staff members when they return to their daily activities.

The next steps will be defined based on the report that the group is currently preparing and which will summarize the benefits of the training, its outcomes and the recommendations that it has generated. Accordingly, WSBI is prepared to continue supporting the new Postbank with the practical implementation of the programme in its daily business environment, notably as regards risk and credit management which are critical business lines for a new bank.

CONTACT

Laurie.Dufays@savings-banks.com

BANKERS HELPING BANKERS



Top teams
choose
coaches that
live and share
their goals
and
aspirations

TRAINING & CONSULTANCY

<http://trainandconsult.savings-banks.com>



FURTHER INFORMATION ON
<http://trainandconsult.savings-banks.com>

Three projects already underway for the Doubling the Number of Savings Accounts Programme



Weselina Angelow

During the month of January Memoranda of Understanding (MoUs) were signed with Kenya Post Office Savings Bank (KPOSB), PostBank Uganda (PBU) and South African Postbank. With the MoU signatures the projects have officially started and an important milestone has been reached.

Lead consultants have been selected for all three member banks. They carried out inception missions during January to finalize the terms of reference for the projects. In parallel, Programme Technical Adviser Stephen Peachey visited the three abovementioned and four more participating WSBI member banks in order to help shape the project outputs to be genuinely useful to the poor; defining realistic targets for the number of poor to be reached and working on a pricing of services that strikes the right balance between affordability and sustainability.

Kenyan Post Office Savings Bank

Being the first WSBI member to sign a MoU, KPOSB has started to work with Dayo Forster who is the lead consultant and KPOSB Project Technical Advisor. Risk specialist Jorge Iwaszkiewicz also visited several agencies and branches and stayed with the Bank for three weeks in order to observe how closely policies and procedures were being followed, and to recommend risk mitigation measures. As a result of this mission, the initial roll-out of POS terminals will now happen at roughly 20 agencies per month for the first three months, thus allowing KPOSB time to internalize new lessons in risk management.

Mrs Forster states, that KPOSB is keen to finalize their internal review for which she will work closely with the KPOSB Project Manager Jacinta Kasingiu to compile the relevant information and formally document what has been learned. KPOSB is also keen for the rollout to commence in May, and about 60 POS terminals will need to be procured for this first rollout phase. The Bank has also begun using geo-spatial tools for understanding the distribution of poverty and population, and using that with the current distribution of bank branches to determine areas the Postbank could make the strongest impact quickest.

Memorandum of Understanding signature with Nyambura Koigi, Managing Director of KPOSB



PostBank Uganda

Mrs Forster has also been assigned as the lead consultant at PBU and is already working closely with the PBU Project Manager Olive Namutebi on identifying a sustainable mix of non-traditional delivery channels (mobile branches, low-cost service hubs, PoS-enabled agents) that will get the bank closer to the rural poor.

South African Postbank

A third inception mission was undertaken at South African Postbank by Hans Boon from the company PosteFinance. He is now working with the bank's assigned Project Manager Keaobaka Ramantsi and other experts to help the bank to renegotiate its transfer pricing with the Post Office. The objective is to avoid this transfer pricing from tripling the cost of using the existing low-cost account via the postal network rather than other channels. At the same time, South African Postbank aims to re-engineer group accounts so that increased penetration of this market can serve as an entry point for marketing individual accounts to members of the Group.

Mr Boon states that the theme of the project "Nomanini" (in English: It does not matter when, but we will get there!) underscores the determination of the South African Postbank to double the number of savings accounts for the poor, and to become the leading institution in proving financial access and inclusion. The project start occurs at the same time as Postbank initiatives in promoting financial literacy for the poor and the expansion and upgrade of the postal network by the South African Post Office. New post offices in poor and rural areas are called "Thusong Centres" – bridging the gaps in the digital divide by helping with e-government, e-learning and ICT based financial services of Postbank.

A number of MoUs under the Programme are expected to be signed in the near future with PT Bank Tabungan Negara (Persero) (Bank BTN) in Indonesia, Lesotho PostBank, FEDECREDITO in El Salvador, SONAPOST in Burkina Faso, and Tanzania Postal Bank in the next round, and with Vietnam Postal Savings Service Company and Poste Maroc in a third round.

CONTACT

Weselina.Angelow@savings-banks.com

The promotion of microfinance in Europe by the retail banking sector

Barcelona, 7 May

On 7 May, MicroBank – the social bank of Spanish savings bank "la Caixa", is organising in Barcelona a conference on the "Promotion of microfinance in Europe by the retail banking sector", aimed at European Banks, EU institutional representatives and microfinance experts.

Microbank was founded by the Spanish savings bank **la Caixa** and is specialized in granting microcredits with the objective of fostering productive activities, supporting employment creation and stimulating personal and family development in a sustainable manner.

This conference aims to be a meeting point and a space for reflection on the role of banks in developing microfinance in Europe, and wants to provide an opportunity to share the experiences of European banks which, such as MicroBank, have developed their activity in the area of microfinance.

Simultaneous interpretation from Spanish into English will be provided. To confirm your availability for the conference, or for further information, please contact Ms Nuria Danés at microfinanceconference@microbanklacaixa.es or call: +34 932813762

Contact: Laurie.Dufays@savings-banks.com

Promotions at WSBI/ESBG

At the beginning of 2010, three staff members of the joint office were promoted from Adviser to Senior Adviser.

- Weselina Angelow became Senior Adviser in the Training and Consultancy department.
- Judith Ay and Ulrike Kohl became Senior Advisers in the Interest Representation department.

Congratulations to the three!

UNLOCK THE POWER OF RETAIL BANKING



www.savings-banks.com

SAVE THE DATE

2010 Summer Forum

From Saturday 18 September to Tuesday 22 September 2010
Germany, Neuhardenberg

Banking crisis: What has really changed for savings and retail banks?

The recent banking crisis has prompted calls for a tighter regulatory regime, which together with the harsher economic climate will force banks to adopt new strategies for cost-cutting and revenue maximization in order to preserve their future. The past actions of many retail banks have come back to haunt them and banks must revisit their business models to improve cost efficiency. Coupled with the necessity for cost savings is also the requirement for revenue growth strategy, which should move away from high risk approaches of the past few years. This is imperative in order to regain overall public's confidence in the banking sector.

The forum will accordingly address the impact of the new regulation on the Europe retail banking; it will analyse the opportunities that exist for retail banks to achieve long term cost savings and will highlight areas where banks can seek to grow revenue in the new environment. In particular, this will be the opportunity to review the core banking activities of the savings banks whilst analysing alternative growth strategies and tactics for the sustainable development of their business and client relationships.

Contact: Laurie.Dufays@savings-banks.com

Project “Support to Banking Universities in Vietnam” completed



Dr. Ho Dieu (left), Vice rector of the Banking University (HCMC) meets with Brigitte Bruhin (middle), Deputy Country Director for SECO, at the closing event on 17 December 2009 in HCMC.



Conrad Rupert

The Swiss State Secretariat for Economic Affairs (SECO) funded project “Training and Capacity Building Programme to the Banking Universities in Vietnam” was completed with a closing event that took place at the Sheraton Saigon Hotel on 17 December 2009. This event marked the end of a successful project that commenced in March 2008. The event was attended by representatives of the Banking Academy (Hanoi) and the Banking University (Ho Chi Minh City), SECO, WSB/ESBG and its local consortium partner Bank Training and Consultancy (BTC), and along with various media representatives, marked the end of a successful project that commenced in March 2008.

The project consisted of the development of eight training courses based on practical concepts and tools currently used by global banks, including a seminar on improving presentation skills and techniques. These courses were subsequently delivered by a team of international and Vietnamese training specialists to the teaching Instructors at the Banking Academy in Hanoi and Banking University in Ho Chi Minh City.

The courses – with duration between 1 and 2 weeks – were delivered at both banking universities, and were attended by approximately 500 instructors of both banking universities. Some 80% of the Instructors successfully completed their course, and most attended several seminars in line with their specialisations. Anecdotal evidence indicates that the technical skills and the effectiveness of teaching at the two universities have improved.

Generally, both the content and delivery were highly appreciated; instructors were asked to complete an evaluation form at the end of each course, and the average score was approximately 7.5 out of 10. The success of the project was confirmed by Dr. To Ngoc Hung, Director of the Banking Academy and Dr. Ho Dieu, Vice Rector of the Banking University, who both expressed their gratitude to SECO and the implementing partners, which in addition to WSB/ESBG consisted of the BTC from Vietnam and Savings Banks Foundation for International Cooperation of Germany.

CONTACT

Conrad.Rupert@savings-banks.com



The Korea Federation of Savings Banks



Mr. Yong-Sik Joo recently became the Chairman of the Korea Federation of Savings Banks (KFSB). WSBI talked to Mr. Joo about his new position and plans for KFSB in the future.

Mr. Joo, what motivated you to move to KFSB and what will be your strategy in your presidency?

The economic opportunities and options available to disadvantaged Koreans have greatly diminished in recent years due to the 1997 Asian financial crisis, the Korean credit insolvency issue of 2002 and the current ongoing global financial crisis.

Due to such recent dire economic circumstances, the very segment of the population most in need of assistance, those who struggle hardest to survive through the challenges and crises, now find themselves in yet another unfortunate bind. Currently, they comprise the group most likely to suffer the most disproportionate financial hardships

Although the general consensus seems to be that any efforts to improve our present situation will be either exceedingly difficult or outright futile, I have never lost hope in my personal conviction that it is a goal well worth pursuing, and one that is undoubtedly within our reach, given a clear, long-term vision, proper strategies, and strong leaders.

I was offered my current position in the private financial sector as CEO of the KFSB based on my experience, in excess of 30 years, as a government official at the Ministry of Economy. My utmost priority and primary role is to oversee the challenging task of improving the situation for the financially disadvantaged citizens.

■ Strategy while in office

Above all, I plan to strengthen the business base of savings banks by developing a new profit-generating model by providing differentiated financial services, which would take into consideration the varying sizes and unique needs of each business district.

Secondly, I will lead savings banks, which have tended toward wholesale banking such as real estate project financing, to a stronger emphasis on financing for disadvantaged people as the focal business base.

Could you please tell our readers more about the Korea Federation of Savings Banks?

In 1973, KFSB was established for the development, cooperation and communication of savings banks, and the protection of customers. KFSB now has 105 members whose assets exceed USD 72 billion.

Performing research and investigation for the improvement and development of savings banks, KFSB manages a reserve fund of about USD 4.5 billion. Furthermore, its wide-ranging scope also includes such functions as the operation of an IT centre, employee education, and domestic exchange settlement.

Can you describe what distinguishes savings banks from other banks in Korea, e.g. in terms of products or services provided, clientele, regulatory/legal status, etc?

Korean savings banks, which have continued to gain influence within regional economies, are financial institutions with a strong allegiance to their communities. In this regard, they differ from commercial banks since they are legally bound to grant over 50% of their total loans to residents within their own business districts.

Moreover, they are particularly oriented toward alleviating the burdens and obstacles faced by the disadvantaged. In line with this special focus, they grant more than 70% of their total loans to those with poor credit histories who, for this very reason, are most likely to be rejected for loans from commercial banks.

Thirdly, they are inherently small-but-strong enterprises, which affords them more flexibility to react to sudden changes in the economic climate. Their assets, which amounted to USD 37 million at the end of 1973, have grown nearly 2000 times as of the end of 2009. Meanwhile, they have contributed a great deal to the quality of life of disadvantaged people, as well as to economic development on the national scale.

The reason why they succeeded in growing in spite of several international and domestic financial crises over the past couple of decades is that the owners of most savings banks were equipped to react rapidly to the changing economic conditions, all the while

keeping their primary focus on the citizens of their local communities.

Your members have a significant focus on providing access to finance to the vulnerable. Are there any programs in particular you would like to highlight?

Compared to commercial banks, our members provide higher deposit interest and secure deposit guarantees up to about USD 45,000 in order to help bolster post-retirement funds and an overall increase in wealth of the disadvantaged.

Although their loan interest is higher than that of commercial banks, this is offset by counterbalancing measures such as living-loans for those whose low incomes are insufficient for covering the minimum cost of living.

Your members also focus on CSR activities. Can you describe your activities in these areas?

Our members offer several kinds of supportive financial products which relieve repayment burdens on loans and provide additional deposit interest for clients who suffer sudden and severe personal injuries. They have also been especially supportive of an array of the underprivileged classes, including students of low-income households and people residing in social welfare institutions. Additionally, they have been active sponsors of cultural events as well for the development of their communities.

Are the savings banks in Korea being affected by the economic crisis? If yes, how and to what extent are they affected?

Naturally, our members are not immune to the current global financial downturn and ensuing deflation of property values. Their net income has decreased significantly and soundness indicators have deteriorated somewhat.

However, they remain steadfast in their conviction that they will overcome the current crisis because they are well-versed in management know-how and have overcome several crises over the past two decades, each of which made them stronger and more solid than before.

In addition, the government strengthens systematic support by measures such as encouraging savings banks to sell bad loans and expanding business areas to secure the profitability of savings banks. The government recognizes their importance as financial institutions that will provide aid to those facing the direst risks. Hence, one could safely assert that savings banks are relatively unscathed by the current global financial crisis.

KFSB has developed fruitful working relationships with WSBI. How do you think WSBI membership will aid your organisation in the future?

KFSB has joined WSBI in order to discover business models and benchmark diverse experiences of other countries. As a member of WSBI, we would like to find a way to develop together with other members through increased exchanges of experiences and information-sharing.

I expect that WSBI, being the globally connected institution that it is, will greatly facilitate our ability to share information with members in other nations on issues such as microfinancing and the further development of Korean savings banks in the future.

Do you have any last comments you would like to add?

The current financial crisis and subsequent intensification of financial discrimination has shed more light on the importance of microfinance than ever before. By reacting more aggressively in the face of the current recession, Korean savings banks will strive to prevent financial exclusion and contribute to CSR activities as leading financial institutions for the disadvantaged.

Also, KFSB will do its utmost to forge symbiotic relationships by proactively promoting exchange and cooperation with WSBI and its members.

Key facts on Korea

Korea is located in Eastern Asia, on the southern half of the Korean Peninsula bordering the Sea of Japan and the Yellow Sea

Population: 48.51 million
GDP: USD 800.3 billion (USD 1,340 billion PPP – 14th largest in the world)
GDP per capita: USD 16,500 – USD 27,700 PPP
Area: 99,920 square kilometres
Capital: Seoul
Currency: South Korean won (KRW) (approximately 1,300 KRW/USD)

Key facts on The Korea Federation of Savings Banks

Creation: KFSB was established in 1973 for the development, cooperation and communication of savings banks.
Total number of member savings banks: 105
Total assets among members: Approx. USD 72 billion
Total number of customers among members: 3.8 million
Number of outlets among members: 295
Total number of employees among members: 7,749

Savings and Retail Banks and the global financial crisis: Challenges and opportunities in Latin America and Caribbean



Céline van den Abeele

On 7 and 8 December 2009, the Sistema Fedecredito from El Salvador hosted the 15th Meeting of the WSBI Latin America and Caribbean Regional Group. The meeting brought together more than 220 participants from member institutions, representatives from external private and government institutions and other stakeholders, as well as from Salvadorian authorities, to exchange views on "Savings and Retail Banks and the global financial crisis: challenges and opportunities".

In the global financial crisis environment, participants recognised that the global crisis hit the region via a decrease of the trade volumes, rather than via a contagion of the domestic banking and financial sector. Despite growing unemployment and the reduction of remittances, exports, imports and credit by private financial institutions, the region is starting to recover and positive signs are flourishing.

Members assessed the increasing risk aversion in the financial sector and reviewed the current capital adequacy framework discussions, both from the perspective of regulatory bodies, as well as national financial institutions:

- The Bank for International Settlements (BIS) underlined that a macroprudential approach to financial supervision and regulation is on the agenda of the Financial Stability Board and that a stronger and better coordinated oversight of financial institutions is required to contribute to global stability;
- BancoEstado (Chile) and Caixa Econômica Federal (Brazil) shared

their experience over the last year on risk management, and highlighted key measures they used to expand credit and which allowed them to achieve growth in times of crisis. These measures included injecting more financing into the system, establishing appropriate bank risk policies, and offering competitive prices - including through an aggressive policy of lowering interest rates.

The opportunities for savings and retail banks linked to the expansion of access to finance in the current context were also discussed. Participants examined diverse innovative solutions combining financial inclusion, growth and product diversification, and a socially responsible business approach:

- The IADB (Inter-American Development Bank) referred to the wealth of opportunities in the field of poverty alleviation offered by the remittances market.
- IFC (International Finance Corporation) presented a model pilot by FED-ECRÉDITO (El Salvador) that would allow savings and retail banks to participate on the remittances market through Special Purpose Vehicles (SPVs);
- Innovative solutions in branchless and cell phone banking were presented by payments company (Visa Inc.), a technology platform (YellowPepper Inc.) and CGAP;
- There was a discussion on how to maintain socially and environmentally sustainable financial operations through the beyondBanking IADB program – a broad-based program to promote sustainable principles in banking;
- Ways of diversifying products while having a positive social impact were

also discussed along with examples like microinsurance experiences at the ILO microinsurance innovation facility and women oriented credit and savings products at Banrural – Guatemala.

Participants congratulated Mr. José Luis Mardones, President – BancoEstado, Chile, for successfully carrying out the duties of Regional Group President over the last period and designated Mr. Armando Rosales, President of Sistema Fedecredito, El Salvador to take over for the next three years (2009-2012).

CONTACT

Celine.Vandenabeele@savings-banks.com



Mr. José Antonio Olavarrieta,
WSBI President



Mr. Chris De Noose, Managing Director WSBI-ESBG - Mr. José Antonio Olavarrieta, WSBI President - Mr. Armando Rosales, President of Sistema Fedecredito - Mr. José Luis Mardones, President – BancoEstado, Chile



Al Barid Bank in Morocco: a bold initiative aimed at offering greater access to financial services

News & Views met Mr Redouane Najm-Eddine, Chairman of the Board at Poste Maroc, to learn about the creation of Al Barid Bank, the institution providing the Moroccan postal office's banking services, which focuses specifically on the under-banked and unbanked segments of the population.

Could you say a few words about Al Barid Bank, the postal bank?

Al Barid Bank came into being in the first quarter of 2010. It's a subsidiary of Poste Maroc, and provides key banking products and services to individual and business customers. Al Barid Bank already has some four and a half million customers, and we expect that base to grow by more than 400,000 annually. That's a very rapid rate of growth which will take customer numbers to over six million by 2015. Having Morocco's largest branch network, with some 1,900 points of sale – many of them in remote rural areas – gives Al Barid Bank a considerable advantage where achieving growth is concerned.

Barid Maghrib (Poste Maroc) was already very active vis-à-vis the low-income segment. What additional action does Al Barid Bank plan to take in order to facilitate access to financial services in Morocco?

Poste Maroc needed to obtain a banking licence before it could broaden its offer and bring it into line with banking standards.

The customer segment targeted by Al Barid Bank comprises low-income individuals, many of whom do not currently have access to banking services. We're therefore poised to play a role in increasing the "bancaisation rate", as we call it, in Morocco. We intend to raise this by 14% in 2010, bringing it to 45% overall.

To speed up this process and build loyalty in the sector in question, Al Barid Bank will be rounding out its offer with a variety of new products and services designed to meet the needs both of local customers and of Moroccan families resident abroad. These will include overdraft facilities, new electronic-payment services, consumer loans, home-ownership savings plans and property loans.

As well as adding to our range of products and services, we've taken certain measures to help ensure that our offering is accessible to all Moroccans. These include offering the country's lowest banking charges, allowing accounts to be opened without initial deposits, and accepting deposits as low as five dirhams on our savings-bank or Caisse d'Épargne Nationale (CEN) accounts.

In parallel with the creation of Al Barid Bank, something else we've done to increase access to financial services is to embark on a huge project involving the upgrading of our information

systems and our data-processing capacity. This will enable us to deliver a higher quality of service to our customers.

Al Barid Bank is a partner in WSBI's drive to double the number of savings accounts held by low-income customers. What makes this project attractive, and what benefits do you expect it to bring in terms of your efforts to increase access to financial services in Morocco?

To begin with, the CEN account is a regulated product marketed via the Al Barid Bank network, and funds deposited are looked after by the deposit and management fund or Caisse de Dépôt et de Gestion (CDG).

The attractive tax conditions, the absence of banking charges and the fact that there is no minimum initial deposit requirement make the CEN account very popular among our most financially-vulnerable customers. It provides them with an introduction to the idea of saving and planning ahead to make more careful use of their financial resources.

With this project, we intend to broaden and improve our offering for customers in the lowest income bracket, with the introduction of a package that combines a CEN savings account and a card that can be used for making payments and withdrawals.

Procedures for opening a CEN account and obtaining the payment & withdrawal card will be kept simple, and special teams will be on hand in our branch offices to help persons with reading difficulties to access the package and learn how to use it.

The successful implementation of this project and the achievement of our bancaisation objectives will also depend on the financial assistance and backing provided for within the framework of our partnership with WSBI, which will concern things such as:

- The marketing campaign needed for the promotion of the new service;
- The creation of help counters to provide underprivileged persons with assistance in using the service;
- Technical assistance in the areas of product simplification and customer segmentation;
- Financing for the development of the IT system.

You were instrumental in the creation of Al Barid Bank, which is the result of the restructuring of the postal financial services of Barid Al Maghrib (Poste Maroc). With many countries encountering difficulties in bringing similar initiatives to fruition, which factors do you feel were decisive in this success?

This project is the result of a strategic vision for the development of Poste Maroc's financial services and of the country's bancarisation rate, and it has enjoyed the backing both of the government and of Morocco's monetary authorities.

A number of variants had previously been presented to the authorities, but failed to come to fruition, either because they lacked coherence or were excessive in scale.

To ensure the success of the Al Barid Bank project, Poste Maroc enlisted the help of seasoned experts from Morocco's financial and banking sectors.

A cross-disciplinary project team was put in place, with governance meeting the highest international standards, as well an organisational structure enabling transversal management and efficient decision-making.

Other keys to success are strong commitment on the part of top management, and regular consultation with the financial and monetary authorities concerning strategic choices and their operational implementation. Considerable pragmatism is also required where resources and deadlines are concerned, and strong emphasis must be placed on change management and social dialogue.

Based on your extensive experience in the banking sector – notably in an emerging-market situation – do you believe there's really a role for post-office banks? What contribution can they make?

The post-office bank model that we've opted for is the result of reflection taking account both of our internal constraints and of the overarching national development strategy set out in the National Human-Development Initiative, or INDH, backed by His Majesty King Mohamed VI.

Human development requires financial inclusion, and the postal services are best placed to serve this goal, thanks to the trust that they have built up over the years, to their inclusive access

conditions and to their extensive networks, which enable them to provide a local service to segments of the population whose low incomes have traditionally kept them outside of the banking system.

Morocco has a longstanding tradition of international cooperation. Does this tradition inform your vision of relations with WSBI members?

In 2009, Poste Maroc had the privilege of organising and hosting the annual meeting of African members, in collaboration with CDG, Morocco's other WSBI member. We also have regular interaction with other WSBI member institutions on the African continent, around the Mediterranean Basin and in the Middle-East / North Africa zone. We believe in the potential of this cooperation, and a number of money-transfer partnerships are now up and running.

In addition, we have every intention of sharing our experience with WSBI members in emerging countries, in order to help them speed up the transition from postal financial services to postal banking, so that they can offer greater financial inclusiveness, which is one of the keys to human development.

In which other ways could the WSBI help you in the years ahead?

As an institute, WSBI makes it easier for us to interact with sister organisations in Europe, enabling us to share our experiences in the areas of regulations, products & services and new technologies.

WSBI also fosters closer ties between players in Southern countries, making for greater cooperation, pooling and reflection, and thereby helping them to address the challenges of globalisation more effectively.

WSBI/ESBG Creating an International Business Directory



Fiona Joyce

WSBI/ESBG has decided to create an International Business Directory in order to take advantage of the natural partnership network and broad geographical outreach of WSBI/ESBG members worldwide.

The plan is to set up a single point of entry to the members in a given country on all matters related to international business and thus facilitate and promote the development of international business relations between WSBI/

ESBG members in such areas as correspondent banking, international payments & cash management, trade finance, treasury, capital markets, remittances, etc.

Through the abovementioned single point of entry, the International Business Directory will provide access to local banking services and expertise so that WSBI/ESBG member banks can accompany small and medium-sized enterprises (SMEs) in their business interests outside of their home country. This applies in particular to banks that are not yet members of the International Business Network (IBN – see page 33 for more).

All WSBI/ESBG members are invited to join this initiative, which will constitute a very useful platform for banks that wish to support the international expansion of their corporate and SME customers in a globalised world. The natural partnership of like-minded and responsible banks that constitute the WSBI/ESBG membership combined with their broad outreach worldwide makes this a simple and easy to use value proposition for both the banks and their customers.

CONTACT

Fiona.Joyce@savings-banks.com



The International Business Network: a Service for SMEs

Traditionally, small and medium-sized enterprises (SMEs) are one of the core customer segments of the savings and retail banks that constitute the membership of ESBG. ESBG members are the natural business partners of SMEs and microenterprises and are among the most important providers of SME finance in Europe, including in the current difficult economic climate. This is due to their strong deposit base, a strong focus on relationship banking, their regional commitment, and the importance they ascribe to long-term objectives.

In addition to providing finance and support services to SMEs on their home markets, ESBG members also work to provide support to SMEs for their international business expansion. This is why they have decided to leverage the outreach of ESBG membership and have established the International Business Network (IBN).

The IBN is an Intranet based platform targeted at SME account managers and is designed to provide an end-to-end account opening solution for SMEs. The IBN contains comprehensive and valuable information on the requirements and procedures for non-resident SMEs to open an account in a number of European countries. This information is backed up by a network of contact persons with foreign language capability in each of the participating banks. These contact persons can assist the SME account manager and his/her client to access tailor-made banking and financial services and the support services that they may require for their international business in the country in question.

The International Business Network service is currently operational in nine European countries: Austria, Croatia, the Czech Republic, France, Germany, Italy, Slovakia, Spain and Sweden. Additional ESBG members from other European countries are expected to join the IBN in the coming weeks and months.

CONTACT

Fiona.Joyce@savings-banks.com

SME Facts and Figures

Did you know that:

- Ninety-nine percent of enterprises in the EU-27 are SMEs with less than 250 persons employed. The vast majority of SMEs (92%) are microenterprises having less than 10 persons employed. The typical European firm is a microfirm.
- The number of SMEs has increased by over 2 million (11%) between 2000 and 2007 in EU-27, the number of large enterprises by only 2,000. In this way, SMEs have contributed significantly to job growth in the EU and account for some 67% of employment or 88 million jobs in 2007. Most new firms are created in the service sector and are micro- enterprises.
- Only 8% of total EU-27 SMEs are involved in exports, only 12% of the inputs of an average SME are purchased abroad and 5% of SMEs in the EU receive some income from foreign business partnerships, either from subsidiaries or joint ventures abroad. The level of internationalisation of SMEs is however growing both in terms of foreign trade as well as foreign direct investment
- Europe remains the main and key trade partner for the average European SME across all sectors and company sizes and even more so in the case of services.

Source: Various surveys and research commissioned by the European Commission, Directorate General Enterprise and Industry.



WSBI members Dongbu Savings Bank from Korea and the Government Savings Bank of Thailand sign a comprehensive Memorandum of Understanding



Mina Zhang

On 22 February in Bangkok, Mr Ha-joong Kim, the Chief Executive Officer of Dongbu Savings Bank signed a Memorandum of Understanding (MOU) with Mr Yongyuth Tariyo, Senior Executive Vice President of Government Savings Bank (GSB) on a comprehensive tie-up which includes business development.

With the MOU signing ceremony, Dongbu Savings Bank has entered into a business partnership with the Government Savings Bank (GSB) related to a holding an employee training program, exchanging management know-how, and developing business cooperation.

Since becoming a member of WSBI in May 2003, Dongbu Savings Bank has developed a comprehensive business partnership with the German Savings Banks Association (DSGV) in 2004 and brought in a foreign expert from Swedbank as an adviser. Additionally, Dongbu Savings Bank established a cooperative alliance with Frankfurter Sparkasse as a partner bank in 2005.

Recently, Dongbu Savings Bank has been making various efforts to enter into the broader Asian market. Along those lines, Dongbu Savings Bank has developed a bilateral agreement with the Philippine Postal Savings Bank and the National Savings Bank of Sri Lanka.

CONTACT

Mina.Zhang@savings-banks.com



Left: Mr. Ha-joong Kim, the Chief Executive Officer of Dongbu Savings Bank, Korea. Right: Mr. Yongyuth Tariyo, Senior Executive Vice President of Government Savings Bank (GSB) of Thailand

2009 European Microfinance Week

“Microfinance in a new era”

The 2009 European Microfinance Week took place on 24/26 November in Luxembourg. It gathered 300 microfinance professionals (microfinance institutions-MFIs, investors, financial institutions, development agencies, NGOs and academics etc) from 31 countries. This event is organised yearly by the European Microfinance Platform (e-MFP, www.e-mfp.eu), a multistakeholder forum of European microfinance players active in the South, of which WSBI is a member.

This year's event focused on “Microfinance in a new era”, and reviewed the impact of the global crisis on financial service delivery to poor and low-income citizens of developing countries. WSBI moderated the plenary session on the impact of the crisis.

Discussions highlighted the direct and immediate effects of the crisis on microfinance activities. These included:

- liquidity and credit risks for MFIs as purchasing power goes down and cash needs go up;
- potential lack of funding from international investors, with charitable giving and foreign aid flows drying up;
- increasing risks of clients' overindebtedness; and
- problems of loan repayment linked to the economic slowdown with effects on households' income and decreasing level of remittances received.

Thanks to its solid foundation, the microfinance sector has all in all demonstrated its resilience. It has proven stronger when financial service delivery is savings-driven, embedded in strict yet appropriate

regulation with supervision by market authorities, and aligned with crisis coping strategies of national governments.

However, the crisis has revealed, and somehow exacerbated, existing structural problems for microfinance, like uncontrolled growth or inefficient governance. Participants pointed to a need for consolidation, better oversight and diversified products in the years to come to reduce systemic vulnerabilities, keep the industry service oriented and reduce the access finance gap.

Some solutions, which will require collective actions from all sides of the industry, were identified:

- introducing innovative approaches and methodologies, like mobile phone banking as a delivery channel and the use of portal networks - in particular to reach the last mile;
- accelerating the introduction of consumer protection measures that are part of responsible lending;
- facilitating the adoption of a deposit-approach to build sound and robust MFIs, and more generally diversifying the funding sources;
- developing a whole range of microfinance products to meet the needs of the poor and provide sustainable tools to alleviate poverty: microsavings, microinsurance, micropensions, etc;
- investing in sustainable capacity building activities for MFIs.

CONTACT

Anne-Francoise.Lefevre@savings-banks.com



Thanks to its solid foundation, the microfinance sector has all in all demonstrated its resilience. It has proven stronger when financial service delivery is savings-driven, embedded in strict yet appropriate regulation with supervision by market authorities, and aligned with crisis coping strategies of national governments.

WSBI participates in discussion on Cash Transfer Mechanisms in Case of Humanitarian Disasters

On 19 January 2010, WSBI contributed to a Conference organized by the consortium of international NGOs convened by Oxfam GB, Save the Children UK, the British Red Cross, the Norwegian Refugee Council and Action Against Hunger USA. The conference focused on sharing experiences and information around cash and voucher transfers in case of humanitarian disasters: The Cash Learning Partnership (CaLP).

At the conference, participants presented results of studies and experiences on the different cash transfer programs among aid agencies and participants organizations (e.g. European national chapters of the Red Cross, World Vision, UNHCR, UNAIDS, the World Food Program, Help Age International, Mercy Corps, and others). They also gave a complete overview of the latest discussions on the mechanisms, implementation and impacts of money delivery in cases of humanitarian emergencies such as the tsunami in 2004 in South East Asia or the recent earthquake in Haiti.

The conclusions of a study commissioned by CaLP "Delivering Money: Cash transfer mechanisms in emergencies, 2009" are particularly relevant for WSBI members. The study suggests that there is an interest on private sector institutions for stronger partnerships with humanitarian aid agencies and recommends its completion to enable cost effective, efficient, and timelier delivery of cash to people after emergencies.

The experience of aid agencies and financial institutions partnerships in these cases remains limited and/or undocumented, but the potential for new business opportunities remains to be explored. The main concerns that aid organizations have when undertaking cash interventions in less developed countries is finding timely, safe and reliable mechanisms for physically delivering cash into people's hands. They view proximity banking institutions such as WSBI members as potential partners. The experience of WSBI members in conditional cash transfers (CCTs) programs, especially in Latin America and the Caribbean, would be an asset in concluding such business opportunities.

WSBI Member experiences in Cash Transfers

The Dominican Republic - In 2004, with the support of the United Nations Development Program (UNDP), the Dominican Republic government authorities worked with WSBI member Asociación La Nacional de Ahorro y Préstamos (ALNAP) to develop "Tarjeta Solidaridad". This program consists of the disbursement

of government social benefits for low income families directly to a Visa prepaid card that can be used in businesses affiliated with the program. This method benefits the government, the beneficiaries of transfers, the businesses involved, and the banks:

- It allows the Dominican government to better track and control the distribution of social subsidies, gives more guarantees that the money reaches the right individuals, and offers transparency and costs reduction.
- Beneficiaries have safer and timelier access to benefits, become familiarized with formal financial services, and receive the funds electronically.
- Businesses have an opportunity to increase sales, receive payments quickly and more efficiently, and participate in the formal economy.
- The banks can expand to new markets, benefit from the widest acceptance of Visa cards, reach unbanked populations, and build on the enhanced reputation a socially responsible business.

Two other banks currently participate in the program. WSBI member Asociación Popular de Ahorro y Préstamo (APAP) is one of them.

Other WSBI members participate in conditional cash transfer programs.

Mexico - The precursor Mexican program "Oportunidades" works with BANSEFI in the distribution of cash through their branches based on a conditional behaviour (such as keeping children in school and making regular visits to the doctor). BANSEFI is currently developing a project to distribute cash through 20,000 rural stores (Diconsas) and further outreach to low income families in remote areas while offering savings accounts.

Brazil - Caixa Econômica Federal in Brazil pays the social benefits of the "Bolsa Familia" program through its more than 27,000 outlets in all Brazilian municipalities.

Guatemala - Banrural in Guatemala is the financial counterpart of the program "Mi Familia Progresas".

CONTACT

Celine.Vandenabeele@savings-banks.com



10.06.2010

200 years of savings banks

A strong and lasting business model for responsible, regional retail banking

Edinburgh, 10 June 2010

08.30	Registration and Welcome Coffee
09.00	Welcome Address <i>Mr. Carl Eric Stålberg</i> , ESGB President *
	SESSION 1: SAVINGS BANKS: FROM AN IDEA TO AN INSTITUTION This year marks the 200th anniversary of the founding of the first European savings bank in Scotland. The idea of Reverend Henry Duncan and the savings bank in Ruthwell became a model for the modern savings banks and retail banking institutions that continue to cater to the needs of citizens, small and medium-sized businesses around Europe and have turned into dynamic financial institutions that represent one third of the 21st century retail banking sector. This session will try to identify the reasons that turned a simple idea into a thriving institution.
09.10	Introduction: <i>Rev. Graham Blount</i> , Center for Theology and Public Issues, University of Edinburgh (UK)
09.15	Self-Help Institutions in Scotland and the UK <i>Prof. Michael Moss</i> , Professor Archival Studies, University of Glasgow (UK)
09.35	Savings Banks : the Continental European Model <i>Prof. Dr. Gunther Schulz</i> , Dean of the Faculty of Arts, University of Bonn (Germany)
09.55	Savings and Economic Development : Sweden in the 19th Century ■ <i>Prof. Enrique Rodriguez</i> , Center for Banking and Finance & Senior Vice President of Swedbank (Sweden) ■ <i>Mr. Mats Andersson</i> , Archivist, Swedbank
10.15	<i>Mr. Antonio Pedro Da Se Alves Sameiro</i> , Secretary General, Montepio (Portugal)
10.35	Discussion - Q & A
11.00	Coffee break
	SESSION 2 : SAVINGS & RETAIL BANKING : A RESPONSIBLE WAY OF DOING BANKING This session will present the stakeholder model that formed the basis of the savings banks two centuries ago and that still drives their actions today. Representatives from the savings banks sector will present contributions in the field of access to finance, social, environmental and cultural commitment and financial education
11.30	Keynote speaker <i>Prof. Giuseppe Guzzetti</i> , Chairman ACRI – Association of Italian Foundations and Savings Banks (Italy) *

Simultaneously, the Church of Scotland and Edinburgh University organise a conference on 9 June, to commemorate Henry Duncan, founder of the first savings bank in Scotland. Send a e-mail to info@savings-banks.com for more information.

11.50	<p>Debate</p> <p>Moderator: <i>Prof. Paul Dembinski</i>, Director Observatoire de la Finance (Switzerland) *</p> <p>Speakers</p> <ul style="list-style-type: none"> ■ <i>Mr. José Maria Mendéz</i>, General Manager CECA – Spanish Confederation of Savings Banks (Spain) * ■ <i>Mr. Yongyuth Tariyo</i>, Senior Executive Vice-President, Government Savings Bank of Thailand * ■ <i>Mr. Joël Guerriau</i>, Directeur-Général Fédération Nationale des Caisses d'Épargne, Président Finance & Pédagogie (France) * ■ <i>Dr. Karl-Peter Schackmann-Fallis</i>, Executive Member of the Board DSGV – German Savings Banks Association (Germany) *
13.00	Lunch
14.00	<p>Welcome to Edinburgh / Scotland</p> <p><i>Lady Susan Rice</i> *</p>
<p>SESSION 3 : SAVINGS BANKS : A BANKING MODEL PRESENT ALL OVER THE WORLD</p> <p>This session will focus on how the savings banks founding principles diffused and spread over the different continents. The institutions took different shapes and forms but share a common idea that banking is a tool for all and not a privilege for the few.</p>	
14.15	<p>Moderator</p> <p><i>Dr. Thorsten Wehber</i>, Expert in charge of Savings Banks History Deutscher Sparkassen- und Giroverband, Bonn</p>
14.20	<p>Savings Banks in Northern America</p> <p><i>Prof. R. Daniel Wadhvani</i>, Assistant Professor, University of the Pacific (USA)</p>
14.40	<p>Development and Diffusion of Savings and Savings Banks in Latin America and Philippines</p> <p><i>Prof. Angel Pascual Martinez Soto</i>, Professor, University of Murcia (Spain)</p>
15.00	<p>Development and Diffusion of Savings in the Far East, India, Japan</p> <p><i>Prof. Lee Pui-Tak</i>, Research Assistant Professor, Centre of Asian Studies (China)</p>
15.20	Discussion, Q & A
15.50	Coffee break
<p>SESSION 4 : 2010 AND BEYOND – BANKING ON THE FUTURE</p> <p>The advent of the savings banks sector is about redistribution of assets and empowerment against the background of the early industrial revolution. On the brink of the 19th century there were as many bank accounts as people having the right to vote. In the beginning of the 21st century, major questions remain. Is the banking model as we know it robust enough ? What is the role of banks in society ? How to include the people that do not yet have a banking relation ?</p>	
16.20	<p>Debate</p> <p>Moderator: <i>Mr. Chris De Noose</i>, Managing Director WSBI and ESBG</p> <p>Speakers:</p> <ul style="list-style-type: none"> ■ <i>Prof. Patrick Honohan</i> – Prof. of International Financial Economics and Development, Trinity College Dublin (Ireland) * ■ <i>Mr. Olivier Klein</i>, Chief Executive Officer Commercial Banking, BPCE (France) * ■ <i>Prof. Charles Munn</i> (UK) * ■ <i>Mr. Jaroslaw Myjak</i>, Vice-President of the Management Board, PKO Bank Polski (Poland) ■ <i>Mr. Carlos Upegui</i>, Chairman, Banco BCSC (Colombia) *
17.20	<p>Closing Session</p> <p>Closing remarks by <i>Mr. José Antonio Olavarrieta</i>, WSBI President *</p>

WSBI-ESBG EVENTS CALENDAR 2010

April	So	Mo	Tu	We	Th	Fr	Sa
					1	2	3
	4	5	6	7	8	9	10
	11	12	13	14	15	16	17
	18	19	20	21	22	23	24
	25	26	27	28	29	30	

7-8 April 2010, Nairobi (Kenya)
Regional Microcredit Summit Africa/Middle East

12 – 17 April 2010, Tirana (Albania)
WSBI Training - Training on Branch Management and Simulation
 The most important event in the African microfinance sector for 2010.

27 – 29 April 2010, Dar Es Salaam (Tanzania)
WSBI Training : Customer Service and Customer Relationship Management

May	So	Mo	Tu	We	Th	Fr	Sa
							1
	2	3	4	5	6	7	8
	9	10	11	12	13	14	15
	16	17	18	19	20	21	22
	²³ / ₃₀	²⁴ / ₃₁	25	26	27	28	29

7 May 2010, Barcelona (Spain)
 The promotion of microfinance in Europe by the retail banking sector

20-21 May 2010, Indonesia
 WSBI Regional Group Meeting Asia - *Open for all Asian WSBI Members*

June	So	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4	5
	6	7	8	9	10	11	12
	13	14	15	16	17	18	19
	20	21	22	23	24	25	26
	27	28	29	30			

10 June 2010, Edinburgh - WSBI/ESBG Conference - 200 Years of savings banks - A strong and lasting business model for responsible, regional retail banking *Open for all*

11 June 2010, Edinburgh (Scotland) - WSBI & ESBG Board and General Assembly. *Access for WSBI-ESBG members*

16 June 2010, Brussels (Belgium) - WSBI-ESBG Conference on SMEs - This conference will highlight the important role of WSBI-ESBG members in the financing of the SME sector. *Access for WSBI-ESBG members.*

17-18 June 2010, Bangkok (Thailand) WSBI Seminar on CSR - *Access open for all*

September	So	Mo	Tu	We	Th	Fr	Sa
				1	2	3	4
	5	6	7	8	9	10	11
	12	13	14	15	16	17	18
	19	20	21	22	23	24	25
	26	27	28	29	30		

18 – 21 September 2010, Neuhausen (Germany) WSBI/ESBG Summer Forum
 How to face the new challenges of the savings and retail banks?
Access for WSBI-ESBG members

29 September 2010, Brussels (Belgium)
 WSBI/ESBG Retail Banking Conference - *Access open for all*

October	So	Mo	Tu	We	Th	Fr	Sa
						1	2
	3	4	5	6	7	8	9
	10	11	12	13	14	15	16
	17	18	19	20	21	22	23
	24	25	26	27	28	29	30

9 October 2010, Washington D.C. (U.S.A.) - WSBI Board of Directors - WSBI/ESBG cocktail at WB/IMF meetings - *Board restricted to WSBI Members, Cocktail open for all*

18 October 2010, South-Africa
 WSBI Postal Savings Banks Forum - *Open to all WSBI and ESBG Members*

18 October 2010, South-Africa - Bill & Melinda Gates Foundation Mid-Term Workshop - *Open to WSBI Members*

End October 2010, Brussels (Belgium) - WSBI World Savings Day event
Access open for all

December	So	Mo	Tu	We	Th	Fr	Sa
				1	2	3	4
	5	6	7	8	9	10	11
	12	12	12	15	16	17	18
	19	20	21	22	23	24	25
	26	27	28	29	30	31	

1-3 December 2010, Punta del Este (Uruguay)
 Foromic Conference
 Microfinance/microenterprise event.



Our Members

AFRICA: [Algeria] Caisse Nationale d'Épargne et de Prévoyance (CNEP) [Angola] Banco de Poupança e Crédito (BPC) [Benin] Caisse Nationale d'Épargne (CNE) [Botswana] Botswana Savings Bank [Burkina Faso] Société Nationale des Postes (SONAPOST) [Cameroon] CAMPOST [Cape Verde] Caixa Económica de Cabo Verde (CECV) ■ Correios de Cabo Verde, S.a.r.l. (CCV) [Comoros] (Islamic F.R.) Société Nationale des Postes et des Services Financiers (SNPSF) [Côte d'Ivoire] Caisse Nationale des Caisses d'Épargne (CNCE) [Egypt] National Bank for Development (NBD) [Ethiopia] Construction & Business Bank [Gabon] Gabon Poste [Ghana] HFC Bank (Ghana) Limited [Guinea (Republic of)] Office de la Poste Guinéenne [Kenya] Kenya Post Office Savings Bank [Lesotho] Lesotho PostBank (LPB) [Madagascar] Caisse d'Épargne de Madagascar [Mali] Banque de l'Habitat du Mali [Mauritania] Société Mauritanienne des Postes – MAURIPOST [Morocco] Caisse d'Épargne Nationale ■ Caisse de Dépôt et de Gestion [Mozambique] Cooperativa de Crédito para o Desenvolvimento Rural - CCDR [Namibia] Nampost Savings Bank [Senegal] Caisse de Dépôts et Consignations ■ POSTEFINANCES [South Africa] Postbank [Sudan] Savings and Social Development Bank [Tanzania] Tanzania Postal Bank [Togo] Banque Populaire pour l'Épargne et le Crédit [Tunisia] Office National des Postes, La Poste Tunisienne [Uganda] PostBank Uganda (PBU) [Zambia] National Savings & Credit Bank of Zambia [Zimbabwe] People's Own Savings Bank of Zimbabwe

ASIA PACIFIC: [China] China Postal Savings Bank ■ The Industrial and Commercial Bank of China (ICBC) [India] National Bank for Agriculture and Rural Development (NABARD) ■ National Savings Institute, Ministry of Finance [Indonesia] P.T. Bank Tabungan Negara (Persero) [Iran] Postbank Company of Iran [Kazakhstan] Halyk Savings Bank of Kazakhstan [Korea (Republic of)] Dongbu Savings Bank ■ Korea Federation of Savings Banks (KFSB) ■ Korea Post, Postal Savings Division ■ Korean Savings Banks Group [Macau] Caixa Económica Postal de Macau [Malaysia] Bank Simpanan Nasional [Mongolia] The Savings Bank, Mongolia [Pakistan] Central Directorate of National Savings [Philippines] Philippine Postal Savings Bank [Sri Lanka] National Savings Bank ■ Hatton National Bank Limited (HNB) [Tajikistan] The State Savings Bank of the Republic of Tajikistan 'Amonatbank' [Thailand] Government Savings Bank of Thailand [Uzbekistan] The State Commercial People Bank of the Republic of Uzbekistan [Vietnam] Vietnam Postal Savings Service Company ■ Vietnam Bank for Agriculture and Rural Development (VBARD)

EUROPE: [Albania] Banka Kombetare Tregtare (BKT)* [Austria] Österreichischer Sparkassenverband* [Azerbaijan] Kapital Bank [Bulgaria] Bulgarian Post Bank [Croatia] Hrvatska poštanska banka d.d. (HPB) (Croatia Postal Bank)* ■ Obrtnicka stedna banka [Czech Republic] Ceska Sporitelna AS* ■ Ceskoslovenska Obchodni Banka, a.s. (CSOB) [Denmark] 3S Group* [Finland] Säästöpankkiliitto* [France] Fédération Nationale des Caisses d'Épargne* ■ BPCE* [Germany] Deutscher Sparkassen- und Giroverband e.V. (DSGV)* [Greece] Hellenic Postbank* [Hungary] OTP Bank Plc* ■ Erste Bank Hungary Rt. [Iceland] Samband Íslenskra Sparisjóða* [Ireland] An Post / Post Office Savings Bank [Italy] Associazione di Fondazioni e di Casse di Risparmio SpA (ACRI)* [Latvia] Latvijas Krajbanka* [Luxembourg] Banque et Caisse d'Épargne de l'Etat (BCEE)* [Malta] Bank of Valletta Plc* [Netherlands] SNS Reaal* [Norway] Sparebankforeningen i Norge* [Poland] PKO Bank Polski SA* [Portugal] Montepio* ■ Caixa Geral de Depósitos* ■ Caixa Económica da Misericórdia de Angra do Heroísmo (CEMAH)* [Romania] Banc Post SA ■ Casa de Economii si Consemnatiuni* [Russian Federation] Sberbank* [San Marino (Rep. di)] Cassa di Risparmio della Repubblica di San Marino [Slovak Republic] Slovenska Sporitelna AS* [Spain] Confederación Española de Cajas de Ahorros (CECA)* [Sweden] Swedbank* [Turkey] VakifBank, Türkiye Vakıflar Bankası TAO* [Ukraine] Oschadny Bank Ukrainy [United Kingdom] Lloyds Banking Group*

THE AMERICAS: [Argentina] Banco de la Provincia de Buenos Aires (BAPRO) [Bolivia] Unión Boliviana de Entidades Financieras de Ahorro y Préstamo para la Vivienda - UNIVIV [Brazil] Caixa Económica Federal do Brasil [Chile] BancoEstado [Colombia] Banco BCSC [Costa Rica] Federación de Mutuales de Ahorro y Préstamo de Costa Rica [Cuba] Banco Popular de Ahorro [Dominican Republic] Banco Nacional de Fomento de la Vivienda y la Producción (BNV) ■ Asociación Popular de Ahorros y Préstamos (APAP) ■ Asociación La Nacional de Ahorros y Préstamos (ALN) [El Salvador] Federación de Cajas de Crédito y Bancos de los Trabajadores (Fedecredito) [Guatemala] Banrural [Mexico] Banco del Ahorro Nacional y Servicios Financieros (BANSEFI) [Panama] Caja de Ahorros de Panama [Peru] Federación Peruana de Cajas Municipales de Ahorro y Crédito (FEPCCMAC) [United States of America] Independent Community Bankers of America (ICBA) ■ Wachovia

* also member of ESBG - European Savings Banks Group

Situation January 2010

IMPRESSUM

Responsible Editor: Chris De Noose, Managing Director.

For editorial comments and queries, please contact dirk.smet@savings-banks.com on 32 2 211 11 90
Design & Lay-out: Malou Doumen

This newsletter is distributed to 4000 people in over 90 countries, including all member organisations of the WSBI and ESBG.

Published 4 times per year by WSBI and ESBG, Brussels, Belgium.

WSBI - ESBG The global voice of savings and retail banking

WSBI (World Savings Banks Institute) is one of the largest international banking associations and the only global representative of savings and retail banking. Founded in 1924, it represents savings and retail banks and associations thereof in 92 countries of the world (Asia-Pacific, the Americas, Africa and Europe – via ESBG, the European Savings Banks Group). It works closely with international financial institutions and donor agencies and promotes access to financial services worldwide – be it in developing or developed regions. At the start of 2008, assets of member banks amounted to more than €10,000 billion, with operations through more than 380,000 branches and outlets.

ESBG (European Savings Banks Group) is an international banking association that represents one of the largest European

retail banking networks, comprising about one third of the retail banking market in Europe, with total assets of € 5,972 billion (1 January 2008). It represents the interests of its members vis-à-vis the EU Institutions and generates, facilitates and manages high quality cross-border banking projects.

WSBI and ESBG members are typically savings and retail banks or associations thereof. They are often organised in decentralised networks and offer their services throughout their region. WSBI and ESBG member banks have reinvested responsibly in their region for many decades and are a distinct benchmark for corporate social responsibility activities throughout Europe and the world.



World Savings Banks Institute | European Savings Banks Group aisbl
Rue Marie-Thérèse, 11 | B-1000 Bruxelles
Phone + 32 2 211 11 11 | Fax + 32 2 211 11 99
info@savings-banks.com | www.savings-banks.com