



WSBI

THE GLOBAL VOICE OF SAVINGS
AND RETAIL BANKING

◀ Looking back

The achievements of 2007

▶ Looking forward

The challenges of 2008





▶ FOREWORD: CONTRIBUTING TO A SUSTAINABLE DEVELOPMENT IN ALL OUR MEMBER COUNTRIES	3
▶ WSBI MISSION, STRATEGIC PILLARS AND POLICY PRIORITIES	5
▶ TRANSFER OF KNOW-HOW BETWEEN MEMBERS	27
▶ TRAINING AND CONSULTANCY	31
▶ WSBI MEMBER LIST	43



▶ The tree on the cover of this annual report symbolises positive and sustainable growth. A tree is firmly rooted in the past and reaches out with confidence to the future. Its fruits are a symbol of life, and its branches provide shelter. These symbols and values are shared by WSBI and its members throughout their daily work and activities.

FOREWORD: CONTRIBUTING TO A SUSTAINABLE DEVELOPMENT IN ALL OUR MEMBER COUNTRIES.

At WSBI, we believe that a global world should not be a uniform world. Our association is a melting pot of large and small, public and private companies that are active in all segments of society, and employing individual business models. At the same time, our members all share the same values as regards responsible business attitudes and respect for local and regional socio-economic issues. They all are retail bankers that place private customers and small and medium sized enterprises (SMEs) at the heart of their daily business.

Business cooperation has been a prominent feature of our work for many years. Indeed, the fact that WSBI has members in 92 countries - many of them champions in their domestic retail banking markets - creates a global network where commercial opportunities abound. But one should not forget WSBI's extensive interest representation activities in the field of access to finance and reform of postal savings banks.

WSBI's studies in the field of access to finance have become points of reference for practitioners all over the world, and our tireless lobbying of policy makers and opinion leaders globally in the field of microfinance has provided us with a high profile at international fora sponsored by multilateral institutions such as the World Bank, the International Monetary Fund, the United Nations, and various Regional Development Banks.

We should also highlight the work that has been done at the Postal Savings Banks' Forum, where WSBI assists its members, especially in Africa, in the modernisation of savings banks so that they can become fully-fledged retail banks serving a maximum number of clients and guaranteeing broad access to finance.

WSBI also acts as a source of information and a force for representing members' interests worldwide in fields such as supervision, financial reporting, accounting standards and payments bearing in mind that the reach of institutions such as the Basel Committee or the International Accounting Standards Board provides a worldwide dimension to topics, which should not only be looked at from a European perspective.



▲ José Antonio Olavarrieta, WSBI President

The current turmoil on the financial markets has reminded us that retail banking is a core business of financial institutions around the world. In this domain, we are second to none. We have an unrivalled outreach, both geographically and socially. Our distribution networks are envied by many of our competitors and our member institutions use the most advanced methodologies to optimise efficiency.

By bundling our efforts and capitalising on our strengths, WSBI will obtain greater visibility, a better image and a deeper market penetration. This will contribute to a sustainable development in our members' regions, which is our ultimate goal.

José Antonio Olavarrieta
WSBI President

Chris De Noose
WSBI Managing Director



▲ Chris De Noose, WSBI Managing Director



▶ WSBI mission, strategic pillars
and policy priorities





▶ INTENSIFIED DIALOGUE WITH NATIONAL, REGIONAL AND INTERNATIONAL INSTITUTIONS TO PROMOTE WSBI MEMBERS' BUSINESS MODEL	8
▶ PROMOTION OF WSBI MEMBERS' ACHIEVEMENTS TO CONTRIBUTE TO BUILDING INCLUSIVE FINANCIAL SECTORS AND WIDEN ACCESS TO FINANCE	11
▶ WSBI ENHANCED EFFORTS TO INVIGORATE POSTAL SAVINGS BANKS	21
▶ POSITIONING OF MEMBERS AS ONE CSR SPECIFIC BENCHMARK	24



WSBI's ultimate objective remains to be the unique, global voice of savings and retail banking, based on major achievements reached so far, especially in the field of access to finance. Under the leadership of WSBI President, Mr. Olavarrieta and of the President's team, three core objectives were defined for the period 2006/2009, in order to reach this overall goal. They have guided all actions during 2007:

- ▶ *increase the visibility of the business model*: WSBI member banks' model and its effectiveness are to be further promoted, especially with external stakeholders, as a means to support the development of local economies and build pluralistic retail banking markets, able to serve all categories of consumers;
- ▶ *develop co-operation*: WSBI is the largest retail banking network in the world and the potential as a marketplace for the member banks is to be fully exploited. The development of cooperation between the members will therefore be further encouraged, especially through initiatives leading to the development of business flows;
- ▶ *strengthen the cohesion of the network*: WSBI needs to deepen the relationships with its members throughout the world, so that the expectations and concerns of all of them are reflected in its policy priorities and activities. It is also keen to adapt its focus to better serve its members' evolving needs and bring more business value to them.

To reach these ambitious objectives, a number of key policy priorities fields have been identified, with the active support and involvement of the Presidency team:

- ▶ *Institutional Relations*, under the responsibility of Mr. Olavarrieta (CECA, Spain) and Mr. Haasis (DSGV, Germany). The objective is to develop and intensify the dialogue with national, regional and international institutions, with a view to promote WSBI member banks' model as a unique tool with a proven track-record for sustainable development.
- ▶ *Remittances*, under the responsibility of Mr. Kazmin (Sberbank, Russia) and Mr. Mena (BancoEstado, Chile). The objective is to facilitate WSBI members' involvement in the international remittances business.
- ▶ *Microfinance*, under the responsibility of Mr. Pouye (Postefinances, Senegal). The objective is to demonstrate WSBI member banks' advanced expertise and tangible results in the microfinance field and support the development of microfinance activities.
- ▶ *Corporate Social Responsibility*, under the responsibility of Ms Moreau (FNCE, France). The objective is to promote the experiences and achievements developed by members in the various CSR fields and be identified as one of the references for socially responsible retail banking activities and professional practices.
- ▶ *Products and services transfers*, under the responsibility of Mr. Zabidi (Bank Simpanan Nasional, Malaysia) and Mr. Jianqing (ICBC, China). The objective is to develop the transfer of know-how and experience between the members in a selection of identified areas, primarily SMEs and payments.



INTENSIFIED DIALOGUE WITH NATIONAL, REGIONAL AND INTERNATIONAL INSTITUTIONS TO PROMOTE WSBI MEMBERS' BUSINESS MODEL

Over the last months, WSBI has intensified its dialogue with national, regional and international institutions to promote its members' business model as a unique tool with a proven track-record for sustainable development. Following high-level contacts developed with a number of International Financial Organisations (IFOs), the general feeling is that WSBI members' banking model is gaining increasing recognition, for the benefits it brings to society as a whole and the stability it provides to markets.

This was publicly acknowledged when, in March 2007, Mr. De Rato, Managing Director of the International Monetary Fund (IMF) pointed in a public address to the essential role of savings banks in facilitating access to financial services, and to the key part they play in the fields of financial education, remittances, microfinance etc.

United Nations Secretary-General Ban Ki Moon also expressed an interest to discuss in detail the important contribution of savings and socially committed retail banks in providing wide access to finance, at the occasion of an encounter with WSBI Officials in July 2007.

Besides, savings banks' contribution to the development of inclusive financial sectors was highlighted at the occasion of the presentation of the United Nations Blue Book on *Building Inclusive Financial Sectors for Development* to the members of the European Parliament in November 2007. At the initiative of WSBI, Mr. Jomo Kwame Sundaram, Assistant Secretary-General for Economic Development at the Department of Economic and Social Affairs of the United Nations addressed the Committee on Development of the Parliament. He underlined the key role played by savings banks to enlarge access to finance, as well as the need to remove the existing constraints which prevent them from enlarging their scope of activities.

In October 2007, the WSBI General Assembly welcomed Ms Bair, Chair of the US Federal Deposit Insurance Corporation (FDIC) to discuss the implementation of the Basel II Accord from a US perspective. In the context of the subprime turmoil, it was also the occasion to exchange views on actions needed to medicate the situation, and to reaffirm that the pluralism of retail banking markets was a strength in crisis situation like the current one.

This awareness-raising campaign must be pursued with all decision-makers, at national and international level, with a view to ensure that double bottom line banking institutions are identified as building stones for sustainable financial markets, worldwide.

WSBI was also in close contact with a number of institutions at regional level, to accompany and support the activities of its members. Amongst the most important developments last year:

- ▶ WSBI Board exchanged views with Mr. Miyachi from the Office of the Regional Economic Integration of the Asian Development Bank (ADB), at the occasion of its March 2007 meeting in Manila, Philippines. This provided the opportunity to position WSBI and its members as key institutions in Asia/Pacific to support the ADB 's regional cooperation and integration policies and strategies.
- ▶ In Africa, discussion with the Officials of the West Africa Economic and Monetary Union (WAEMU) - Banking Commission in April and Central Bank in June- focused on the institutional building process and the need for adequate supervisory measures in place to protect deposits taken from the public.
- ▶ In Latin America, WSBI pursued its partnership with the Inter-American Development Bank (IADB) and the Multilateral Investment Fund, with support provided to the 10th Inter-American Micro Enterprise Forum in October 2007, in San Salvador.

WSBI was also able to provide support to some of its members, at national level. In Madagascar for example, at the occasion of the launch, in the presence of the Prime Minister, of the United Nations Blue Book on *Inclusive financial sectors* in Africa in February 2007, WSBI pointed out that its member Caisse d'Epargne de Madagascar, CEM is by far the financial institution with the largest customer base in the country. CEM invests its money in public debt instruments (treasury bills mainly) and could be leveraged through partnerships with Microfinance Institutions (MFIs), whereby this money would be reallocated as wholesale commercial funds to sustainable MFIs. This proposal was strongly supported by the United Nations and was well received by the National Microfinance Steering Committee.

Contacts were also being developed on a permanent basis with the International Monetary Fund, the World Bank, CGAP, the United Nations services and agencies, at working level, to raise the profile of WSBI members, participate to joint projects and contribute to policy-making in the fields of microfinance, remittances, financing for development etc (*see following developments*).

As far as the global promotion of WSBI and of its members are concerned, two important 2007 events need to be mentioned:

- ▶ in September 2007, WSBI and ESG held their annual joint reception, at the occasion of the annual meetings of the World Bank and International Monetary Fund in Washington DC, with the support of its members Associazione Di Fondazioni E Di Casse Di Risparmio Spa (ACRI), Confederación Española de Cajas de Ahorros (CECA), DekaBank, Groupe Caisse d'Epargne (France), Sberbank (Russia) and SNS Reaal (The Netherlands). It was attended by more than 300 delegates and provided an excellent networking opportunity with representatives of banks and financial institutions, governments, supervisory authorities and international organisations;



- ▶ in October, WSBI was present at SIBOS, an international trade fair for financial institutions, suppliers and consultants, aimed primarily at payments and securities transaction services. It was an outstanding occasion for WSBI and its members to be positioned on a truly international and highly professional platform, with the active participation of CECA, the German Savings Banks Association (DSGV), Erste Bank (Austria) and Groupe Caisse d'Epargne (France).

WSBI reaffirmed its commitment to strong corporate governance, to strengthen further its members' business model

There is a growing consensus that one of the most important criteria to assess the strength of a financial institution is not its business model nor its ownership structure, but its enforcement of good governance practices, such as solid control environment, high levels of transparency and disclosure, an empowered decision-making body.

WSBI has therefore decided at its 2007 General Assembly to strengthen its members' commitment to sound and transparent corporate governance principles, with the introduction of non binding, general guidelines in its statutory provisions. References to the 2004 OECD *Principles of Corporate Governance* and the 2006 Basel Committee *Guidance on Corporate Governance for Banking Organisations* were introduced, as generally agreed principles of good corporate governance.

The topics for which specific attention is recommended were highlighted, on the basis of the main focus of the Basel Committee *Guidance*: role and powers of the highest decision-making bodies, management of conflicts of interests, tasks of auditors as well as internal control functions. Given the savings banks' business model, and based on the OECD *Principles*, a reference was also made to the interests of stakeholders.



PROMOTION OF WSBI MEMBERS' ACHIEVEMENTS TO CONTRIBUTE TO BUILDING INCLUSIVE FINANCIAL SECTORS AND WIDEN ACCESS TO FINANCE

Building inclusive financial sectors and expanding access to finance in their local markets are two objectives that WSBI members pursue with success in their daily operations. As proximity financial institutions they are a vital component of local economies, serving the financial needs of otherwise underserved customers and contributing to the deepening of local financial systems.

In order to promote this significant role, WSBI was active in 2007 in various policy forums and initiatives where it supported the definition of an enabling environment, to develop further proximity banking.

WSBI active participation to financial development initiatives

► Strategic partnership with the United Nations Advisors Group on Building Inclusive Financial Services

Since 2005, when the United Nations celebrated the Year of Microcredit, WSBI participates in the United Nations Advisors Group on Building Inclusive Financial Services (UN Advisors Group). The UN Advisors Group reunites high-level individuals¹ with the purpose of raising awareness and advancing the issue on financial inclusion in a global scale.

During 2007, WSBI as a strategic partner to the UN Advisors Group continued its participation in two of its Working Groups: *Engaging the Private Sector* and *Advocacy*. Through several events held in Nairobi, New York and London, WSBI discussed with the UN Advisors and other stakeholders how to further engage the private sector in the development of inclusive financial sectors. One of the points highlighted by the Group is that financial institutions are most interested and influenced by examples of their peers. In particular, the experiences of savings and socially committed retail banks were a point of reference of innovative and effective financial inclusion actions.



¹ The Advisors Group consists of 25 individuals representing governments, central banks, regulatory agencies, microfinance institutions and other financial services providers, private sector financial institutions, civil society, development agencies and donors, and academia from all over the world. For more information about the Advisors visit: http://www.uncdf.org/english/microfinance/advisors_group/

► **Involvement in the Dakar Declaration Steering Committee on Building Inclusive Financial Sectors in Africa**

The Dakar Declaration Steering Committee (DDSC) was initiated by the United Nations Capital Development Fund (UNCDF) and the United Nations Development program (UNDP), to disseminate and implement the recommendations of the “Dakar Declaration” (presented in June 2006)² with the objective to mobilise financial and technical resources required to build inclusive financial sectors in Africa, including through microfinance.

WSBI assisted as rapporteur of the *Advocacy and Communication* working group, which had the main task to develop key advocacy messages, focusing on interest rate pricing policy, regulation and supervision; role of governments in promoting financial inclusion; innovations in relation to rural outreach and information about consumer education and protection.

► **Organisation of the presentation of the United Nations Blue Book on Inclusive Financial Sectors to the European Parliament**

At the initiative of WSBI, Mr. Jomo Kwame Sundaram, Assistant Secretary-General for Economic Development at UNDESA, was invited in November 2007 to present the findings and recommendations of the Blue Book *Building Inclusive Financial Sectors for Development*, (released at the occasion of the 2005 Year on Microcredit), to the members of the Committee on Development of the European Parliament (EP). At this occasion, Mr. Jomo underlined the key role played by savings banks in providing wide access to finance and on the need to remove the existing constraints which prevent them from enlarging their scope of activities

► **Contribution to the Financing for Development initiative of the United Nations Department for Economic and Social Affairs (UNDESA)**

The UNDESA monitors the implementation and carries forward the international discussion of policies for financing development as agreed at the “Monterrey Consensus”³. In this framework, access to finance is one of the topics in which UNDESA develops initiatives and invites WSBI to bring its expertise. WSBI participated in a multi-stakeholder panel on the issue of Financial Regulation and its impact on access to finance held in New York in April 2007.

WSBI was also invited to participate in the Seminar on Access to Finance for Innovative Enterprises in Central and Eastern Europe (CEE), held in Geneva in May, where it highlighted the need for improvements in legal and regulatory frameworks for boosting the financing of innovation in CEE. It also provided member experiences from the region in financing micro and small businesses.

In October 2007, WSBI participated to the High Level Dialogue between national governments, international institutions, civil society and business representatives to prepare the formal 2008 Review Conference on Financing for Development. As part of a Roundtable on *Mobilising domestic resources to finance development*, WSBI highlighted that the mobilization of domestic resources required first and foremost a wide level of access to formal financial services for all layers of a given population, including for the lowest income people.

WSBI Involvement in initiatives to widen the level of access to finance

► Participation to the World Bank Conference on Access to Finance

The World Bank organized this conference in March 2007, bringing together leading academics, practitioners and policy makers working in the area of access to financial services⁴. WSBI participated in a panel discussion along with representatives from the United Nations, the World Bank and Citigroup. The discussion focused on three topics: Measuring access to finance, Evaluating its impact and Promoting policies to broaden access. In particular, the WSBI discussed the specific role of savings banks in providing accessible financial services and the potential linkages that could be made with microfinance institutions in order to expand access.

► WSBI Study “Who are the clients of savings banks?”

Following the groundbreaking 2006 WSBI Study “*Access to Finance - What does it mean and how do savings banks foster access*”⁵, where it was shown that WSBI's members substantial outreach having more than 1.1 billion savings accounts of the 1.4 existing at proximity financial institutions worldwide, WSBI started new research on the type of clientele behind these accounts. In cooperation with Oxford Policy Management (OPM) and with the support of CGAP, WSBI conducted a new study “*Who are the Clients of Savings Banks?*”⁶ with the objective to analyze the poverty level of clients reached by four savings banks in India (National Savings Institute), Mexico (Bansefi), Tanzania (Postbank) and Thailand (Government Savings Bank).

With concrete examples from the four participating institutions, the study shows how savings banks have large numbers of clients in their respective countries, representing a significant outreach among the poorest households, especially in rural areas and among women. It also concludes that direct control of customer interface and having the right staff incentives in place are both crucial factors for financial institutions to reach down the market.

4 <http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTRESEARCH/EXTPROGRAMS/EXTFINRES/0,,contentMDK:21159178~pagePK:64168182~piPK:64168060~theSitePK:478060,00.html>

5 WSBI Perspectives 49, available at: [www.wsbi.org/uploadedFiles/Publications_and_Research_\(ESBG_only\)/Perspectives%2049.pdf](http://www.wsbi.org/uploadedFiles/Publications_and_Research_(ESBG_only)/Perspectives%2049.pdf)

6 An executive summary and the full report are available at: [http://www.wsbi.org/uploadedFiles/Publications_and_Research_\(WSBI_only\)/executive%20summary4.pdf](http://www.wsbi.org/uploadedFiles/Publications_and_Research_(WSBI_only)/executive%20summary4.pdf)



Regional focus on access to finance

► New opportunities and approaches to serve the banking needs of micro and small enterprises in Latin America

At the occasion of the 14th Regional Group Meeting for Latin America and the Caribbean (GRULAC) in April 2007, more than 100 representatives of savings and retail banks from the region met in San José (Costa Rica), to discuss the development of financial products designed for micro and small enterprises as well as the creation of specific approaches of this client segment. The meeting was hosted by the Federación de Mutuales de Ahorro y Préstamo of Costa Rica.

In Latin America, micro and small enterprises play a fundamental role in job creation and represent 94% of all companies in the region. Notwithstanding this, one of the most frequent obstacles they need to tackle to ensure their growth is lack of access to finance. WSBI members are important providers of financial services for these enterprises. In various countries, such as Brazil, Chile, Colombia, El Salvador, Guatemala and Peru, they have special programmes and are leaders in this market segment. At the meeting, some of these programmes were presented, along with other successful experiences from regional development organizations such as the Central American Bank for Economic Integration (CABEI) and the Inter-American Development Bank (IDB).

14TH LATIN AMERICA AND CARIBBEAN REGIONAL GROUP

Chair:	José-Manuel Mena (BanEstado - Chile)
Time/Place:	18-20th April, 2007 / San José, Costa Rica
Host:	Federación de Mutuales de Ahorro y Prestamo (Costa Rica)
Theme:	New Opportunities and Approaches to Serve the Banking Needs of Micro and Small Enterprises in Latin America
Participation:	8 member institutions from 8 countries (UNIVIV (Bolivia), BancoEstado (Chile), Banco BCSC (Colombia), Fedecredito (El Salvador), CECA (Spain), Banrural (Guatemala), BANSEFI (Mexico), FEPCMAC (Peru))/120 participants

► **Promoting Access to Financial Services and Sustainable Business development in Africa**

Savings banks from Africa met in June 2007 in Dakar (Senegal) for their 13th Regional Group meeting, at the kind invitation of Postefinances, Senegal. They brainstormed and shared views and experiences on how to promote access to financial services in a sustainable manner. The participants recognised that access to finance is a global issue, as no country is exempted from this challenge. However, much remains to be achieved in Africa where the percentage of unbanked population is far more impressive and challenging for the entire financial sector. Obviously, the situation is more appealing for savings banks, which as double bottom line financial institutions carry an immense responsibility in fostering access to financial services in Africa.

The deliberations showed a wide range of possibilities for savings banks to promote retail financial services for the mass market, including microfinance. But, they also highlighted constraining factors preventing savings banks from delivering mass access to basic retail financial services in Africa. Among these legal and regulatory environments and technology were found most critical and conducive. It is obvious that the regulations should be reviewed to allow savings banks operate as fully diversified financial sector institutions. And these changes should be strengthened by a rooted corporate governance culture and investments in technologies.

Finally, it was agreed that the social responsibility should not prevent savings banks from achieving profitability levels that guarantee a sustainable business development. It was also recommended that the WSBI maintains an active policy dialogue with international stakeholders involved in the process of “building inclusive financial sectors”.

13TH AFRICA REGIONAL GROUP

Chair: Nyambura Koigi (Kenya Post Office Savings Bank)
Time/Place: 11-12 June 2007 / Dakar, Senegal
Host: Postefinances (Senegal)
Theme: Promoting Access to Financial Services and Sustainable Business Development
Participation: 14 member institutions from 14 countries (BSB (Botswana), SNPSF (Comoros), CNCE (Cote d'Ivoire), CBB (Ethiopia), Poste (Gabon), HFC Bank (Ghana), KPOSB (Kenya), LPB (Lesotho), BHM (Mali), CDG (Morocco), Postefinances (Senegal), TPB (Tanzania), CET (Togo), PBU (Uganda))/ 40 participants



WSBI facilitation of members' involvement in the remittances business

▶ WSBI reacts to General Principles for International Remittance Services issued by World Bank and BIS

The World Bank and the Bank for International Settlements (BIS), through its Committee on Payment and Settlement Systems, issued in January 2007 their "General Principles for International Remittance Services". These principles had been developed since 2004 by a multi-agency task force, and a consultative version was released in March 2006 – to which WSBI responded with its "Call to Overcome Asymmetry" Position Paper.

The principles retained by the World Bank and BIS are to support the public policy objectives of achieving safe and efficient international remittance services. These General Principles must be welcomed as they provide for an a minima foundation for the supervisory, legislative and regulatory framework that should be put into place in all countries where remittances are originated, or to which remittance flows are destined. Equally these General Principles provide yet another impetus to existing and potential service providers to continue and enhance their environment whenever possible through self-regulation.

However the attention given by the World Bank and BIS to the remittance market could have been the opportunity for these international organisations to apply further moral suasion in order for several other critical dimensions of the remittance topic to be addressed, notably:

- ▶ The necessity for funds for and from remittances to be accrued in the form of bank balances – rather than cash – to enable leverage for economic development;
- ▶ The possibility for migrants to widely gain access to formal payment and financial services under proportionate legislative and regulatory dispositions;
- ▶ Recommendations that would motivate policy makers, international organisations and market participants to actively monitor annual progress towards the implementation of the General Principles.

During the reporting period, WSBI will continue to promote these further dimensions whilst at the same encouraging co-operation between Members to achieve the fuller inclusion of remittance flows into the balance of payments of recipient countries and the balance sheets of recipient institutions.

▶ WSBI launches International Remittances Capability Agreement

With the approval of the 2007 General Assembly, WSBI launches the International Remittances Capability Agreement. This Agreement combines a standard legal and operational framework with support in existing technology solutions and addressing access to market barriers. It will assist WSBI's 109 members in 92 countries to further strengthen their 1,2 billion customer base by delivering "fair value" remittance services.

The International Remittances Capability Agreement builds on the leading position of WSBI members in the provision of access to finance to hundreds of millions of people. The thrust of the initiative is to foster members' capacities to provide remittance services in the account-to-account space, which alone can ensure that remittances ultimately contribute to economic development and help members integrate these remittance services in their products and services offer.

With the International Remittances Capability Agreement, WSBI puts at the disposal of its members a set of model agreements (Master Agreement, Service Level Agreement) as foundation for their bilateral remittances agreement with other WSBI members.

The Agreement rests on a "fair value proposition" which will bring end-to-end transparency and certainty standards to the remittance market for both cash and account-based transactions. Concretely, the a minima terms of this fair value proposition are:

- ▶ Transparent information on remittance transaction conditions to be made available to remitters and beneficiaries prior to accepting an instruction;
- ▶ Full transparency of all charges and fees (including where relevant the foreign exchange rate) to both remitter and beneficiary;
- ▶ Transmission of full amount to the beneficiary;
- ▶ Guaranteed execution time;
- ▶ Redress procedure including reimbursement in case of non-execution.

The Agreement further recognizes the critical importance of the "first and last mile" dimensions. These first and last miles are the distance separating a potential provider of remittance services from migrants. The dense regional branch network of WSBI members on the sending and the receiving side is a distinct advantage; but this proximity is also an asset to bridge cultural, commercial and technology gaps. In this field, the low threshold of WSBI members bank branches is also a plus.

Finally, the Agreement promotes the use of account-based services, which alone can ensure that remittances ultimately contribute to economic development.

▶ **Support to the development of remittances business of WSBI member in the Philippines**

With a view to assist its members to promote and increase efficiency of remittance services, WSBI signed a Memorandum of Understanding (MoU) in March 2007 with its member in the Philippines, the Philippine Postal Savings Bank. WSBI committed to assist the bank to identify key remittance corridors, support the provision of end-to-end fair value and transparent remittances, mobilize WSBI members to cooperate and participate in the provision of solutions to develop the remittances market, and contribute to the definition of policies by public authorities and international organizations.



► **Focus on remittances as a way to support economic development at the Asia-Pacific Regional Group Meeting**

At the 13th Asia-Pacific Regional Group Meeting, held in Manila (Philippines) at the kind invitation of the Philippines Postal Savings Bank, remittances was at the centre of the debates. WSBI members, together with guest speakers from International Organization for Migration and ASEAN office, analyzed the opportunities and challenges brought along by the flow of migration. They highlighted the financial impact of migration in each of their countries and the benefits for economic developments, as well as potential business opportunities. As proximity and socially committed retail banking institutions, WSBI members could contribute to shift the remittance flows from the informal channels into the formal channels and support migrants in terms of financial and social inclusion, starting with the provision of adapted and easily accessible remittance products and services.

Members presented cases where migrants are supported through training, provision of services until the last mile, dissemination of information in their native languages and using advanced technology to reduce the cost of transfers. They also identified pending challenges and expressed their willingness to define joint solutions: reduce remittances flows through informal channels, use technology to reduce costs, anti-money laundering compliance. They also pointed at the important regulatory restrictions that prevent some of them from providing remittances services such as no access to clearing and settlement system and no permission to deal with foreign currency.

13TH ASIA-PACIFIC REGIONAL GROUP

Chair: Goanpot Asvinvichit (Government Savings Bank – Thailand)
Time/Place: 15-16th March, 2007 / Manila, The Philippines
Host: Philippine Postal Savings Bank
Theme: Economic Development and Migration: A New Challenge for Savings Banks?
Participation: 14 member institutions from 12 countries (Postbank of Iran, Japan Post, Dongbu Savings Bank (Korea), Korea Post, Bank Simpanan Nasional (Malaysia), The Savings Bank (Mongolia), Philippine Postal Savings Bank, Hatton National Bank Limited (Sri Lanka), National Savings Bank (Sri Lanka), Amonatbank (Tajikistan), GSB (Thailand), VPSC (Vietnam), Korea Federation of Savings Banks, CECA (Spain)) / 26 participants

WSBI support to the development of microfinance activities

Based on their strong commitment to the fight against poverty and financial exclusion, savings banks have demonstrated capacities to deliver affordable and adapted microfinance services to entrepreneurs and microenterprises. In many countries, they operate a nation-wide network of retail outlets and deliver successful microfinance services to their customers.

Microfinance is consequently one of the areas where WSBI works to demonstrate its members' advanced expertise and tangible results. In this area, WSBI is present in specialized platforms and has specific initiatives in which it brings together the expertise of its members.

WSBI Involvement in specialized microfinance platforms

► The Inter-American Development Bank (IDB) Forum on Microenterprise

This Forum is the annual gathering of the microfinance and socially-committed retail banking institutions in Latin America. In 2007, it took place in October in El Salvador under the auspices of the IADB's Multilateral Investment Fund and the Ministry of Economy of El Salvador and brought together some 1 200 participants. WSBI and its member in El Salvador FEDECRÉDITO, as well as some 21 financial institutions from different parts of the world, discussed the theme "The Road Ahead"⁷.

New microfinance strategies which provide more 'Opportunities for the Majority', new trends and products in microfinancial services, microcredit operations funded through capital markets services and measures to create a favourable business environment and determine factors in the formalization process of micro enterprises were debated, and the Forum sought to take stock of the impressive development of microfinance in the region and proposed common solutions and strategies to maintain a sustainable growth.

► The European Microfinance Platform (e-MFP)

The e-MFP is a network of European microfinance actors active in developing countries. WSBI is one of the founding and Board members⁸. WSBI coordinates the largest Working group on "Linking Banks and Microfinance Institutions" and is an active member of the "Microfinance Policy" working group.

In November 2007, WSBI participated to e-MFP flagship event, the "European Microfinance Week", which focused on the theme "*European Responses to Global Microfinance Challenges*". It brought together more than 250 participants – including European Institutions such as the European Commission and the European Investment Bank, financial institutions and academia.



⁷ <http://www.iadb.org/foromic/>

⁸ <http://www.microfinance-platform.eu>

The event offered through panels and interactive discussions, the opportunity to improve communication, mutual learning and information as well as policy exchange amongst European organizations and institutions involved in microfinance. WSBI shared best practices and disseminated savings banks important role in microfinance both in developed and developing countries.

► The European Microfinance Network (EMN)

The EMN is a network of microfinance actors active in Europe⁹, with which WSBI cooperation started with microfinance data sharing and the co-organisation of a session on the role of European savings banks in microfinance during the EMN annual conference in Berlin last April 2007.

At this occasion representatives from la Caixa (Spain), DSGV (Germany) and CNCE (France) gave their views on how microfinance is one of the ways in which savings banks in Europe fulfill their mission. With examples from their current activities, these savings banks explained that microfinance, understood as the provision of accessible financial services for all, has been one of core activities of savings banks for decades. However, new approaches which involve partnerships with NGOs and other civil society organizations, as well as new risk management models, are allowing savings banks to reach customers who need dedicated products and a closer follow-up.

WSBI initiatives and participation of members

► WSBI Microfinance Regional reports

WSBI started developing a series of microfinance regional reports in 2007 in order to present the unique characteristics of WSBI members as microfinance providers. Based on information provided by the members, the reports show that many WSBI members are successful providers of microfinance services, who distinguish themselves from other providers by their large size and their capacity to deliver more services than just only microcredit.

The report *Microfinance in Latin America*¹⁰, reveals that 7 out of 15 Latin American members are among the biggest microfinance providers in the region. It shows that in aggregate terms, they provided microcredits to more than 1,45 million clients in 2006. They also mobilized at least 779 million USD deposits from their microfinance clients.

Another report, *Microcredit in Europe*¹¹ provides an overview of the current practice of microcredit within the European savings banks community. This report along with a Position Paper from European Savings Banks, are a response to the launch of the European Commission (EC) Communication "*A European initiative for the development of micro-credit in support of growth and employment*".

⁹ <http://www.european-microfinance.org/>

¹⁰ The report is available at WSBI website at: [http://www.wsbi.org/uploadedFiles/Publications_and_Research_\(WSBI_only\)/microfinanceleadershipofWSBILatinAmericamembersSPscreenview.pdf](http://www.wsbi.org/uploadedFiles/Publications_and_Research_(WSBI_only)/microfinanceleadershipofWSBILatinAmericamembersSPscreenview.pdf)

¹¹ The report is available at ESG website at: [http://www.esbg.eu/uploadedFiles/Publications_and_Research_\(ESBG_only\)/brochure%20screen%20view.pdf](http://www.esbg.eu/uploadedFiles/Publications_and_Research_(ESBG_only)/brochure%20screen%20view.pdf)

Overall, both documents convey the importance of an enabling environment and a level playing field for all the microcredit providers currently existing in Europe.

The reports on Microfinance Asia and Africa will be available in the first semester of 2008.

► **Set-up of a WSBI Microfinance Network**

The WSBI launched a Microfinance Network with the purpose of establishing a platform to develop further cooperation, share best practices and give further visibility for WSBI members active in the field of microfinance. The Network will start its activities in 2008 and it is intended that it will be flexibly structured so that members can easily communicate their needs and achievements in real time. Exchange of ideas and practices will be done with various options like virtual events, conference calls and video conferences.



WSBI ENHANCED EFFORTS TO INVIGORATE POSTAL SAVINGS BANKS

► **World Bank discussion paper on “The role of postal networks in expanding access to financial services”**

The World Bank commissioned a discussion paper on the role of postal networks in expanding access to financial services to WSBI¹², which based its work on the materials of a comprehensive ING/World Bank study that provides a unique insight into the provision of postal financial services worldwide and disseminates information on improving access to financial services.

Post offices can help bridge the access to finance gap. The study points out that in developing world, postal networks provide an un-equivalent but often highly underutilized infrastructure for reaching out to the rural and poor unbanked communities. The existing near to 500,000 post offices already provide access to more than 700 million individuals, although there are significant gaps between countries, and the range of services is often fragmented and limited.

Evidence from the study also indicates that through vigorous reform plans, combining diversification measures with technology modernization, postal networks could become very instrumental in achieving the Millennium Development Goals (MDGs) regarding access to both financial and ICT based services.



► **Dialogue with the Central Bank of West African States (CBWAS/BCEAO)**

The WSBI maintains a permanent policy dialogue with the Central Bank of West African States (CBWAS) over the issue of institutional reforms of postal savings banks in this region.

Talks with officials of the Banking Commission (April, Abidjan/Côte d'Ivoire) and the head office of the CBWAS (June, Dakar/Senegal) focused on the progress achieved in restructuring savings banks, and most particularly the process to obtain banking licenses. The WSBI took this opportunity to raise the awareness of the authorities about the risks associated with the lack of a minimal supervision for savings banks in order to protect deposits taken from the public.

At the end of these discussions, it was decided to convene a high-level seminar on April 24-25, 2008 in Abidjan (Côte d'Ivoire) to assess the implementation of the recommendations of the 1994 framework seminar organised by the CBWAS on the "restructuring of savings banks and postal checking institutions".

► **Institutional development process at the centre of the discussions of the Savings Banks and Postal Checking Services of the WAMU (GCECP)**

During their 9th meeting in Abidjan (Côte d'Ivoire) in April 2007, the members of the GCECP discussed several important items related to their institutional development process and business cooperation opportunities. It was decided to officially register the GCECP as a legal body representing savings banks and postal checking institutions towards the banking sector regulatory and supervisory authorities and other relevant regional institutions.

The members of the GCECP called upon the Central Bank of West African States to open accounts in its books for savings banks and postal checking institutions in order to allow them fully participate in regional payment systems. They reaffirm their commitment to pursue and complete the opening of correspondent accounts between them to enhance business cooperation including channeling remittances flows.

9TH WEST AFRICAN MONETARY UNION (WAMU) SUBGROUP OF SAVINGS BANKS AND POSTAL CHECKING SERVICES

Chair: Diogal Pouye (Postefinances – Senegal)
Time/Place: 12-13 April 2007, Abidjan, Côte d'Ivoire
Host: Caisse Nationale des Caisses d'Epargne (Côte d'Ivoire)
Participation: 5 member institutions from 5 countries (La Société des Postes (Benin), CNCE (Côte d'Ivoire), BHM (Mali), Postefinances (Senegal), CET (Togo))

► **Postal Savings Banks Forum highlights the challenges and opportunities of diversification**

The theme of the 10th WSBI Postal Savings Banks Forum, held in November 2007, *“An Era of Diversification - Impact, opportunities and challenges for postal savings banks”* provided the participants with an excellent opportunity to exchange views and share experiences. As it is the case for all market players in the banking sector, postal savings banks have embarked in an era of diversification, influencing their institutional, business, strategic and customer environment. There are both opportunities and challenges behind these changes and the Forum explored the impact of the evolving market context on postal savings banks worldwide, and identified ways and means to adapt at strategic and operational level:

- Diversification was welcomed as a driving force for the evolution and the modernisation of the savings banks' model. The ongoing restructuring process must however reconcile the increased efficiency required and the improvement of the level of access to finance on a more sustainable basis.
- Cross-selling was identified as a promising diversification strategy to better serve the clients' evolving needs. In this regard, remittances were described as the 1st exposure to formal banking services, which provide opportunities to give access to a more adapted and sophisticated offer to migrants and their families.
- Customer Relationship Management (CRM) was finally defined as a key factor in making diversification a success. Postal savings banks agreed that a change of mindset was critical to strengthen customer relationship and improve clients' retention, which is in line with their mission of providing accessible financial services to the general public.

10TH WSBI POSTAL SAVINGS BANKS FORUM

Chair:	Totsie Memela-Khambula, South Africa Post Office Savings Bank
Time/Place:	19/20 November 2007, Brussels
Theme:	An Era of Diversification – Impact, opportunities and challenges for postal savings banks
Participation:	representatives of postal operators and postal (savings banks) from 13 countries: Comoros, Czech Republic, Gabon, Korea, Madagascar, Mongolia, Romania, Senegal, South Africa, Sri Lanka, Tanzania and Tunisia.





POSITIONING OF MEMBERS AS ONE CSR SPECIFIC BENCHMARK

Corporate Social Responsibility (CSR) is commonly understood as the business contribution to sustainable development, and covers companies' active participation in different fields: human rights, human resources, relations with clients, suppliers and other stakeholders, corporate governance, environment and contribution to community and society. It is increasingly viewed, on all markets and across all business sectors, as a strategic issue to ensure the development of a sustainable world, and to enhance business competitiveness. It is high on the policy lists of a number of international organisations, who seek to increase businesses' awareness and involvement.

► Promotion of members' CSR experiences

The efforts to give more visibility to members' CSR projects were pursued in 2007 through:

- the publication of an updated WSBI CSR Report "*Savings banks' socially responsible activities, a wealth of experience*" in September 2007¹³. It presents case studies from members from 21 countries, and illustrates the diversity and wide-range of CSR policies and projects launched by savings banks across the world. It proved an excellent tool to give examples of concrete actions in which members are involved and was widely disseminated to a number of stakeholders and policy-makers. A similar ESG report was released, focusing on European members¹⁴;
- the revamp of the WSBI CSR dedicated webpages¹⁵, as part of the general re-organisation of the WSBI/ESBG website;
- the publication of a one page article dedicated to members' CSR strategy and experiences in each edition of the WSBI/ESBG newsletter *News & Views*. In 2007, the CSR activities of Caixa Economica Federal (Brasil), CECA (Spain), National Bank of Development (Egypt), Erste Bank (Austria) were on the spotlight.

► Focus on financial education

Financial education is an issue of concerns on all retail banking markets. In developing countries, the level of bancarisation, although growing, remains quite low, some of the reasons being a lack of information and education on money issues and reservations vis-à-vis the formal banking sector, as evidenced by the 2006 WSBI Study on Access to finance¹⁶. But improving people's financial capabilities is also an issue in more mature markets, where consumers are over-solicited by commercial offers and are somehow lost when it comes to making decisions and choices on financial products and services.

13 WSBI CSR Report: [http://www.wsbi.org/uploadedFiles/Publications_and_Research_\(WSBI_only\)/WSBICSRreport%20%202007%20screen%20view.pdf](http://www.wsbi.org/uploadedFiles/Publications_and_Research_(WSBI_only)/WSBICSRreport%20%202007%20screen%20view.pdf)

14 ESG report: http://www.wsbi.org/uploadedFiles/ESBG/CSR_Activities/study%20esbg%20november%202007screenview.pdf

15 <http://www.wsbi.org/template/event.aspx?id=2246>

16 WSBI Perspectives 49, available at: [www.wsbi.org/uploadedFiles/Publications_and_Research_\(ESBG_only\)/Perspectives%2049.pdf](http://www.wsbi.org/uploadedFiles/Publications_and_Research_(ESBG_only)/Perspectives%2049.pdf)

Financial education is a key field of WSBI members' contribution to society and interaction with stakeholders. On all continents, savings banks play a key role in educating people on finance and budget, far beyond the scope of their clientele. They are motivated by the strong belief that these initiatives contribute to preventing social and economic exclusion and that citizens with a better knowledge of financial issues are able to make informed choices.

WSBI therefore decided to focus on this topic in 2007/2008. In September 2007, it developed a dedicated brochure presenting WSBI members' initiatives in 14 countries¹⁷, targeting all kinds of public – households/families, employees, children, older people, low-income part of the population, socially excluded etc – and covering all types of issues – budget planning, personal finance management, use of payment instruments, borrowing, savings, investment and pensions etc. On the basis of this document, a dialogue was opened with a number of institutions, either specifically interested in schemes to improve financial skills (European Commission, European Parliament, OECD etc) or involved in more general debates, of which financial education is a key aspect, such as the enlargement of access to finance, the fight against social exclusion or overindebtedness (World Council of Credit Unions, UN, CGAP/World Bank etc).

Besides, WSBI has pursued its cooperation with *Aflatoun*, a network of partner organisations working throughout the world to provide children with social and financial education. The ultimate objective is to empower children and, in the long run, to contribute to the eradication of poverty¹⁸. *Aflatoun* was interested to seek opportunities for partnership with WSBI members at national level, to deposit the savings collected by children. A successful relationship has developed with WSBI member in Uganda, PostBank Limited and discussions are ongoing to develop similar relationship with members in Latin America, Asia and Africa.

► Renewed commitment to the United Nations Global Compact

In January 2007, new United Nations Secretary-General Ban Ki-moon committed to carry forward the UN Global Compact, to which WSBI is a signatory¹⁹. He took part to the Global Compact Leaders Summit in July 2007²⁰, a major event which focused on the business sustainability agenda and gathered over 1000 chief executive officers, government ministers, heads of civil society and labour organizations from all over the world, including WSBI representatives. It provided a platform for leaders from all sectors to work collectively to ensure that globalization delivers the widest possible benefits to all. This high-level meeting was an opportunity for WSBI to have a brief encounter with Mr. Ban Ki-moon and to confirm the commitment of WSBI members to delivering economic and social benefits to people, communities and markets everywhere.



17 [http://www.wsbi.org/uploadedFiles/Publications_and_Research_\(WSBI_only\)/financialeducation%20wsbi%20screen.pdf](http://www.wsbi.org/uploadedFiles/Publications_and_Research_(WSBI_only)/financialeducation%20wsbi%20screen.pdf)

18 www.aflatoun.org

19 <http://www.unglobalcompact.org/>

20 <http://www.globalcompactsummit.org/>

WSBI signed the Geneva Declaration, issued at the occasion of the Summit, which spells out concrete actions for business, governments and United Nations Global Compact participants. The Geneva Declaration expresses the belief that "*globalization, if rooted in universal principles, has the power to improve our world fundamentally – delivering economic and social benefits to people, communities and markets everywhere*"²¹.

With a view to raise awareness of members on UN Global Compact related commitments and expectations, Georg Kell, Executive Head of the Global Compact was interviewed in the July 2007 edition of *News & Views*²². Besides, the UN Global Compact and its Principles were presented to the April 2007 WSBI Latin America Regional Group.

Finally, in December 2007 WSBI published an article on its members' commitment to economy and society in the Global Compact publication *Global Compact Quarterly*²³, mentioning examples from a number of members, also signatories of the UN Global Compact Principles on an individual basis (Swedbank, Caixa Economica Federal/Brazil, BancoEstado/Chile, Groupe Caisse d'Epargne/France, some Spanish Cajas).

► Contribution to CSR policy dialogue

The profile of WSBI and its members with international institutions and stakeholders was further raised through:

- contributions to the development of environment and social reporting indicators for financial services institutions by the United Nations Environment Programme-Financial Institutions/Global Reporting Initiative (UNEP-FI/GRI). GRI has developed general indicators for the reporting of companies' CSR performance. It has partnered with UNEP-FI to develop specific indicators for the financial sector, and has launched a pilot phase to test the proposals. WSBI took part to two rounds of consultation in June and December 2007 and specifically highlighted the need to community investment.
- the development of contacts with the International Organisation for Standardisation (ISO) which is in the process of developing a standard/guidance on Social Responsibility. WSBI will seat in the drafting Group as a Liaison organisation.

21 http://www.unglobalcompact.org/docs/summit2007/GENEVA_DECLARATION.pdf

22 <http://www.wsbi.org/uploadedFiles/NewsViews/GBjulynewsletter%20for%20screenview.pdf>

23 <http://www.enewsbuilder.net/globalcompact/index000225538.cfm>



▶ Transfer of know-how
between members



The promotion and facilitation of cross-border business cooperation projects between its members is one of the strategic priorities of WSBI. The objective is to capitalise on the local strength, similar business approach and global outreach represented by the some 2,200 savings and retail banks with 193,300 outlets world wide, which constitute the membership of WSBI.

The approach is to identify some potential business cooperation projects in a small group of top managers, which are opened up to all interested members once they have been ratified by the WSBI decision-making bodies. Business cooperation is also interpreted in a broader sense to include exchanges of information and best practice between members in a wide range of business related topics.

THE INTERNATIONAL BUSINESS NETWORK

The International Business Network (IBN) is one of the most recent business cooperation projects to have emerged at European level and it is now planned to expand its geographical coverage to include some WSBI members outside of Europe.

The IBN was launched in 2007 in order to facilitate the cross-border activities of the small and medium-sized enterprise (SMEs) customers of ESBG member banks as well as their private customers, who wish to enter into a banking relationship with partners abroad.

The *SME service* is targeted at account managers so that they can provide an end-to-end account opening solution for their SME customers in a partner bank in another country. The main focus is to provide quick and easy access to reliable and useful information on an Intranet platform concerning account opening conditions and the timeframe required to open an account in the various participating banks and countries. This Intranet service is backed up by a network of contact persons, who can provide a tailor-made service for account opening and the establishment of related banking services in the bank of choice. The language of the IBN service offer presented on the site is English with links back to the websites of the participating banks.

It has now been decided to expand the International Business Network to include a service for private customers, which was developed over the course of 2007. The nucleus of the IBN *Private Customer Service* is to provide quick and easy access to information on requirements for opening an account abroad as well as the possibility to arrange an account opening appointment in a participating bank in the country of choice.

The IBN private service will be launched as a pilot project in Europe during the course of 2008. It will be available to the general public and accessible on the Internet site: www.bankservicesinternational.com.

Customers of WSBI savings banks can avail of this service either online or via their account manager, who can also provide them with such value-added services as a referral letter. This should facilitate quick and easy access to credit and finance facilities in the partner bank.

The International Business Network is a prime example of a service that can be offered by WSBI members to smooth the way for persons and SMEs, who wish to enter into a banking relationship with partners abroad, thanks to the local strength, similar business approach and global outreach represented by the WSBI membership.



▶ Training and consultancy





▶ TRAINING	33
▶ CONSULTANCY SERVICES	37
▶ OVERVIEW	39



With effect from 1 February 2008, the former Training and Consultancy Departments of WSBI-ESBG have merged into a single combined unit. This step is a response partly to how WSBI members' training and consultancy needs have evolved in recent years, and also in recognition that consultancy projects nowadays usually are no longer restricted just to the provision of advice on professional banking matters, but also frequently include components aimed at bringing bank staff to agreed standards of proficiency through a variety of training methodologies.

It is also planned that the activity should evolve beyond providing training and assistance only in developing and transition countries, and will explore as well how the services may be adapted to meet the needs of WSBI-ESBG members in advanced economies. Training and consultancy offered to regulatory and supervisory authorities will continue, as will delivery of sector-wide programmes and projects, and feasibility and policy formation studies on behalf of the multilateral community where appropriate.



TRAINING

WSBI Member banks' main objectives are to increase revenues, reduce costs and increase customer satisfaction. In these respects, banks seek both to change their ways of working and their culture in order to achieve higher performance levels. These aims provide considerable grounds for training, and it is anticipated that demand from members should be sustained in 2008.

An overview

Training seminars have been provided to WSBI member since the mid-1990s, tailor made to their evolving needs. Over the years the number of events, topics and methodologies has increased in order to respond more closely to member' needs, with the objective to prepare them to become ever more competitive retail banks. Today, we are able to offer training in more than 20 topics. Training seminars are also an opportunity for exchanging best practices between banks that have gone through similar experiences over the recent past and that share similar values in terms of access to finance.

CLIENT STORY

Postbank Uganda



The bank has the specific mission to provide financial services (savings, loans and payments) to low and middle income segments in urban and rural areas. This role is part of the government's plan for reducing poverty through the facilitation of access to finance to micro-entrepreneurs and rural farmers in remote parts of the country. Considering the challenge generated by high competition, the bank needed increased capacity building in order to improve its competences and management skills, especially in branch

management as well as in risk management so as to better address the needs of low income earners.

The reactions of the trainees were very positive: "The 20 day program on branch management was a "great learning experience on the whole. We have learnt the need to refocus our attention on the customer; customer relationship management is a must in order to achieve high business volumes. There is need for us to be more cautious of the risks involved in all our activities; both operational and credit risk, we need to identify them, try to avoid them and also effectively manage them when they occur. More importantly, there is need to focus more on branch profitability above other things by aligning marketing expenses to revenues accruing from particular products. Much of this can also be achieved through team work, because as a team, our goals are ultimately the same and together we can achieve much more.

For continuity purposes, we request a Training of Trainers course through our trainers at the World Savings Bank Institute to enable us transfer effectively the very same knowledge that we have acquired to the rest of the bank staff. This will go a long way in improving all PostBank operations and we will be in position to meet our goals and objectives in an effective manner."

Taking stock of 2007

Taking into account the regional profile of member banks and their objectives to improve services at branch level, the focus of 2007 was to target branch managers and offer training contents addressing technical and human aspects. Accordingly, our training activity was enriched in 2007 with a new 20 day program on Branch Management for directors of branches and head office department heads. 30 executives from Postbank Uganda have benefited from this program, which includes five modules on marketing, risk management, financing microfinance institutions, management simulation and leadership. In addition to this new program, the calendar of activities included a range of diversified training courses- regional and national - for members in Africa, Asia, Latin America and new European member states. As a consequence, training activity in 2007 reached figures never attained previously in terms of training days, numbers of attendees and geographical outreach.

Prospects for 2008

Building on the above, we aim to extend the number of participants in Branch Management courses. A new challenge for WSBI-ESBG will be to provide training services to member banks that are already operating as fully fledged retail banks in emerging countries, taking full advantage of our network of international experts and experience. Therefore, WSBI-ESBG will investigate and propose new areas for training including in specific topics regulated at European and international levels where WSBI-ESBG has in-depth knowledge, e.g. Anti-Money Laundering, payments and remittances. At the same time, we will continue to enrich our range of services in key operational banking disciplines related to industrialization, customer culture, performance management, as well as areas directly linked to savings and retail banks' values such as corporate social responsibility, and topical subjects covering the environment and ethical products.

WSBI-ESBG is working in close partnership with its Member Banks and creates demand-driven programs that meet their specific training requirements. In ongoing dialogue, we adapt all course curricula and training methodologies without losing sight of the international context and the values and culture of savings and retail banks.

“Training activity in 2007 reached figures never attained before in terms of training days, number of participants and geographical outreach.”



CLIENT STORY

ESBG Consultancy finalises a project for Postbank, a member of the South African Post Office (SAPO) group.

The study was commissioned to assist SAPO in designing an appropriate regulatory framework to govern the activities of Postbank as it establishes itself as a distinct corporate entity and consequently enters into the arena of regulated financial institutions. We asked Ms. Totsie Memela-Khambula, Managing Director of Postbank why she commissioned the study.



▲ Totsie Memela-Khambula

Totsie Memela-Khambula: The new board of SAPO is aware of the changing legal and business context in our country which will impact on the corporatisation of Postbank, but also sees perspectives and opportunities in the international landscape. The board wanted to do a regulatory benchmarking of the Top 10 comparable institutions and wanted to know how this institutions were regulated once they were corporatised/privatised, taking into account the corporatisation of Postbank.

So why did you think of ESBG to do this consultancy mission?

From the beginning, we wanted to work with a specialised consultancy, that does not have a “one size fits all approach” but endeavours to deliver tailored work for its clients. And ESBG Consultancy, thanks to the efforts that have been done by its parent organisations ESBG and WSBI in the field of postal savings banks and postal institutions, has acquired a very extensive and specific knowledge. This was very important to us.

How do you evaluate the work of ESBG Consultancy?

They did good research and approached a wide range of stakeholders: the South African Reserve Bank, National Treasury, Ministry of Communications, and Postbank committee (subcommittee of the SAPO board). The experts were very business minded and came up with some very good practical guidelines, which we will now sell to our stakeholders. Overall, I would certainly recommend ESBG consultancy services, because of their particular understanding of our situation “in the field”.



CONSULTANCY SERVICES

In 2007, volume growth was the order of the day, focusing closely on WSBI member needs or the financial sectors in which they operate. Based on our close relationships with our members and with the multilateral community, the added value we deliver to WSBI members should continue to increase during 2008.

An overview

WSBI-ESBG has been active in consultancy since the early 1990s when the European Commission launched the Tacis programme, which benefited – amongst others – WSBI member banks in the former Soviet Union. Since then, consultancy has developed and evolved into one of WSBI-ESBG's core activities. More than 50 contracts have been delivered worldwide covering about 70 countries. Through the participation of ESBG members in delivering contracts, it has also been successful as one of the most consistently active forms of business cooperation with and between member banks, and has contributed significantly to increasing the visibility of members' business models towards external stakeholders.

Background to 2007

Despite continuing political instability in some parts of the world, developing and emerging markets have increased their contribution to global economic growth, although the G8 continues to cite Africa as the major development challenge. Global integration is entering a new phase, with global trade growing faster. WTO membership is expanding, which increases the need for banking sectors to become more sophisticated. Brazil, Russia, India and China (the 'BRIC' countries) continue to increase their global influence, and their banking sectors are developing even faster than had been forecast. Expansion of the Eurozone to the newer EU accession countries has commenced, and discussions have started relating to convergence of currencies within East Africa and Asia. These broad evolutions create the sort of environments in which regulatory and banking sector projects are initiated that have a direct or indirect impact on existing or potential WSBI member banks. Our project portfolio in Africa is increasing. We have performed a large project in China that followed its accession to WTO. We are active in Russia, have started to break into Latin America and are following opportunities in India. And we have established a sound track record in payment systems projects. Accordingly, WSBI-ESBG continues to adapt to the market environment in which our members operate.



Taking stock of 2007

ESBG Consultancy Services won 10 new contracts in 2007, as well as continuing the delivery of existing contracts. Contracts were undertaken during the year in Angola, Azerbaijan, China, Egypt, El Salvador, Kyrgistan, Mongolia, Pakistan, Russia, South Africa, Sudan, Syria, Vanuatu, and Vietnam. Additionally, an EU funded study relating to financial literacy was performed, a study of WSBI members in India, Mexico, Tanzania, and Thailand was undertaken on behalf of CGAP, and ESBG continued as framework contractors for the EU, the EBRD and the FIRST Initiative (multi-donor supported).

The types of project performed ranged across access to finance, institutional and financial sector governance and reform, and the introduction of bank regulations for non-bank financial institutions. A relatively new field in which WSBI-ESBG has entered is payment systems reform. And consultancy projects also include training components for member banks and central banks on topics such as bank supervision, IFRS, Basel II, bank marketing and other bank management skills. During the year, we have also assisted one WSBI member with its IT strategy development. The majority of contracts performed are supported by the multilateral community, but it is also encouraging to see a growing trend of banks (including WSBI members) in emerging markets seeking to meet their consultancy needs without the support of external donors.

“WSBI-ESBG has identified an increased pipeline of opportunities that directly or indirectly benefit WSBI members worldwide.”

Prospects for 2008

As a consequence of the close relations maintained with the multilateral community, WSBI-ESBG has identified an increased pipeline of opportunities that directly or indirectly benefit WSBI members worldwide. These include regulatory, institution building and other organisational and operational initiatives in which WSBI-ESBG has a long track record, and also involves new fields coming on stream that impact banks relating to, e.g., implementation of environmental directives, project financing relating to energy efficiency, trade finance, and other relatively new areas. Further, it is intended during the coming year to build on the approaches received from WSBI members in emerging markets during 2007 that wish to initiate their own projects without the need for external support.

WSBI-ESBG differs from other advisory firms in the market in that we are not management consultants; we are bankers helping bankers, drawing on the intellectual capital of a unique worldwide network of banks. As such, we not only offer technical knowledge based on our international experience, but we and our experts are also grounded in the philosophy and culture of our consultancy clients.



OVERVIEW

The following table gives an overview of training and consultancy projects managed during 2007:

Training projects

- ▶ 18-19 January 2007 ▶ Bangkok, Thailand
Government Savings Bank of Thailand (GSB)
Workshop ▶ **Marketing Policies**
- ▶ 11-13 April 2007 ▶ Dakar, Senegal
PosteFinances
Workshop ▶ **Commercial Management**
- ▶ 13-14 June 2007 ▶ Dakar, Senegal
African Regional Members
Seminar ▶ **The use of Plastic Money**
- ▶ 04-29 June 2007 ▶ Brussels, Belgium
Postbank Uganda (First group of 15 people)
Scholarship ▶ **Branch Management Course**
- ▶ 02-06 July 2007 ▶ Brussels, Belgium
WSBI members in Central and Eastern Europe
SIM ▶ **Bank Management Simulation**
- ▶ 23-25 July 2007 ▶ Nairobi, Kenya
ASBEA
Seminar ▶ **Entrepreneurial Branch Management**
- ▶ 01-26 October 2007 ▶ Brussels, Belgium
Postbank Uganda (2nd Group of 15 people)
Scholarship ▶ **Branch Management Course**
- ▶ 14-16 November 2007 ▶ Nairobi, Kenya
Kenya Postbank
Workshop ▶ **Entrepreneurial Branch Management**
- ▶ 21-23 November 2007 ▶ Abidjan, Ivory Coast
Savings Bank
Workshop ▶ **Commercial Management**



WSBI / ESG Financial Sector Development Project Selected Experience

- ▶ 2008-2010 ▶ Vietnam
SECO (Switzerland)
Training and Capacity Building Programme to the Banking Universities.
Development and delivery of specialised short term bank training programmes to Lecturers of the Banking Academy in Hanoi and the Banking University in Ho Chi Minh City.
- ▶ 2007-2008 ▶ Azerbaijan
World Bank
Advisory Services for detailed assessment of national Payment System Architecture and preparation of Strategic Plan for next 3 years for continuation of reform in payment system.
- ▶ 2007-2008 ▶ El Salvador
Delivery of Training to the Financial Institutions associated to FEDECRÉDITO in 'Recovery and Coverage', Marketing of Savings Products, ' Microcredits and Credits for SMEs' and in the 'Qualification of Credit Applicants'
- ▶ 2007-2008 ▶ Angola
FIRST Initiative (World Bank)
Development of NBFI Regulatory and Supervisory Frameworks in line with international standards in order to promote the development of the Non-Bank Financial Institutions sector in a diverse, modern, safe and sound manner.
- ▶ 2007-2008 ▶ Syria
EuropeAid
Management Skill Development Training Programme for the Banking Sector, improving the institutional capacity by developing skills of staff and management of Central Bank of Syria and the 6 state-owned banks through building of managerial knowledge
- ▶ 2007 ▶ Regional EU
European Commission DG Market
EU Study on Financial Literacy Schemes. Identification of schemes for financial education at ESG members, analyzing best practice.
- ▶ 2007 ▶ Pakistan
Delivery of Presentations and Training on practical implementation of Basel II to Association of Chartered Certified Accountants and State Bank of Pakistan.

- ▶ 2007 ▶ Mongolia
Diagnostic Review of IT Network Architecture, Hardware, Software Security, Safety and Integration of Databases of Savings Bank of Mongolia, followed by a report presenting findings, challenges, solutions and recommendations and budget estimates for upgrading and maintenance costs.
- ▶ 2007 ▶ South Africa
Conducting a regulatory benchmark with Postal Savings Banks at the Postbank of South Africa. Assist Postbank with developing a regulatory benchmark, based on international best practice from postal savings banks that have already been corporatised. Presentation of trends & developments in postal banking.
- ▶ 2007 ▶ Vanuatu
EuropeAid
Needs Assessment Study at Vanuatu Financial Services Commission. Identification of weaknesses in the Commission, including proposals for modernisation / improvement with a SWOT analysis and an impact assessment of proposed measures on national and regional level.
- ▶ 2006-2007 ▶ Sudan
FIRST Initiative (World Bank)
Improving Access to Finance for Farmers in the Gezira Region.
Development of a plan to improve access to finance, in conjunction with World Bank's efforts to improve agricultural productivity.
- ▶ 2007 ▶ Uganda
Belgian Technical Cooperation
Training of cadres of Uganda Post Bank, mainly in areas relevant to Microfinance; evaluation, audit, financial analysis and credit risk management, management information systems, regulation, efficiency, etc. The training took place in Brussels, Belgium





WSBI MEMBER LIST

For up-to-date contact details, please visit WSBI members at www.savings-banks-directory.com

COUNTRY	MEMBER
Africa	33 Members in 31 countries
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	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

COUNTRY	MEMBER
Asia Pacific	24 Members in 17 countries
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
Japan	Postal Savings Business Department, Financial Business Headquarters, Japan Post
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 (Korea Savings Bank, JimHeung Savings Banks, GeyongGgi Savings Bank)
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)



COUNTRY	MEMBER
Europe	34 Members in 30 countries
Austria	Österreichischer Sparkassenverband*
Azerbaijan	Kapital Bank
Bulgaria	Bulgarian Post Bank
Croatia	Hrvatska poštanska banka d.d. (HPB) (Croatia Postal Bank)*
Czech Republic	- Ceska Sporitelna AS* - Ceskoslovenska Obchodni Banka, a.s. (CSOB)
Denmark	3S Group*
Finland	Säästöpankkiliitto*
France	Groupe Caisse d'Épargne:* - Fédération Nationale des Caisses d'Épargne - Caisse Nationale des Caisses d'Épargne
Germany	Deutscher Sparkassen- und Giroverband e.V. (DSGV)*
Greece	Greek Post Office Savings Bank*
Hungary	- Országos Takarékpénztár és Kereskedelmi Bank Rt. (OTP)* - Erste Bank Hungary Rt.
Iceland	Samband Íslenskra Sparisjóða*
Ireland	An Post / Post Office Savings Bank
Italy	Associazione di Fondazioni e di Casse di Risparmio Italiane (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	Powszechna Kasa Oszczednosci Bank Polski SA*
Portugal	- Montepio* - 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 TSB Bank plc*

COUNTRY	MEMBER
The Americas	18 members in 14 countries
Argentina	Banco de la Provincia de Buenos Aires (BAPRO)
Bolivia	Unión Boliviana de Entidades Financieras Financieras de Ahorro y Préstamo para la Vivienda - UNIVIV
Brazil	Caixa Econômica Federal do Brasil
Chile	BancoEstado
Colombia	Banco BCSC
Costa Rica	Federación 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 (Fedecrédito)
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 (FEPCMAC)
United States of America	- Charter One Bank F.S.B. - Independent Community Bankers of America (ICBA) - Wachovia







WSBI – 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 banks. Founded in 1924, it represents savings and retail banks and associations thereof in 86 countries of the world (Asia-Pacific, the Americas, Africa and Europe – via the European Savings Banks Group). It works closely with international financial institutions and donor agencies and facilitates the provision of access to finance worldwide – be it in developing or developed regions.

WSBI 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 member banks have reinvested responsibly in their region for many decades and are one distinct benchmark for corporate social responsibility activities throughout Europe and the world.



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Published by WSBI. Copyright June 2008