

Regulatory Impact Assessment (RIA) A Policy Analysis Tool for Better Financial Regulation

AGENDA

Tirana
January 11-12, 2010
Venue: Association of Albania Banks

Target Audience: Delegates may have prior experience of conducting IAs or may be absolutely new to the topic. No prior knowledge of IA is assumed. There are sessions covering the basics of market failure analysis and cost benefit analysis, the core components of IA, which should allow delegates unfamiliar with IA to understand the theory behind the process. Since much of the focus of the two days is on case studies, real world examples, conveying techniques and analytical methods, and in passing on practical points, the sessions should also add value for those delegates who have experience of conducting IA in the past.

The seminar should be particularly useful for policy makers. Supervisors and regulatory lawyers may also find the sessions useful.

Seminar Objectives: As a result of the seminar, delegates should:

- have learnt how to conduct an impact assessment,
- through cases studies and practical examples gained confidence in carrying out such analysis,
- be able to make reasoned decisions of whether regulatory intervention is justified on economic grounds or not,
- have learnt techniques and analytical methods to estimate costs and benefits,
- have gained an understanding of the use of IA in Europe, and
- have learnt from the experience of IA at the UK FSA and in Europe how to develop or improve impact assessment in their organisations.

January 11, 2010

Day 1

Instructor: Mr. Qamar Zaman, *Former Senior Associate at UK's Financial Services Authority* ; E-mail: qamar.x.zaman@googlemail.com

- 09:30 – 10:00 **Welcome and introduction**
Describing the purpose of the seminar, the content that will be covered, a brief tour de table, an introduction to the use of IA in Europe and at the UK FSA, and the philosophy behind the process
- 10:00 – 11:15 **Market Failure Analysis (MFA)**
When is there an economic justification for regulatory intervention? What types of market failures are common in the financial world? Has economists' understanding of market failures changed as a result of the financial crisis?
- 11:15 – 11:30 Coffee Break
- 11:30 – 12:45 **Cost Benefit Analysis**
Are proposed regulatory interventions likely to lead to net benefits? What is the scope of costs and benefits we need to consider? What are the practical methods we can use to estimate impacts?
- 12:45 – 13:45 Lunch
- 13:45 – 15:30 **Group based case study**
Delegates will work in groups on IA case studies, and then present their results. Possible topics for case studies include: i) capital requirements for banks, and ii) short selling.
- 15:30 – 15:45 Coffee Break
- 15:45 – 16:30 **Estimation of Benefits**
Using examples drawn from banking, retail conduct of business, mortgage, and securities regulation the session will run through analytical methods that can be used for estimating benefits. The session also points out gaps in our knowledge.

January 12, 2010

Day 2

Instructor: Mr. Qamar Zaman, Former Senior Associate at UK's Financial Services Authority ; E-mail: qamar.x.zaman@gmail.com

- 09:30 – 11:15 **IA at the UK FSA – real world examples and short cases**
Possible topics for discussion include: mandating bank disclosure, self regulation of conduct of business in banking, aspects of MiFID, taping communication in securities markets, the market for investment advice, and covered bond regulation.
- 11:15 – 11:30 Coffee Break
- 11:30 – 13:00 **IA in Europe – real world examples and short cases**
Possible topics for discussion include: liquidity requirements for banks, “skin in the game” in securitisation, prudential filters, and short selling.
- 13:00 – 14:00 Lunch
- 14:00 – 15:30 **IA in Albania – Capital Adequacy Case**
The topic will draw from recent Bank of Albania prudential regulation (Capital Adequacy) and take the form of a case for all seminar participants to discuss.
- 15:30 – 15:45 Coffee Break
- 15:45 – 16:30 **Wrap up session**
Lessons and learning points. Practical experiences as an IA practitioner at the UK FSA and in Europe (CEBS)