

# Editorial

Despite the emergence of timid recovery signals, we are clearly in the midst of an unprecedented crisis, not just financial but economic, which has generated a wide ranging recession our economy will take time to overcome. Banks admittedly bear some responsibility in the crisis, and they are actively helping to minimise the consequences. Governments reacted swiftly to the crisis, as did European authorities. Now, we must look at the new landscape policy makers are shaping and how our industry will help to the best of its ability to put in place efficient rules and measures.

The new environment is an opportunity for regulators, supervisors and banks alike to shape a reinforced, more sustainable and reliable financial services industry for the future.



## EBF NEWSLETTER

The Voice of European Banks

As bankers, we are all conscious of the role we have to play: we need to re-assess our business models and to focus more closely on commercial banking activities. We have to keep risks manageable and well managed. In other words, we need to make the financial services industry more sustainable over time. Already, European banks are firmly engaged in the establishment of a better regulatory architecture. In the meantime, they have continued to play their role and still compete actively to offer good quality services, and to finance the economy through lending.

For regulators and supervisors, coordination is obviously crucial in the shaping of new measures, coordination at European level, first and foremost, but also coordination at global level if European financial services are to

play their rightful part in the global economy. Europe needs pan-European and international banks if it is to play a part in the global economic arena. Clearly, only joint efforts can avoid a return to protectionism, the very last thing we need in the current circumstances.

On the contrary, competition is vital for banks. They can only do good business in a healthy competitive environment, which is what we must strive at achieving again as soon as the economic circumstances will allow for it.

What the crisis has done is force us to find a new point of equilibrium, with different rules and regulations to manage market forces, and a better awareness of the risks. We must now build on this experience to strike the right balance in the new era we are facing.

Guido Ravoet

## From Correspondent to Associate - *An itinerary from 1993 to 2009*

### Background

In line with the EBF tradition of openness to neighbouring countries and beyond, the group of Associates has a long history. Initially known as “Correspondent” countries, the group met once a year in Brussels from 1993 onward, with the aim of being updated on community legislation and exchanging on issues of interest. The meetings naturally provided the opportunity to discuss the relevant issues, as each country strove to emulate and adopt more regulated, structured, and efficient banking systems. The year 1998 was a milestone for the “Correspondent” countries in more ways than one. In spring ’98, annual meetings became bi-annual, and for the first time the second meeting was organised in one of the “Correspondent” countries, on this occasion, Poland.

More significantly, autumn ’98 marked the onset of a new period following the Board’s decision to change the Status of Correspondent to that of Associate. This reflected the EBF’s continuing desire to improve cooperation with neighbouring banking associations in view of their potential future membership of the European Union.

Concurrently, another decision brought about the advent of the pre-Accession Committee, whose first meeting was held in Brussels on 26 November ’98. This initiative was borne out of a desire of the then six EU candidate countries (*Cyprus; Czech Republic; Estonia; Hungary; Poland; Slovenia*) to deal specifically with subjects relating to the Community legislation applicable to the banking sector. A few years later, at the turn of the new millennium, the pre-Accession Committee was subsumed into the Associates, the latter being deemed apt to represent both groups. This watershed was

defined by the 2001 “joint” Associates’ meeting.

Finally, the ’98 milestone included the EBF Executive committee granting Associate status to the Lithuanian and Latvian banking associations bringing the number at that time to 15 (*Andorra; Bulgaria; Cyprus; Czech Republic; Estonia; Hungary; Lithuania; Latvia; Malta; Poland; Romania; Russia; Slovak Republic, Slovenia and Turkey*).

### Today’s Associates

One of the key developments in the life of the Associates was the introduction of the World Bank Special Project Initiative (SPI), focusing on the modernisation of the financial sector in the form of public-private partnership within Associate countries. This prospective complements the EBF’s efforts to cooperate with the European Commission in facilitating the financial modernisation in the EU neighbouring countries. The aim of the SPI platform is to involve banking sector experts and representatives of relevant public institutions in preparing co-regulatory (and self-regulatory) solutions to the regulatory gaps that hinder the provision of banking products and services in local markets as identified by banking associations and their members. Concretely, SPI was presented at the 26<sup>th</sup> Associates’ Meeting in Albania, 2008, a country in which the SPI Platform has proved highly effective. This achievement came in the wake of the successful implementation of the SPI Platform in Romania two years previously.

In December 2008, the EBF hosted a seminar on the SPI Platform, with attendance of officials from the European Commission, European Central Bank, World Bank, European Bank for Reconstruction and Development, two

### EBF Associates:

Albania (2003)  
Andorra (1993)  
Armenia (2004)  
Azerbaijan (2008)  
Croatia (2000)  
Moldova (2008)  
Monaco (2005)  
Montenegro (2007)  
Russia (1997)  
Serbia (2008)  
Turkey (1996)  
Ukraine (2008)

professional services firms, and several Associates. And last, but not least, the *Special Project Initiative* is of high relevance to initiatives undertaken by the Commission within the framework of the European Neighbourhood Policy, developed in 2004 to avoid the emergence of new dividing lines between the enlarged EU and its neighbours, and to strengthen the prosperity, stability and security of all concerned. The Commission works in cooperation with the International Financial Institutions (IFIs), and the EBF strongly supports such EU and IFI initiatives:

- **The Joint IFI Action Plan** - in support of the banking systems and lending to the real economy in Central and Eastern European - was launched this year by the European Bank for Reconstruction and Development (EBRD), the European Investment Bank Group (EIB and EIF), and World Bank Group (IBRD, IFC, and MIGA);

- **The Western Balkans Investment Framework**, aimed at enhancing harmonisation and co-operation in investments for socio-economic development in the region, was proposed by the Commission, European Investment Bank (EIB), the European Bank for Reconstruction and

Development (EBRD), and the Council of Europe Development last year, and welcomed by the Council in May 2008;

- **The Eastern Partnership**, created in 2008 to speed up political and economic association between the EU and the six former Soviet republics (*Moldova, Belarus, Ukraine, Georgia, Armenia and Azerbaijan*), reflects the EU’s effort to stabilise, democratise, and develop its Eastern border.

### Looking Forward

EBF Associate membership can be extended to any member of the Council of Europe that fulfils the criteria outlined in the EBF articles of association. The EBF is delighted to acknowledge the application of the Banks’ Association of Bosnia and Herzegovina as a prospective 13<sup>th</sup> Association Member.

In May 2010, directly following the Associates’ meeting in Baku, Azerbaijan, a conference related to the banks’ recovery from the crisis will take place. The conference will be organised by the EBF and Azerbaijan Banks’ Association. Details will appear in due course on the EBF’s public website.

Alison Bell

## A first for the EBF Export Credit Working Group

Following the 17<sup>th</sup> Meeting, on 17 November last year, Henri d’Ambrières (*Global Head of Origination, Export & Trade Finance, Calyon*) was appointed Chair of the EBF Export Credit Working Group, the first non-EBF Secretariat Chair since the Working Group’s creation in 1993. The origins

of the Group lay in the desire to examine the European Commission’s proposals, establishing the framework for harmonisation of conditions for export credit insurance, supported by Member State governments. As a result, the Working Group on Medium and Long-term Export Credit Insurance became a reality at the Executive Committee meeting, held in Lisbon in ’93.

One of the key roles of the EBF’s Working Group, in collaboration with the Organisation of European Cooperation and Development’s (OECD) Business and Industry Advisory Council (BIAC), is that of a stakeholder regularly consulted by the OECD Working Party on Export Credits and Credit Guarantees. The main subject discussed is the OECD Arrangement - a “gentleman’s agreement” which sets guidelines for official support for export credits – and other OECD accords affecting export credits. In June 2006, the revised text of the Recommendation on export credits and the environment was agreed (available on the OECD website). The EBF participated in stakeholder consultations throughout the review. During the last quarter of 2007, the EBF began a successful campaign of lobbying to bring about changes to a draft proposal from the Commission’s DG Competition which suggested that EU State aid rules should apply to medium and long term export credit guarantees. More recently, the Working Group provided advice about the effect of the financial crisis on export finance and proposed that some of the terms of the OECD Arrangement be temporarily modified to facilitate financing. Since then, the OECD participants have introduced some such changes to the terms of the Arrangement, and OECD members have made a commitment to monitor and support international export financing.

The Export Credit Working Group has continued to meet on a yearly basis, and under the impetus of the new Chair, it continues to strengthen its links with the Commission and the OECD and to reinforce its role in diverse and ever evolving issues.



Henri d’Ambrières  
Chair of EBF Export Credit Working Group