



# FINANCIAL SECTOR MODERNIZATION

## SPI PLATFORM SUPPORT

**Presentation to Armenian financial community**  
by Ramona Bratu, SPI Regional Operations Director, World Bank's  
Convergence Program  
Yerevan, April 13 – 17, 2009



# Foreword

*This presentation illustrates how to launch and run a sustainable SPI Platform to support a large financial sector modernization program.*

*It is based on the Convergence Program's experience with SPI Romania and Albania (SPI stands for Special Projects Initiative <sup>1/</sup>).*

*It is my hope that this presentation will help promoters of this concept in other parts of the world design the governance and work methods of this innovative public-private partnership.*

*This partnership, which brings together the experience and knowledge of what is desirable and feasible from both a policy and a business perspective, can be a powerful engine to promote financial sector modernization.*

- Luigi Passamonti  
Founder and Head  
Convergence Program  
The World Bank



# SPI Platform – a Convergence Program’s Product

Launched in July 2005 by the World Bank with support from Italy’s Ministry of Economy and Finance, the Convergence Program promotes public-private financial sector modernization in South-East Europe.

Under a “BOT” concept (Build-Operate-Transfer), the Convergence Program helps authorities and market participants set up a partnership (SPI Platform) that strengthens a country institutional infrastructure with incentives and skills (analytical, consultative and implementation) that support large-scale financial sector modernization programs using EU Better Regulation methodology.

The SPI Platform is a key financial sector modernization hub, coordinating local and international players.

The Convergence Program mandate is over when local stakeholders are ready to take operational and financial responsibility for the SPI Platform—typically after two years.

# Financial Modernisation

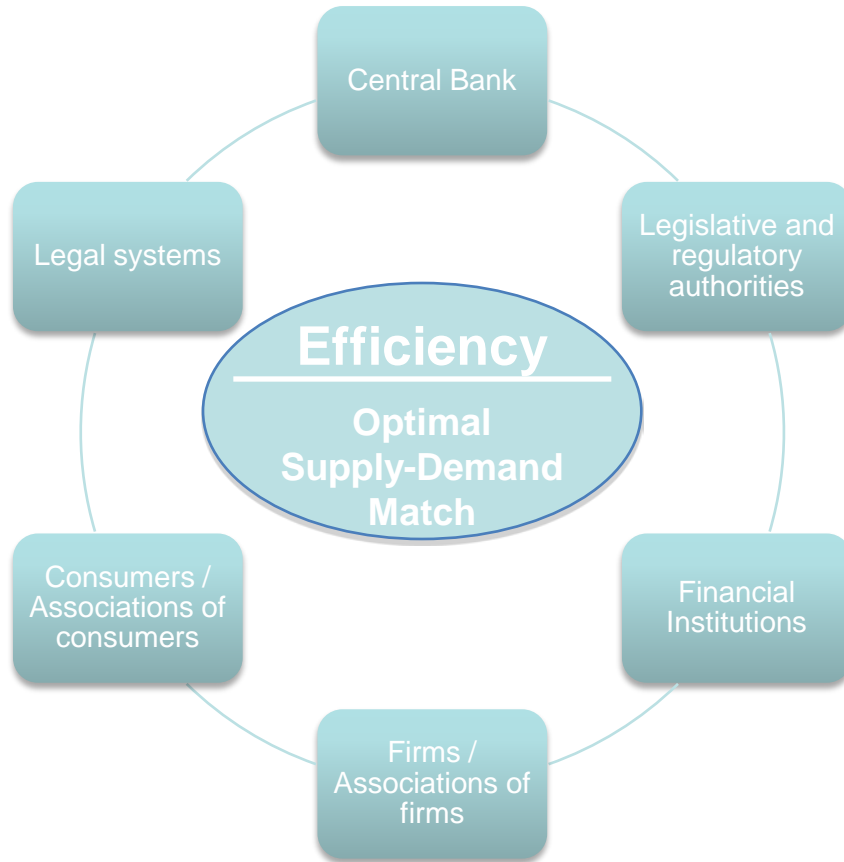
*“Financial modernisation refers to the process of financial innovation and organizational improvements that **make the financial system more efficient** by overcoming a number of frictions such as asymmetric information, incompleteness of markets, limited opportunities for agents to engage in financial transactions through contracts, high transaction costs and limited competition.”*

-Gertrude Tumpel-Gugerell, European Central Bank Executive Board Member, July 2006 speech

# Financial Stability and Financial Efficiency

## Financial Stability Governance, Risk Management, Capital and Liquidity

Financial  
markets  
authorities



Central  
Bank

# Financial Modernisation Challenges

## Illustrative Comparative Dimensions

### Financial Stability

- Authority vested in a small number of institutions
- “Risk prevention” focus
- Codified best practice (international standards & codes)
- “Super-equivalency” approach
- Regulation and supervision mutually reinforcing
- “Better Regulation” creates more accountability
- Core sovereignty responsibility

### Financial Efficiency

- Authority dispersed across many institutions
- “Enabling” focus
- No established conceptual framework
- Close institutional coordination
- Limited implementation monitoring feedback
- “Better Regulation” not sufficient to capture efficiency gains
- Users’ bottom-up advocacy needed

# How to Increase Financial Sector Efficiency?

**Financial efficiency is the condition under which resources available in a financial system are allocated towards the most valuable investment opportunities at the lowest possible costs.**

## Sources of inefficiency<sup>1/</sup>

| Informational asymmetries   | Incompleteness of markets   | Lack of opportunities of engaging in fin. transactions  | Transaction costs   | Lack of competition  |
|---|---|---|---|--|
| The different amount of information available to agents (banks and clients) leads to inefficient transactions (both in prices and quantities) | The lack of suitable products and services prevents banks and potential clients from engaging in financial transactions | Legal system inefficiencies, the lack of banking skills, or of financial education of both consumers and firms prevents banks and potential clients from engaging in financial transactions | Stamp duties, registry taxes and other administrative costs may alter the prices of financial services and products, thus leading to inefficient transactions (both in prices and quantities) | Market power may lead to high prices and low traded quantities |

## Illustrative sources of efficiency gains

|  |   |   |   |  |
|--|---|---|---|--|
| <ul style="list-style-type: none"> <li>• Increase of firms' financial statement transparency</li> <li>• Increase of credit history disclosure</li> <li>• Provision of collaterals</li> </ul> | <ul style="list-style-type: none"> <li>• Increase of the number of financial markets</li> </ul> | <ul style="list-style-type: none"> <li>• Modernization of legal systems / procedures</li> <li>• Improvement of financial market responsiveness to real economy needs</li> <li>• Increase of market participants' information</li> </ul> | <ul style="list-style-type: none"> <li>• Increase of payment / settlement systems' efficiency</li> <li>• Reduction of administrative costs</li> <li>• Increase of on-line banking services</li> </ul> | <ul style="list-style-type: none"> <li>• Modernization of antitrust regulation</li> <li>• Antitrust supervision</li> </ul> |
|--|---|---|---|--|

## Illustrative (better) market outcomes

|   |   |  |  |  |
|---|---|--|--|--|
| <ul style="list-style-type: none"> <li>• <b>More lending to SMEs</b></li> </ul> | <ul style="list-style-type: none"> <li>• <b>More financial products available to exporting firms</b></li> </ul> | <ul style="list-style-type: none"> <li>• <b>More mortgage lending</b></li> </ul> | <ul style="list-style-type: none"> <li>• <b>Enlargement of banks' client base</b></li> </ul> | <ul style="list-style-type: none"> <li>• <b>More customer oriented pricing policies</b></li> </ul> |
|---|---|--|--|--|

# SPI Partnership (1)

- SPI Partnership – a public-private cooperation commitment for identifying commonly agreed solutions for financial sector modernization.
- SPI Partners
  - Central Bank
  - Banking Association
  - Ministry of Finance
  - Consumer Protection Agency
  - Financial Market Authority
  - [SPI Technical Partner]
- SPI Committee – top level representatives of SPI Partners ensuring the partnership's management



# SPI Partnership (2)



Public institutions: human resources, data, institutional strengths

Private institutions: human resources, data, funds, international expertise

SPI technical partner: human resources, funds, international expertise,  
institutional strengths

# SPI Partnership (3)

- Local partners' main responsibilities:
  - Partial costs of SPI Secretariat activities (banking association);
  - SPI projects proposals and leadership;
  - members to all PWGs;
  - access to data;
  - empowering their representatives in SPI Committee to endorse SPI documents;
  - actions for enactment of regulatory proposals endorsed by SPI Committee.

# SPI Partnership (4)

- SPI Technical Partner
  - Non-voting member of SPI Committee
  - Main responsibilities:
    - Recruits SPI Secretariat staff;
    - Develops operating procedures in line with EU Better Regulation guidelines;
    - Under time-bound contract it manages day-to-day activities of SPI Secretariat;
    - Formulates proposals on projects to be undertaken based on international experience;
    - Mobilizes international expertise to support PWG work;
    - Supports SPI institutional development.

# SPI Romania Partners

- **National Bank of Romania**
- **National Authority for Consumers Protection**
- **Ministry of Economy and Finance**
- **Ministry of Agriculture and Rural Development**
- **Ministry of Interior and Administration Reform**
- **Anti-Money Laundering Office**
- **TransFonD**
- **Credit Bureau**
- **National Authority for the Supervision of Personal Data Processing**
- **Rural Credit Guarantee Fund**
- **Grading Commission for Comestible Seeds**
- **Romanian Commodities Exchange**
- **Romanian Stock Exchange**
- **National Securities Comission**
- **The National Association for Consumers' Protection and Promotion of Programs and Strategies from Romania**
- **Italian Banking Association**
- **OECD**
- **International Finance Corporation**
- **World Bank**
- **Romanian Banking Association**
- **Raiffeisen Bank**
- **Raiffeisen Banca pentru Locuințe**
- **OTP Bank**
- **Banc Post**
- **CEC**
- **BCR**
- **Alpha Bank**
- **BRD-GSG**
- **UniCredit Țiriac Bank**
- **RIB Romanian International Bank**
- **Credit Europe Bank**
- **ING Romania**
- **Citibank**
- **ABN AMRO**
- **ATE Bank Romania**
- **Coface Romania**
- **Cargill**
- **KPMG**
- **Deloitte**
- **Clifford Chance**
- **Algitmics**
- **Bearing Point**
- **Financial Ombudsman Service, UK**
- **Goodwood Financial Consulting**

# SPI Albania Partners

- **Bank of Albania**
- Ministry of Finance
- Ministry of Economy, Trade and Energy
- Financial Supervisory Authority
- Ministry of Justice
- EURALIUS
- National Accounting Council
- European Bank for Reconstruction and Development
- International Finance Corporation
- Council of Ministers (Donors' Coordination Unit)
- KPMG
- Price Waterhouse Coopers
- Deloitte
- Ernst & Young
- **Albanian Association of Banks**
- Alpha Bank
- Banka Popullore
- Credins Bank
- Credit Bank of Albania
- Emporiki Bank
- First Investment Bank
- International Commercial Bank
- Intesa Sanpaolo Bank
- Italian Bank for Development
- National Bank of Greece
- National Commercial Bank
- Pro Credit Bank
- Raiffeisen Bank
- Tirana Bank
- United Bank of Albania
- Union Bank
- Albanian Mobile Communications
- Vodafone Albania

# SPI Albania Organizational Chart

## SOLUTION ENDORSEMENT AND ENACTMENT

### SPI Committee

Mr. Fatos Ibrahim, First Deputy Governor, Bank of Albania

Mr. Nezir Haldedaj, General Treasury Director, Ministry of Finance

Ms. Anila Jani, Market Surveillance Director, Ministry of Economy, Trade and Energy

Mr. Pierfrancesco Gaggi, Italian Banking Association

Mr. Roberto Catalano, Chairman, Association of Albanian Banks

Mr. Keler Gjika, Deputy Chairman, Financial Supervisory Authority

Mr. Luigi Passamonti, Head of Convergence Program, The World Bank

## TECHNICAL CONSENSUS-BUILDING

### SPI Secretariat

**Mrs. Ramona Bratu, Head, SPI Regional Operations**

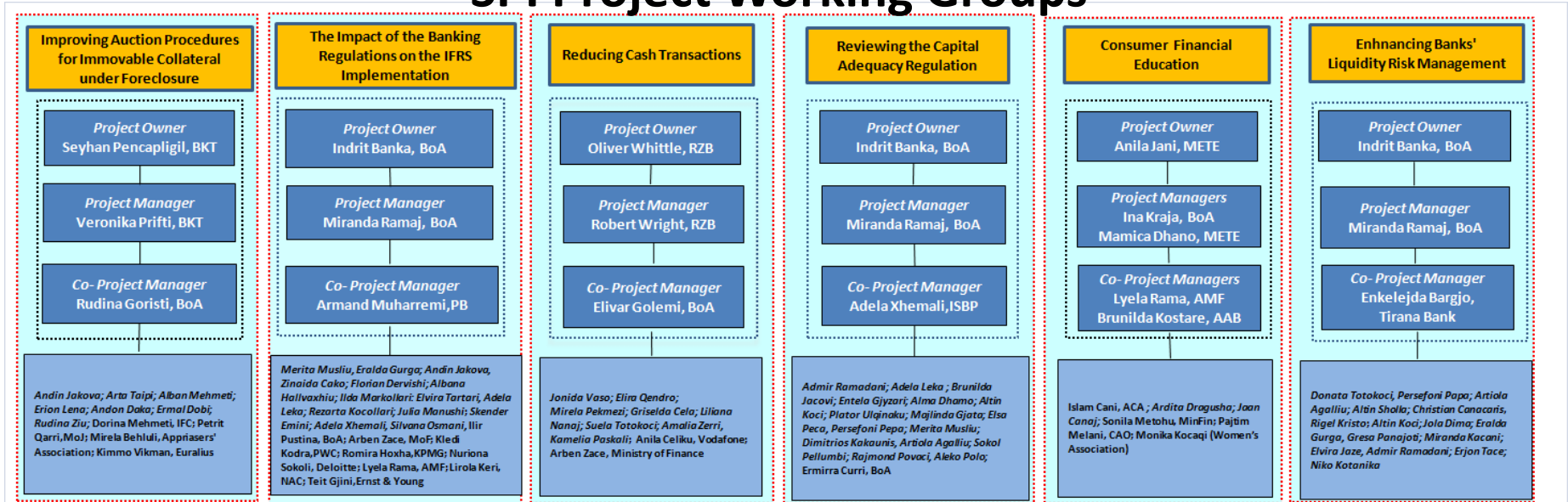
**Director**

Mrs. Endrita Xhaferaj, Director of Operations

Mrs. Endrita Xhaferaj, Director Financial Modernization Program and Analytics

Mrs. Evis Gjebrea, Consultant

## SPI Project Working Groups



**Italics:** Project Working Groups Private Sector

Members

**SOLUTION FINDING** (Based on RIA-based public-private consultations)

# SPI Committee

## – Members:

- Central Bank- Governor & Hosting Chairperson,
- Banking Association - Chairman,
- Other authorities – Senior Officials,
- SPI Technical Partner (non voting)
  - The nominal list of SPI Committee members and observers and of their alternates is attached to the operating guidelines.

## – Main responsibilities

- Selecting the analytical projects to be undertaken;
- Monitoring and shaping work-in-progress;
- Endorsing SPI projects recommendations;
- Monitoring enactment progress of regulatory proposals;
- Intervening for speedy enactment and implementation.

## - Meetings - quarterly

# SPI Project Working Groups

## – Project Management Team

- **Project Owner** - represents the main stakeholder at top management level and ensures project oversight
  - » including signing off final SPI Committee recommendations;
- **Project Manager** – is appointed by the Project Owner (usually out of the PO's institution management staff) and chairs PWG meetings;
- **Deputy Project Manager(s)** – represent(s) the other main stakeholder(s) and second(s) the Project Manager in coordinating PWG meetings.

## – Project Working Group

**Composition:** 6-10 representatives of public and private stakeholders, with specific expertise profiles.

### **Responsibilities:**

- Actively participating in the meetings;
- Providing contributions (their institutions' experience, parts of documents);
- Validation of RIA questionnaire;
- Providing data/filling in questionnaires;
- Validation of RIA findings;
- Approval of position/policy documents;
- Supporting enactment activities.

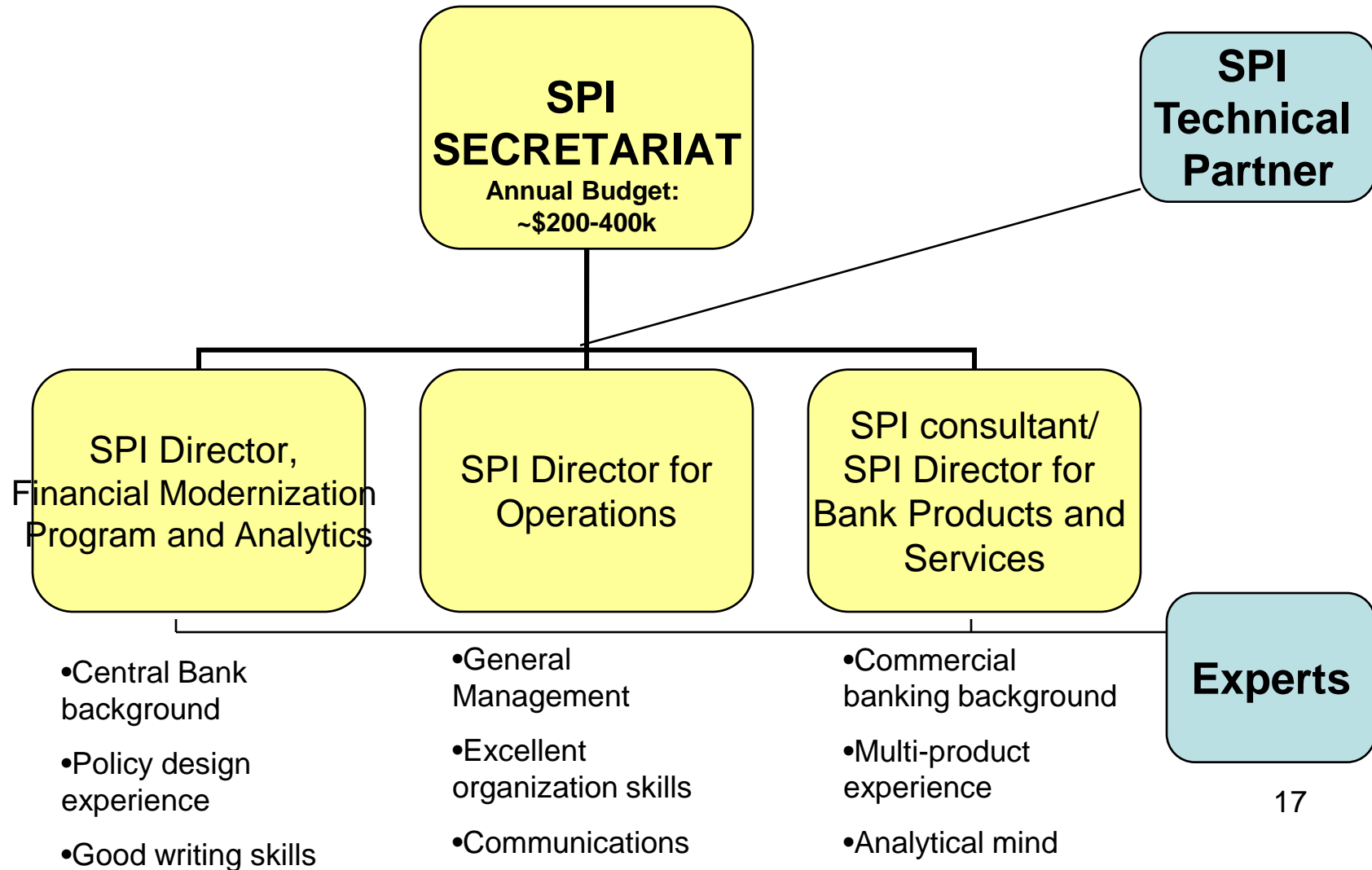
## – PWG gathering

- ToRs
- List of eligible persons – in consultation with stakeholders
- Invitation letters – to be signed by SPI Committee members

## – Meetings: 3-4 meetings over 3 months



# SPI Secretariat (1)



# SPI Secretariat (2)

- Director for Financial Modernization Program and Analytics/Director for Bank Products and Services/Consultant
  - Project-related responsibilities:
    - Run consultations for proposing the annual financial ,modernization program
    - Project ToRs drafting
    - Drafting list of eligible persons/project in consultation with stakeholders; Drafting, getting signatures and sending invitation letters
    - Preparing background studies
    - Summarizing individual contributions
    - Preparing documents for PWG discussions
    - Preparing draft RIA questionnaire
    - Collecting data and performing calculations
    - Preparing draft ToRs for the expert
    - Preparing SPI Committee summary documents
- Director for Operations
  - Project-related responsibilities:
    - Organizing PWGs meetings
    - Preparing PWG meeting minutes
    - Mobilizing International expertise
  - Other responsibilities
    - Planning and reporting
    - Organizing events
    - Taking care of logistics
    - SPI Committee secretary
- About 30 documents/month and about 60 different actions/month

# SPI Secretariat (3)

## 10 GOLDEN RULES FOR CONSENSUS - BUILDING

- Gaining PWGs confidence through a very good preparation of the project papers and of PWG meetings
- Maintaining a neutral position in PWG meetings
- Focusing PWGs discussions
- Accurate minutes of PWGs meetings
- Keeping a clear track on disputed issues
- Asking each party's arguments on disputed issues
- Looking for international experience for disputed issues
- Asking for third parties' opinions on disputed issues
- Searching for middle-way solutions
- Asking for PWGs' approval on documents, particularly for SPI Committee recommendations.

# SPI Romania 2008 Modernization Program

|                                      | European Central Bank CRITERIA  |  |   |  |  |
|--------------------------------------|---|--|---|--|--|
| Italian Banking Association CRITERIA | Asymmetric information  | Completeness of the market   | Increased opportunities to engage in financial transactions   | Reduced transaction costs  | Increased competition  |
| Business development                 |   | <ul style="list-style-type: none"> <li>1. Increasing bank lending under PPPs</li> <li>5. Modernizing T-bill regulatory framework</li> <li>11. T-bills OTC market organization</li> <li>12. Environmental Lending</li> <li>23. Promoting refinancing through securitization</li> <li>24. BSE Listing T-bills</li> </ul> | <ul style="list-style-type: none"> <li>2. Co-financing with EU structural funds</li> <li>3. Standard repo transactions</li> <li>4. Development of Interbank Direct Debit</li> <li>25. Securing down payments made by individuals for real estate projects</li> <li>26. Supporting thermal rehabilitation of houses</li> <li>27. Developing lending to municipalities</li> </ul> |  |  |
| Industry competitiveness             | <ul style="list-style-type: none"> <li>28. Database for risk rating the corporate clients</li> <li>29. Centralized database for AML purposes</li> </ul> |  | <ul style="list-style-type: none"> <li>17. Electronic employment register and services</li> <li>19. Loan-loss &amp; Mortgage Loan Databases (2007)</li> <li>20. Law on bank letters of guarantee (2007)</li> <li>22. Improving access to and availability of the basic banking products</li> </ul>  | <ul style="list-style-type: none"> <li>6. Reviewing bad debts recovery procedures</li> <li>14. Improving account stopping regulation</li> <li>15. Reducing the paper-based documents</li> <li>16. Centralized tax roll</li> <li>21. The banks' future contributions to RDGF</li> </ul> | <ul style="list-style-type: none"> <li>13. Various EU – related payment initiatives</li> </ul>                                     |
| Industry reputation                  | <ul style="list-style-type: none"> <li>30. Better information on saving products</li> </ul>   | <ul style="list-style-type: none"> <li>7. Bank ethics code</li> <li>8. Expanding banking mediator</li> <li>31. Ombudsman knowledge transfer</li> </ul>   | <ul style="list-style-type: none"> <li>9. Basic bank products info</li> <li>10. Basic bank products Advice</li> <li>32. Enhancing corporate social responsibility in the banking industry</li> </ul>  | <ul style="list-style-type: none"> <li>18. Improving NACP –RBA cooperation framework for consumer protection</li> <li>33. Improving the quality of the education and professional training in the banking field</li> </ul>   | <ul style="list-style-type: none"> <li>34. Enhancing financial consumer's protection</li> <li>35. Responsible borrowing</li> </ul> |
|                                      | 3   | 9  | 13  | 7  | 3  |

Legend: Focus projects Projects Other potential projects

# SPI Albania 2008 Modernization Program

Red: Projects undertaken; Other BoA proposals; Other AAB proposals

| FINANCIAL SECTOR MODERNIZATION CRITERIA | European Central Bank  |   |   |   |  |   |
|---|--|---|---|---|--|---|
|   | Asymmetric information   | Completeness of the market  | Increased opportunities to engage in financial transactions   | Reduced transaction costs   | Increased competition  |   |
| <b>Business development</b>             | 1. Corporate /consumer lending<br><b>2. Scoring card system for individuals</b>              | 3. Stock exchange<br><b>4. Leasing transactions</b><br>5. Securitization<br>6. AAB Strengthening<br>27. Consumer credit | 7. Agricultural lending<br>8. Lending to tourism<br>9. Lending to municipalities<br>10. Mortgage loans<br>11. Structural lending<br>12. Lending environment<br>13. Lending to PPPs<br>29. FX open positions | 14. Strengthening bank staff  |  |   |
| <b>Industry competitiveness</b>         | 15. Credit risk in consumer lending<br>16. Better credit risk management<br>17. KYC policies | <b>30. Revising capital adequacy ratio</b><br><b>28. Corporate governance and requirements for their administrators</b> | 18. Expansion of banks activities   | <b>19. Reducing cash transactions</b><br><b>20. Auction procedures for buildings</b><br>21. AML reporting<br>22. Write-off of bad debts<br>23. Account stopping<br><b>31. Reviewing guidelines on banks' liquidation</b><br><b>32. BoA reporting</b><br><b>33. Harmonizing accounting policies</b><br><b>36. The impact of IFRS Implementation on the Banking Regulations</b> |  |   |
| <b>Industry reputation</b>              | 34. Improving access to basic banking products   | 24. Financial ombudsman   |   |   | 25. "Effective" interest rate (EIR) <b>26. Consumer financial education</b><br>35. Enhancing financial consumer's protection |   |
| <b>Total</b>                            | 36   | 6   | 8   | 9   | 10   | 3 |

# 2008 SPI Albania Activity At-A-Glance

<http://www.spi-albania.eu/>



## **Completed projects: 3**

1. The impact of IFRS implementation on Banking Regulations
2. Changes and Amendments on the Civil Procedure Code
3. Improvement of Bailiff Services



## **Legislative Outputs:**

1. New Law on Liberalization of Bailiff Services
2. Changes and Amendments to the Civil Procedure Code of Albania (reference to the execution of collateral and enforcement of proceedings).



## **Analytical Outputs**

1. Recommendations on improving the public bailiff service
2. Recommendations on the draft Law on Private Bailiff
3. Recommendations on amending the Civil Procedure Code
4. Regulatory Impact Assessment on the Civil Procedure Code amendment proposals
5. Recommendations on regulatory changes to be made in order to implement IFRS and an action plan on issuance of the regulatory amendments
6. Summary findings of the survey on the banks' readiness to implement IFRS



## **Operational Outputs**

1. Project Working Group Meetings held: 13
2. Participating Professionals: 75
3. Public Institutions Represented: 6
4. Private Institutions represented: 27



## **5. Projects Under Completion: 3**

1. Reducing Cash Transactions
2. Reviewing the Capital Adequacy Regulation
3. Improving Consumer Financial Education

# SPI Albania 2009 Financial Modernization Program (1)

Projects undertaken: **Public-private proposals**; **AAB proposals**; **Authorities proposals**

| Bank of Albania Governor's Banking Forum Issues                 | European Central Bank  |  |  |   |                       |
|---|--|--|--|---|-----------------------|
|   | Asymmetric information   | Completeness of the market   | Increased opportunities to engage in financial transactions                  | Reduced transaction costs   | Increased competition |
| Transparency in bank-customer relationship<br>0/1               |  |  |  |   |                       |
| Strengthening judicial system on banking issues<br>1/8          |  |  |  | Revising regulatory act on Execution of Procedures on Bank accounts |                       |
| The recognition of and protection from the various risks<br>5/8 | Extension of the credit bureau services – 1.database for businesses<br>2. scoring cards for individuals; | Enhancing banks' liquidity risk management                                     | Revising Foreign Currency Open Position<br>Loan loss provisioning under IFRS |   |                       |
| The strengthening of internal control<br>0/1                    |  |  |  |   |                       |
| Introduction of new products<br>1/7                             |  | Revising Public Procurement Law  |  |   |                       |
| The functioning of the interbank market<br>1/5                  |  | Preparing a feasibility study for a central depository                         |  |   |                       |
| The increase of funds circulation through the system<br>1/2     |  | Establishment of a national settlement scheme for payments in foreign currency |  |   |                       |
| The building of full technological capacities<br>1/2            |  |  |  | Unique and rationalized reporting system                            |                       |
| Facilitate lending to excluded groups<br>0/3                    |  |  |  |   |                       |
| The increase of ALL denominated lending<br>0/3                  |  |  |  |   |                       |
| Improvement of bank's governance                                |  |  |  |   | 23                    |
| Total :10   | 2  | 4  | 2  | 2   |                       |

# SPI Albania 2009 Financial Modernization Program (2)

| Bank of Albania<br>Governor's<br>Banking Forum Issues           | European Central Bank  |  |  |  |  |
|---|--|--|--|--|--|
|   | Asymmetric information   | Completeness of the market   | Increased opportunities to engage in financial transactions  | Reduced transaction costs  | Increased competition  |
| Transparency in bank-customer relationship<br>1/1               |  |  |  |  | 1.Regulating bank communications of "effective" interest rate (EIR) offered to customers |
| Strengthening judicial system on banking issues<br>7/8          |  | 2.The creation of a complete regulatory framework on the merge and acquisitions of banks<br>3.Clarification of non-residents' banking status | 4.Improving stability in the regulating environment  | 5.Facilitating expansion of banks activities<br>6.Increase the number of specialized courts<br>7.Improving auction procedures for movable collateral under foreclosure | 8.Reviewing banking regulations on licensing   |
| The recognition of and protection from the various risks<br>3/8 | 9.Modernizing moveable collateral registries<br>10.Better functioning of Electronic Register of Commerce |  |  | 11.Improving credit risk management in consumer lending  |  |
| The strengthening of internal controls<br>1/1                   | 12.Improving the lending environment   |  |  |  |  |
| Introduction of new products<br>6/7                             |  | 13.Strengthening the stock exchange<br>14. Developing pension funds<br>15.Facilitating leasing transactions                                  | 16.Facilitating structural lending<br>17.Promote project financing                                 | 18.Guarantees for SME-s Lending  |  |
| The functioning of the interbank market<br>4/5                  |  |  | 19.Improving FX market   | 20.Harmonizing accounting policies<br>21.Reducing paper-based documents  | 22.Link deposit insurance premiums to risk profiles                                      |
| The increase of funds circulation through the system<br>1/2     |  |  |  |  | 23.Improving transparency and equal access to guarantee funds                            |
| The building of full technological capacities<br>1/2            |  |  |  | 24.Optimizing Anti-Money Laundering Reporting  |  |
| Facilitate lending to excluded groups<br>3/3                    | 25.Improving access to basic banking products  |  | 26.Facilitating agricultural lending<br>27.Facilitating lending to PPPs                            |  |  |
| The increase of ALL denominated lending<br>3/3                  |  |  | 28.Increasing mortgage loans<br>29.Facilitating lending to tourism<br>30.Lending to municipalities |  | 24   |
| <b>Total:</b> 30  | 4  | 5  | 9  | 8  | 4  |



# SPI– Structure and Processes

- Operating principles:
  - Local ownership
  - Programmatic focus
  - Mobilization of local expertise
  - Involvement of foreign experts to fill local knowledge gaps
  - Disciplined program management
  - Evidence-based analytical methods to search for solutions
  - Full transparency of our work
  - Strong practical impact orientation
- Operating guidelines – please see [www.spi-albania.eu](http://www.spi-albania.eu)

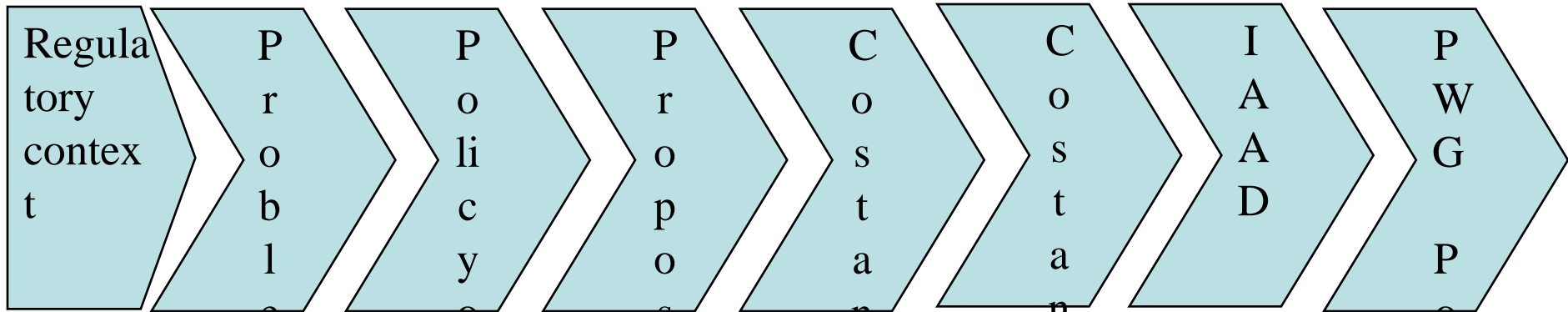
# SPI Promotes EU Better Regulation

| Policy Design Steps                          | Purpose  |
|--|--|
| <b>Scoping of problem</b>                    |  |
| 1. Problem identification                    | To understand if a market/regulatory failure creates the case for regulatory intervention. |
| 2. Definition of policy objectives           | To identify the effects of the market /regulatory failure to the regulatory objectives.    |
| 3. Development of “do nothing option”        | To identify and state the status quo.  |
| 4. Alternative policy options                | To identify and state alternative policies (among them the “market solution”).             |
| <b>Analysis of impact</b>                    |  |
| 5. Costs to users                            | To identify and state the costs borne by consumers   |
| 6. Benefits to users                         | To identify and state the benefits yielded by consumers                                    |
| 7. Costs to regulated firms and regulator    | To identify and state the costs borne by regulator and regulated firms                     |
| 8. Benefits to regulated firms and regulator | To identify and state the benefits yielded by regulator and regulated firms                |
| <b>Consultations</b>                         |  |
| 9. Data Questionnaire                        | To collect market structure data to feed into cost and benefit analysis                    |
| 10. Policy Document                          | To learn market participant opinions on various policy options                             |
| <b>Conclusion</b>                            |  |
| 11. Final Recommendations                    | Final report based on Cost Benefit Analysis and market feedback                            |

Source: CEBS-CESR-CEIOPS Better Regulation Template

# Better Regulation Steps in SPI Projects

=====*Scoping of Problem*==== || =====*Analysis Of Impact*==== || = *Policy Consultation* || = *Conclusion* =



Better regulation - having a full picture of their economic, social and environmental impacts through the structured Impact Assessment tool.

# SPI Albania Milestones

## **January 2008**

Bank of Albania and Association of Albanian Banks send Joint Commitment Letter to Convergence Program

January

SPI Seminar with banking community

Jan-Mar

Regulatory Impact Assessment Program

Feb-Mar

Consultations to build 2008 Activity Program

SPI Secretariat recruitment

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15 May

SPI Secretariat starts working

10 June

First SPI Committee meeting

Approved SPI Albania 2008 Activity Program (6 projects)

Approved SPI Committee Operating Guidelines

19 June

Start of first 4 projects by PO appointing

3-4 July

First PWG Meetings

4 November

Second SPI Committee meeting to approve first 3 PWG recommendations

**11, 29 December**

Parliament enacts the 2 laws promoted by SPI Albania

14 January 2009

Start of the consultation process for building up the 2009 activity program

15 January

MoU with European University of Tirana

23 January

Conference: SPI Albania One Year since its Inception

Release of SPI Albania 2008 annual report

24 February

SPI platform ranked in Top Three by IFC review

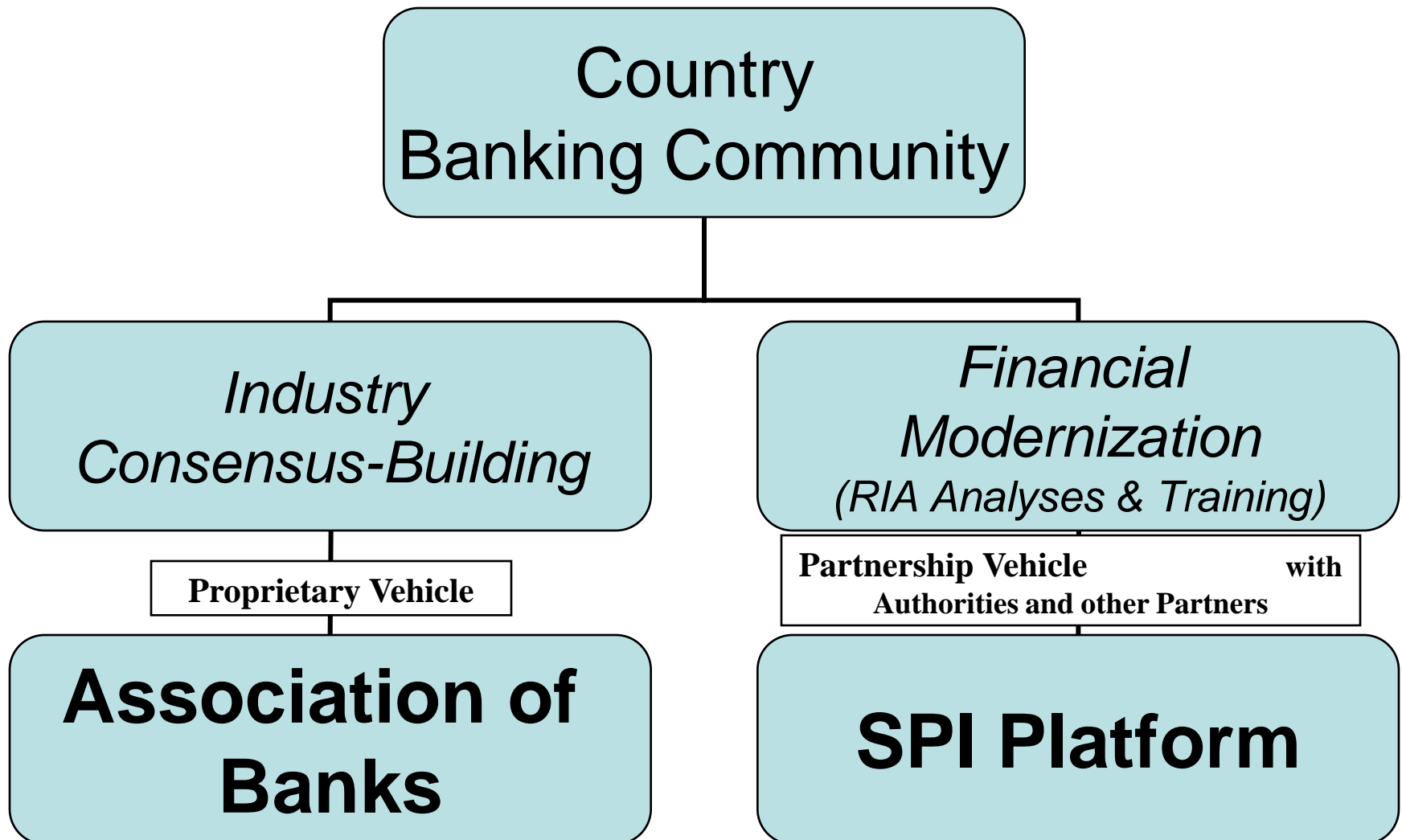
9 March

MoU with Italian Banking Association

12 March

Third SPI Committee meeting to approve 2009 activity program

# SPI Sustainability - A Framework



# How to Launch a SPI Platform in Armenia?

1. SPI Seminar with potential stakeholders in Armenia
2. Central Bank of Armenia and Union of Banks of Armenia send a joint commitment letter to SPI Technical Partner
3. Consultations to build up the Financial Modernization Program
4. SPI Secretariat recruitment
5. SPI Secretariat training
6. Launching invitations to other potential partners
7. SPI operating guidelines prepared/adapted
8. SPI annual activity program proposed
9. SPI Committee First Meeting



# FINANCIAL SECTOR MODERNIZATION

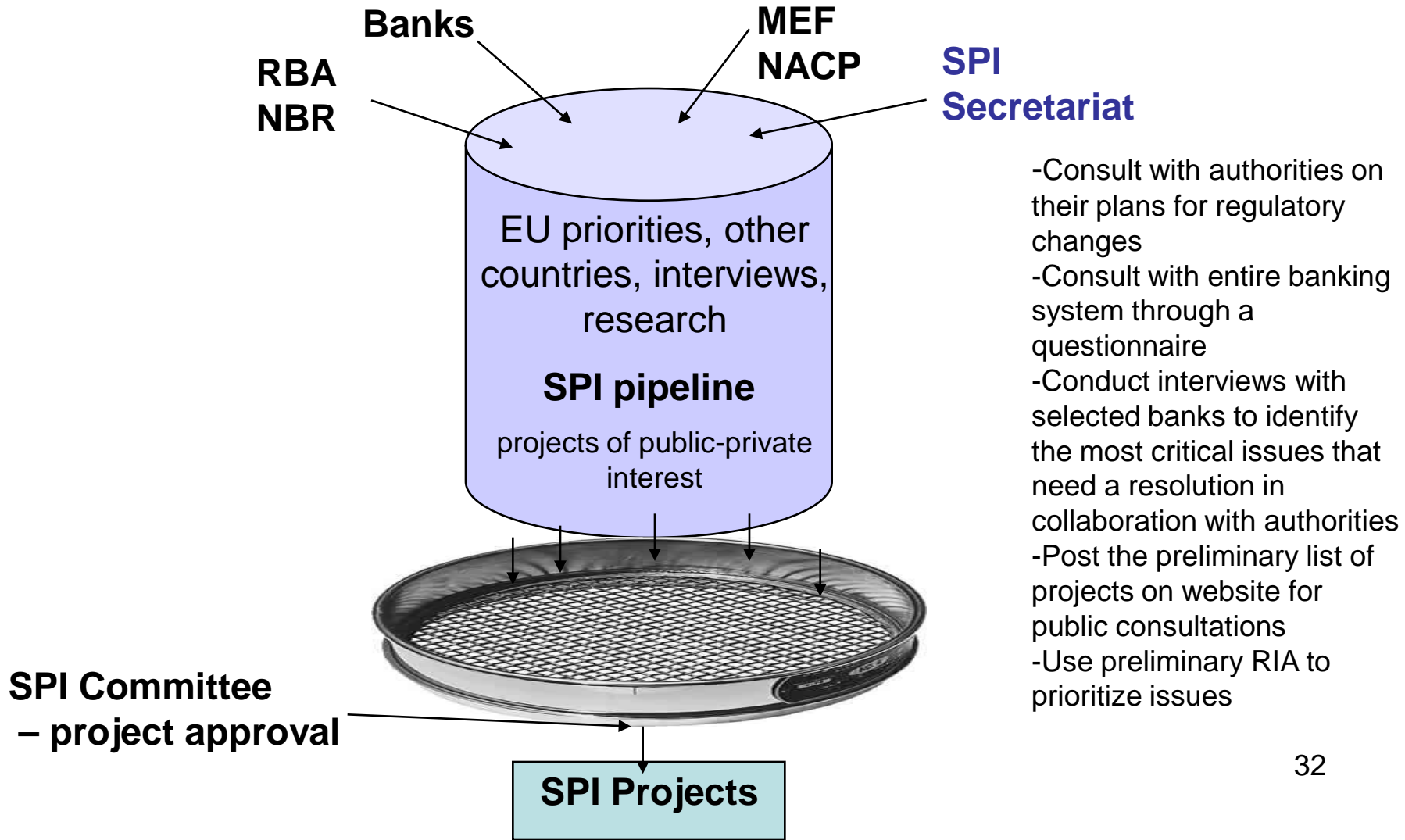
## SPI PLATFORM SUPPORT

### - Annexes -

**Presentation to Armenian financial community**  
by Ramona Bratu, SPI Regional Operations Director, World Bank's  
Convergence Program  
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# SPI Project Phases (1)

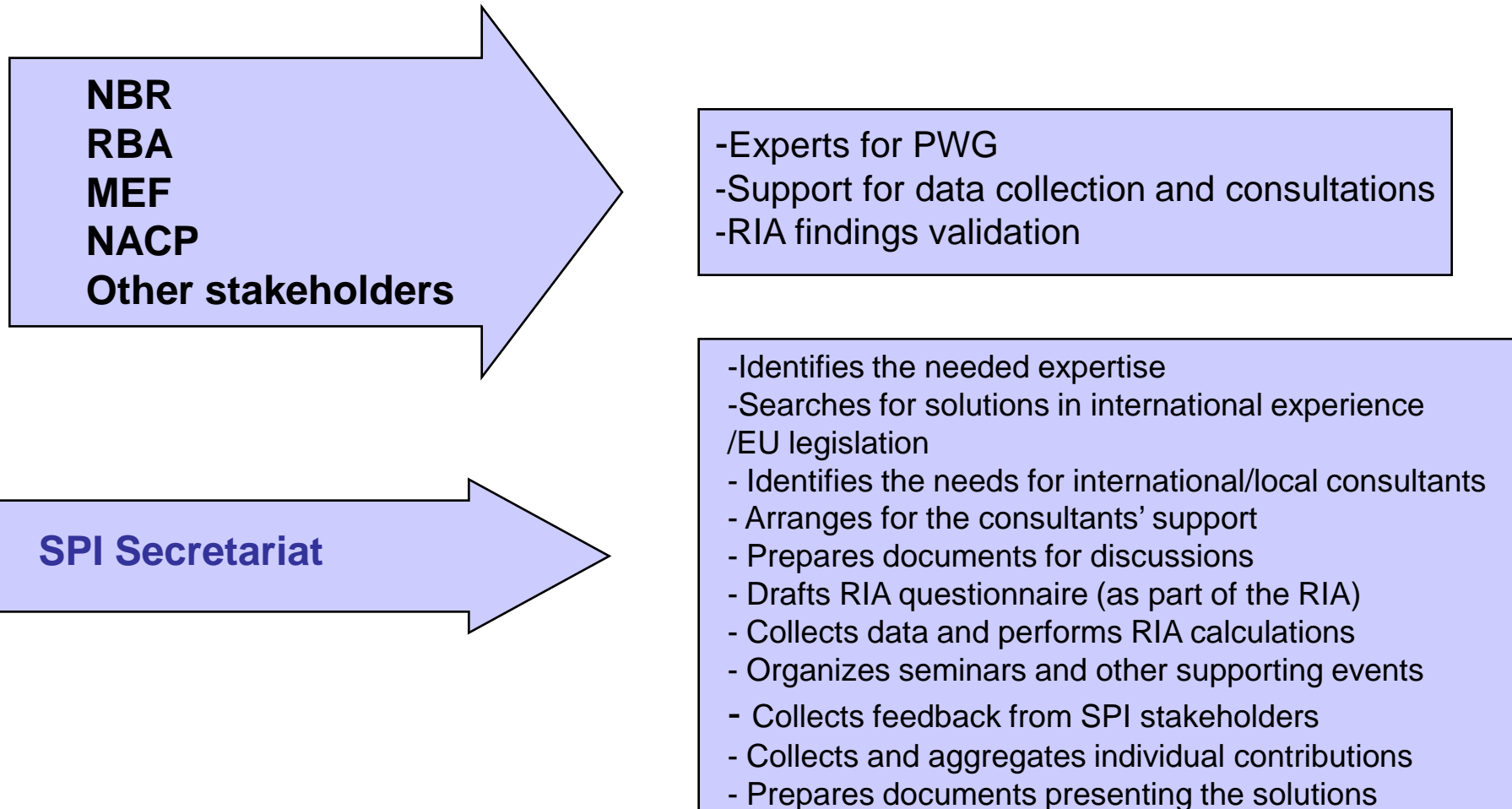
## 1. Issue identification and selection





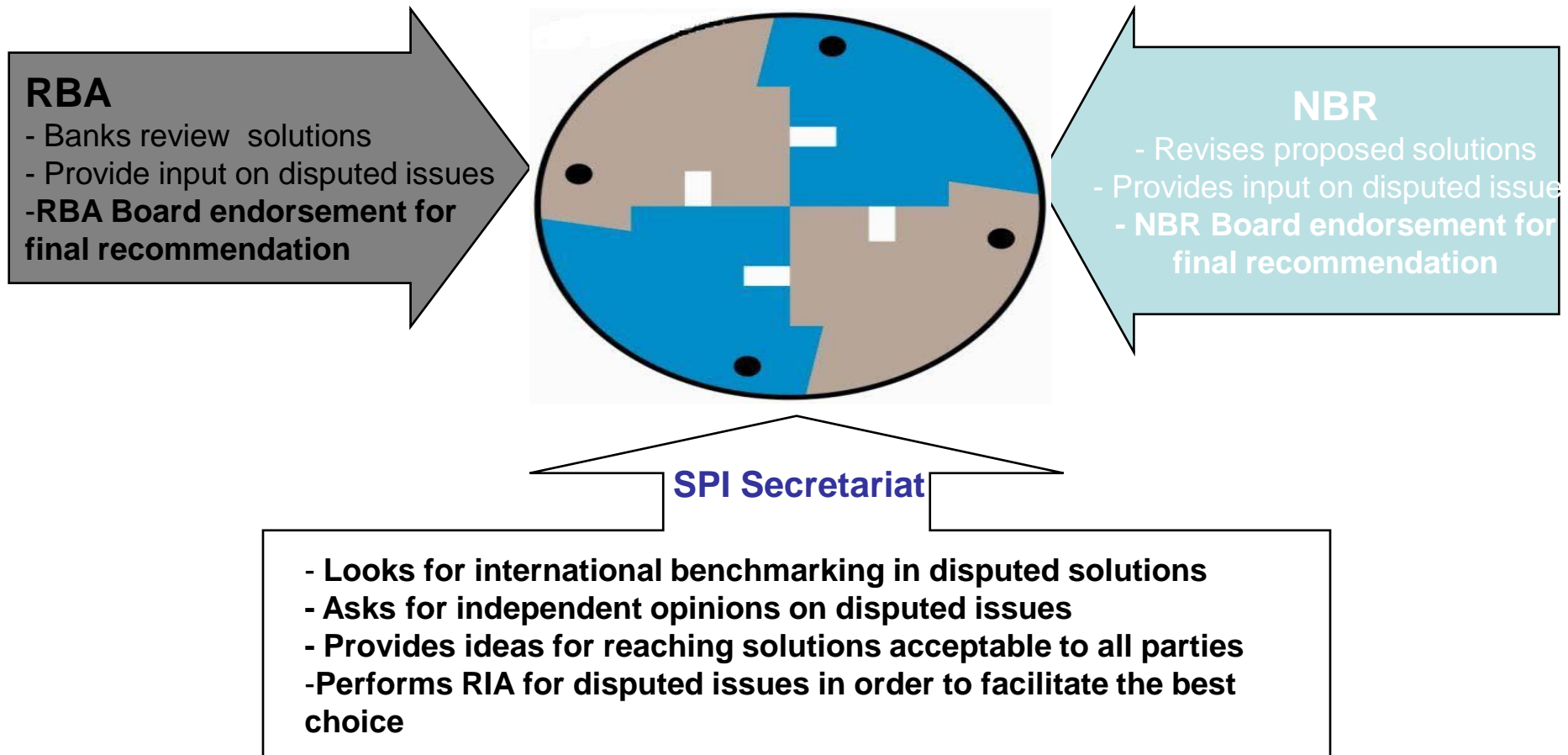
# SPI Project Phases (2)

## 2. Solution searching



# SPI Project Phases (3)

## 3. Consensus building



# SPI Project Phases (4)

## 4. Solution enactment



**NBR, RBA and SPI Secretariat** coordinate actions in respect of full range of SPI projects

### **SPI Secretariat**

- Prepares the law / regulations enactment packages
- Prepares SPI Committee letters to the legislative initiator or to the NBR Board for NBR regulations
- Provides detailed description of RIA to the legislative initiator or to the NBR Board
- Follows up with the legislative initiator
- Notifies NBR on the initiation of the public consultation process
- Sends SPI Secretariat submission under the public consultation process
- Arranges and/or attends the meetings with institutions involved in the enactment process
- Prepares other documents as required by the legislative initiator

# Supporting Documents – to be found on [www.spi-albania.eu](http://www.spi-albania.eu) and [www.spi-romania.eu](http://www.spi-romania.eu)

## Launch Arrangements

- Joint Central Bank-Banking Association commitment letter to SPI Technical Partner
- MoU between Banking Association and SPI Technical Partner
- SPI Secretariat hiring (Job advertising and interviews; ToRs for SPI Directors for Operations; for Analytics and Policy; and for Banking Technical Anchor)
- Letter from SPI Technical Partner to SPI Co-Promoters on launching activities
- SPI Committee Operating Guidelines.

## Operations

- Regulatory Impact Assessment Training Program
- Questionnaire for SPI project proposals
- SPI Committee meeting agenda, document package and minutes
- Project ToRs (Auction procedures and Capital adequacy)
- PWG meeting minutes (Auction procedures)
- SPI Committee Summary document (IFRS project)
- Monthly and weekly activity reporting
- SPI Secretariat Evaluation Questionnaire.

## Sustainability

- SPI Romania Association of Romanian Banks-National Bank of Romania Proposal
- SPI Albania Note on incorporation as a legal entity
- SPI Albania incorporation feasibility framework.



# Thank you for your kind attention!

For any further details please contact  
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