

How to improve financial system efficiency through a modernisation program?

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March 2009

ACKNOWLEDGEMENTS

Staff from the Italian Banking Association, European Central Bank and Centre for Financial Studies have supported this project, which is based on empirical experience made by the World Bank's Convergence Program in South-East Europe.

CONTENTS

¶ Conceptual framework

¶ Market analysis

¶ Regulatory opportunities search engine

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 & 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^{1/}

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

Sources of inefficiency

Informational asymmetries

- Increase of firms' financial statement transparency
- Increase of credit history disclosure
- Provision of collaterals

Incompleteness of markets

- Increase of the number of financial markets

Lack of opportunities of engaging in fin. transactions

- Modernization of legal systems / procedures
- Improvement of financial market responsiveness to real economy needs
- Increase of market participants' information

Transaction costs

- Increase of payment / settlement systems' efficiency
- Increase of on-line banking services
- Reduction of administrative costs

Lack of competition

- Modernization of antitrust regulation
- Antitrust supervision

Illustrative sources of efficiency gains



Illustrative instruments

- Financial statements' certification
- International accounting standards
- Information sharing facilities
- Credit bureaus
- Guarantees (public and personal)

- Modernization of financial markets' regulation
- Supply of innovative financial products and services

- Regulation
- Courts / Judges / Judicial procedures
- Investors' / creditors' protection
- Tailored financial products / services
- Simple standardized financial contracts / operational procedures

- International core principles for payment / settlement systems
- Payment / Settlement infrastructures / procedures
- Compliance / Security / Transparency costs
- Stamp duties

- International antitrust criteria
- Antitrust legal procedures
- Antitrust authority
- Licensing procedures
- Market liberalization / transparency



Illustrative (better) market outcomes

• More lending to SMEs

• More financial products available to exporting firms

• More mortgage lending

• Enlargement of banks' client base

• More customer oriented pricing policies

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¶ Market segment analysis

¶ Regulatory opportunities search engine

EFFICIENCY: LENDING

Sources of inefficiency

Informational asymmetries

Incompleteness of markets

Lack of opportunities of engaging in fin. Tr.

Transaction costs

Lack of competition

Illustrative sources of efficiency gains

- Increase of firms' financial statement transparency
- Increase of credit history disclosure
- Provision of collaterals

- Increase of the number of financial markets

- Modernization of legal systems / procedures
- Improvement of financial market responsiveness to real economy needs
- Increase of market participants' information

- Increase of payment / settlement systems' efficiency
- Increase of on-line banking services
- Reduction of administrative costs

- Modernization of antitrust regulation
- Antitrust supervision
- Support of national / international competition

Illustrative instruments

- Financial statements' certification
- International accounting standards
- Information sharing facilities
- Credit bureaus
- Guarantees (public and personal)
- Real estate assessment

- Modernization of financial markets' regulation
- Supply of innovative financial products and services

- Regulation
- Courts / Judges / Judicial procedures
- Investors' / creditors' protection
- Tailored financial products / services
- Simple standardized financial contracts / operational procedures
- Information / technical assistance to market participants

- International core principles for payment / settlement systems
- Payment / Settlement infrastructures / procedures
- Compliance / Security / Transparency costs
- Stamp duties
- Computer / Internet penetration
- Security of on-line transactions

- International antitrust criteria
- Antitrust legal procedures
- Antitrust authority
- Licensing procedures
- Market liberalization / transparency
- M&A procedures

Relevant legislative and regulatory interventions (see a more comprehensive list in the Annex)

- Setup credit bureaus
- Allow credit bureaus to contain both positive and negative information
- Allow cross-border exchange of information between credit bureaus
- Harmonize corporate accounting standards with international ones

- Regulate mortgage bonds
- Regulate mortgage insurance
- Regulate bank secured corporate bonds
- Design tailored lending products for exporting firms
- Design tailored loans for farming and fishing industries
- Supply students' loans
- Supply leasing / factoring services

- Implement efficient credit recovery procedures
- Define agreements with courts / local administrations to speed up real estate executive procedures
- Define lenders' liabilities in case of sale contract violations
- Allow mortgage lending to executed real estate auction winners
- Increase the number of specialized courts
- Define lenders' liabilities in case of sale contract violations

- Reduce stamp duties on loan contracts
- Reduce registry tax on loan contracts
- Avoid duplications in mandatory documentation for borrowers
- Reduce VAT on zero interest rate consumer loans
- Simplify reporting and registration procedures of international loans
- Reduce sanctions for late payments

- Soften limits on interest rates
- Facilitate loan renegotiation procedures
- Define mortgage renegotiation procedures
- Allow mortgage portability
- Separate lending from account opening

EFFICIENCY: PAYMENTS

Sources of inefficiency

Informational asymmetries

Incompleteness of markets

Lack of opportunities of engaging in fin. Tr.

Transaction costs

Lack of competition

Illustrative sources of efficiency gains

- Increase of firms' financial statement transparency
- Increase of credit history disclosure
- Provision of collaterals

- Increase of the number of financial markets

- Modernization of legal systems / procedures
- Improvement of financial market responsiveness to real economy needs
- Increase of market participants' information

- Increase of payment / settlement systems' efficiency
- Increase of on-line banking services
- Reduction of administrative costs

- Modernization of antitrust regulation
- Antitrust supervision
- Support of national / international competition

Illustrative instruments

- Financial statements' certification
- International accounting standards
- Information sharing facilities
- Credit bureaus
- Guarantees (public and personal)
- Real estate assessment

- Modernization of financial markets' regulation
- Supply of innovative financial products and services

- Regulation
- Courts / Judges / Judicial procedures
- Investors' / creditors' protection
- Tailored financial products / services
- Simple standardized financial contracts / operational procedures
- Information / technical assistance to market participants

- International core principles for payment / settlement systems
- Payment / Settlement infrastructures / procedures
- Compliance / Security / Transparency costs
- Computer / Internet penetration
- Security of on-line transactions

- International antitrust criteria
- Antitrust legal procedures
- Antitrust authority
- Licensing procedures
- Market liberalization / transparency
- M&A procedures

Relevant legislative and regulatory interventions (see a more comprehensive list in the Annex)

- Setup credit bureaus
- Allow credit bureaus to contain both positive and negative information
- Allow cross-border exchange of information between credit bureaus
- Harmonize corporate accounting standards with international ones

- Regulate mortgage bonds
- Regulate mortgage insurance
- Regulate bank secured corporate bonds
- Design tailored lending products for exporting firms
- Design tailored loans for farming and fishing industries
- Supply students' loans
- Supply leasing / factoring services

- Regulate letters of credit
- Regulate e-commerce
- Regulate electronic checks
- Regulate electronic signature
- Speed-up cancellation procedures from bounced checks archives
- Increase the number of payment facilities (ATM, POS, ...)
- Allow participation of small financial institutions to payment systems
- Simplify international payment procedures
- Provide technical assistance to store owners about payment network facilities

- Comply with international core principles for payment and settlement systems
- Simplify procedures for international payments
- Simplify procedures to obtain credit / debt cards
- Facilitate payment procedures for exporting firms
- Allow banks to manage tax and utilities' payments
- Reduce documentation for international payments

- Liberalize commissions on payment / settlement services
- Open national payment / settlement market to foreign providers
- Design quick and efficient procedures for licensing payment providers

EFFICIENCY: DEPOSITS

Sources of inefficiency

Informational asymmetries

Incompleteness of markets

Lack of opportunities of engaging in fin. Tr.

Transaction costs

Lack of competition

Illustrative sources of efficiency gains

- Provision of collaterals

- Increase of the number of financial markets

- Improvement of financial market responsiveness to real economy needs
- Increase of market participants' information

- Reduction of administrative costs
- Increase of on-line banking services

- Modernization of antitrust regulation
- Antitrust supervision
- Support of national / international competition

Illustrative instruments

- Personal guarantees
- Public / Interbank guarantees

- Supply of innovative financial products and services

- Simple / Standardized financial contracts
- Simple standardized operational procedures
- Information / technical assistance to market participants

- Taxation
- Compliance / Security / Transparency costs
- Stamp duties
- Computer / Internet penetration
- Security of on-line transactions

- International antitrust criteria
- Antitrust legal procedures
- Antitrust authority
- Licensing procedures
- Market liberalization / transparency
- M&A procedures

Relevant legislative and regulatory interventions (see a more comprehensive list in the Annex)

- Harmonize personal identification documents / fiscal codes with international standards
- Design public guarantee schemes for depositors
- Design interbank insurance schemes for depositors
- Allow information flow among banks belonging to a group

- Supply sight deposits
- Supply deposits with overdraft facilities
- Supply internet checking / saving accounts

- Harmonize deposit contracts with international standards
- Simplify bank account opening procedures for individuals
- Simplify bank account opening procedures for corporate business (VAT id, corporate governance certification, ...)
- Provide information about bank accounts to depositors

- Reduce registry tax on deposit contracts
- Avoid duplication in mandatory documentation for depositors
- Harmonize International Bank Account Numbers
- Harmonize personal identification documents / procedures with international standards
- Harmonize fiscal code identification numbers with international standards

- Eliminate bank accounts' closure fees
- Link deposit insurance premiums to risk profiles
- Unbundle lending from current account opening / management
- Harmonize fiscal provisions on deposits

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A FINANCIAL SECTOR MODERNISATION PROGRAM

Informational
asymmetries

Incompleteness of
markets

Lack of opportunities of
engaging in fin. transactions

Transaction costs

Lack of
competition

Lending

Payments

Deposits

A set of laws and / or regulatory interventions
aimed at producing better market outcomes,
within acceptable safety and soundness
parameters

Annex: Modernization Opportunities Search Engine

Questionnaire Outline

Lending		
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This document is intended to be a guide to the interviewer in preparing a questionnaire to submit to selected stakeholders. The interviewer is invited to adjust the questionnaire to specific local environments / needs.

LENDING

INFORMATIONAL ASYMMETRIES	INCOMPLETENESS OF MARKETS	LACK OF OPPORTUNITIES OF ENGAGING IN FIN. TRANSACTIONS	TRANSACTION COSTS	LACK OF COMPETITION
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A. What instruments could be implemented to cope with incompleteness of lending markets?

SOURCES OF EFFICIENCY GAINS	Increase of the number of markets		
	Modernization of financial markets' regulation	Supply of innovative financial products and services	
ILLUSTRATIVE INSTRUMENTS	...	...
Select or add instruments	...	...
	

B. What are the legislative and / or regulatory interventions that could be undertaken to improve lending market outcomes?

ILLUSTRATIVE LEGISLATIVE AND / OR REGULATORY INTERVENTIONS	Regulate mortgage bonds	Design tailored loans for exporting firms	
	Regulate mortgage insurance	Design tailored loans for farming and fishing industries	
	Regulate bank secured corporate bonds	Supply leasing / factoring services	
	Facilitate financial integration of local clients with international markets	Supply students' loans	
	
Select or add interventions	...	...
	

LENDING

INFORMATIONAL ASYMMETRIES	INCOMPLETENESS OF MARKETS	LACK OF OPPORTUNITIES OF ENGAGING IN FIN. TRANSACTIONS	TRANSACTION COSTS	LACK OF COMPETITION
---------------------------	---------------------------	---	-------------------	---------------------

A. What instruments could be implemented to cope with lack of opportunities of engaging financial transactions in lending markets?

SOURCES OF EFFICIENCY GAINS	Modernization of legal systems / procedures			Improvement of financial markets responsiveness to real economy		Increase of market participants' information	
ILLUSTRATIVE INSTRUMENTS	Regulation	Courts / Judges / Judicial procedures	Investors' / Creditors' protection	Tailored financial products / services	Simple / Standardize d financial contracts	Simple / Standardized operational procedures	Information / Technical assistance to market participants

Select or add instruments	...	...	...	...	...	...	...

B. What are the legislative and / or regulatory interventions that could be undertaken to improve lending market outcomes?

ILLUSTRATIVE LEGISLATIVE AND / OR REGULATORY INTERVENTIONS	Remove financial products' and services' restrictions	Implement efficient credit recovery procedures	Sign interbank agreements to define correct interaction with bankrupt firms	Promote project financing	Harmonize financial contracts with international standards	Implement effective procedures to manage public guarantees for SMEs	Favor the interaction between firms / associations of firms and financial institutions / association of financial institutions
	Harmonize financial markets' regulation with international standards	Define agreements with courts / local administrations to speed up real estate executive procedures	Define lenders' liabilities in case of sale contract violations	Promote public-private partnerships	Clarify regulation of preliminary contracts for real estate transactions	Standardize procedures for mortgage anticipated repayment	Favor the interaction between consumers / associations of consumers and financial institutions / association of financial institutions
		Allow private judges (previously agreed upon by counterparts)	Define lenders' liabilities in case of long distance sale contracts	Allow credit sales		Speed-up cancellation procedures of real estate guarantees	
		Facilitate pre-trial settlement procedures	Allow mortgage lending to executed real estate auction winners	Allow mortgage up to 100% of the real estate guarantee			
		Increase the number of specialized courts	Allow bank guarantee to buyers of real estate during construction	Allow banks to manage financial public support facilities			
		Provide training to judges about advanced financial issues					

Select or add interventions	...	...	...	...	...	...	...

LENDING

INFORMATIONAL ASYMMETRIES	INCOMPLETENESS OF MARKETS	LACK OF OPPORTUNITIES OF ENGAGING IN FIN. TRANSACTIONS	TRANSACTION COSTS	LACK OF COMPETITION
---------------------------	---------------------------	--	--------------------------	---------------------

A. What instruments could be implemented to cope with transaction costs in lending markets?

SOURCES OF EFFICIENCY GAINS	Increase of payment / settlement systems efficiency	Reduction of administrative costs	Increase of on-line banking services				
ILLUSTRATIVE INSTRUMENTS	International core principles for payment and settlement systems	Payment / Settlement infrastructures (including legal) and procedures	Taxation	Compliance / Security / Transparency costs	Stamp duties	Computer / Internet penetration	Security of on-line transactions

Select or add instruments	...	...	...	...	...	...	...

B. What are the legislative and / or regulatory interventions that could be undertaken to improve lending market outcomes? Page 1/2

ILLUSTRATIVE LEGISLATIVE AND / OR REGULATORY INTERVENTIONS	Comply with international core principles for payment and settlement systems	Simplify procedures for international payments	Reduce registry tax on loan contracts	Avoid duplication in mandatory documentation for borrowers	Reduce stamp duties on loan contracts	Improve IT infrastructures	Design insurance schemes for on line transactions
		Simplify procedures to obtain credit / debt cards	Reduce VAT on zero interest rate consumer loans	Reduce documentation sent to clients		Setup permanent consultation procedures with main IT providers	
				Simplify reporting and registration procedures of international loans		Sign agreements with main TLC providers to reduce communication costs	
				Standardize causal codes for banking operations		Modernize documentation flows (internet)	
				Reduce sanctions for late payments		Define procedures and standards to convert bank receipt in electronic format	

B. What are the legislative and / or regulatory interventions that could be undertaken to improve lending market outcomes? Page 2/2

ILLUSTRATIVE LEGISLATIVE AND/OR REGULATORY INTERVENTIONS				Define cooperation schemes with Police (for the security of branches,...)		Define agreements with disabled people associations to facilitate home banking	
				Define procedures to implement data exchange between banks and courts			

Select or add interventions	...	...	...	...	...	...	...

LENDING

INFORMATIONAL ASYMMETRIES	INCOMPLETENESS OF MARKETS	LACK OF OPPORTUNITIES OF ENGAGING IN FIN.TRANSACTIONS	TRANSACTION COSTS	LACK OF COMPETITION
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SOURCES OF EFFICIENCY GAINS	Modernization of antitrust regulation	Antitrust supervision	Support of national / international competition		
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ILLUSTRATIVE INSTRUMENTS	International antitrust criteria	Antitrust legal procedures	Antitrust authority	Licensing procedures	Market liberalization / transparency	M&A procedures

Select or add instruments	...	...	...	...	...	...

B. What are the legislative and / or regulatory interventions that could be undertaken to improve lending market outcomes? Page 1/3

ILLUSTRATIVE LEGISLATIVE AND / OR REGULATORY INTERVENTIONS	Define transparent criteria to assess the existence of entry barriers	Define Antitrust Authority effective monitoring / enforcement procedures	Create an Antitrust Authority	Design quick and efficient licensing procedures for prospective national / foreign financial institutions	Soften limits on interest rates	Design competitive market procedures for the acquisition of distressed national banks / financial institutions
	Define transparent criteria to measure market concentration		Design the Antitrust Authority governance consistently with international best practices	Sign bilateral agreements to allow foreign licensed institutions to operate in the national market	Promote risk adjusted provision policies	
	Define transparent criteria to identify market abuse		Define monitoring / enforcement powers of the Antitrust Authority consistently with international best practices		Link deposit insurance premiums to risk profiles	

B. What are the legislative and / or regulatory interventions that could be undertaken to improve lending market outcomes? Page 2/3

ILLUSTRATIVE LEGISLATIVE AND / OR REGULATORY INTERVENTIONS					
	Harmonize antitrust law to international standards regarding advertisement				Unbundle lending from current account management
					Separate lending from account opening
					Facilitate loan renegotiation procedures
					Define mortgage renegotiation procedures
					Allow mortgage portability
					Allow intrebank electronic exchange information during mortgage portability procedures
					Define a banking code of conduct for housing loans
					Liberalize mortgage insurance market
					Adopt international standards on working week days / hours per day
					Follow European guidelines on teleworking

B. What are the legislative and / or regulatory interventions that could be undertaken to improve lending market outcomes? Page 3/3

ILLUSTRATIVE LEGISLATIVE AND / OR REGULATORY INTERVENTIONS						
					Harmonize direct and indirect local taxation with European standards	
					Harmonize fiscal provisions on credits	
					Harmonize international anti-money laundering rules	
					Harmonize international antiterrorism rules	
					Provide correct information to the public	
	
Select or add interventions	...	...	...	...	...	...

PAYMENTS

INFORMATIONAL ASYMMETRIES	INCOMPLETENESS OF MARKETS	LACK OF OPPORTUNITIES OF ENGAGING IN FIN.TRANSACTIONS	TRANSACTION COSTS	LACK OF COMPETITION
----------------------------------	---------------------------	---	-------------------	---------------------

A. What instruments could be implemented to cope with informational asymmetries in payment markets?

SOURCES OF EFFICIENCY GAINS	Increase of credit history disclosure		
ILLUSTRATIVE INSTRUMENTS	Information sharing facilities	Credit bureaus	
	
Select or add instruments	...	...
	

B. What are the legislative and / or regulatory interventions that could be undertaken to improve payment market outcomes?

ILLUSTRATIVE LEGISLATIVE AND / OR REGULATORY INTERVENTIONS	Setup bounced checks' archives	Setup small value credit bureaus
	Setup electronic archives with stolen credit cards and checks	
	Setup an electronic archive with fraudulent transactions	

Select or add interventions	...	...

PAYMENTS

INFORMATIONAL ASYMMETRIES	INCOMPLETENESS OF MARKETS	LACK OF OPPORTUNITIES OF ENGAGING IN FINANCIAL TR.	TRANSACTION COSTS	LACK OF COMPETITION

A. What instruments should be implemented to cope with incompleteness of payment markets?

SOURCES OF EFFICIENCY GAINS	Increase of the number of markets		
ILLUSTRATIVE INSTRUMENTS	Modernization of financial markets' regulation	Supply of innovative financial products and services	
	
Select or add instruments	...	...
	

B. What are the legislative and / or regulatory interventions that should be undertaken to improve payment market outcomes?

ILLUSTRATIVE LEGISLATIVE AND / OR REGULATORY INTERVENTIONS	Facilitate international integration of local payment systems' users	Supply new payment instruments (virtual money, internet money, ...)	
		Supply insurance schemes to fight debt / credit cards frauds	
	
Select or add interventions	...	...
	

PAYMENTS

INFORMATIONAL ASYMMETRIES	INCOMPLETENESS OF MARKETS	LACK OF OPPORTUNITIES OF ENGAGING IN FIN.TRANSACTIONS	TRANSACTION COSTS	LACK OF COMPETITION
---------------------------	---------------------------	---	--------------------------	---------------------

A. What instruments should be implemented to cope with transaction costs in payment markets?

SOURCES OF EFFICIENCY GAINS	Increase of payment / settlement systems efficiency	Reduction of administrative costs	Increase of on-line banking services		
ILLUSTRATIVE INSTRUMENTS	International core principles for payment and settlement systems	Payment / Settlement infrastructures (including legal) and procedures	Compliance / Security / Transparency costs	Computer / Internet penetration	Security of on-line transactions

Select or add instruments	...	...	...	...	...

B. What are the legislative and / or regulatory interventions that should be undertaken to improve payment market outcomes?

ILLUSTRATIVE LEGISLATIVE AND / OR REGULATORY INTERVENTIONS	Comply with international core principles for payment and settlement systems	Simplify procedures for international payments	Reduce documentation for international payments	Improve IT infrastructures	Develop secure internet payment systems
		Simplify procedures to obtain credit / debt cards	Harmonize causal identification numbers for payment orders	Setup permanent consultation procedures with main IT providers	Design insurance schemes for on line payments
		Facilitate payment procedures for exporting firms	Standardize causal codes for banking operations	Sign agreements with main TLC providers to reduce communication costs	
		Allow banks to manage tax and utilities' payments	Define cooperation schemes with Police (for the security of branches,...)	Modernize documentation flows (internet)	
			Define procedures to implement data exchange between banks and courts	Define procedures and standards to convert bank receipt in electronic format	
				Define agreements with disabled people associations to facilitate home banking	

Select or add interventions	...	...	...	...	...

PAYMENTS

INFORMATIONAL ASYMMETRIES	INCOMPLETENESS OF MARKETS	LACK OF OPPORTUNITIES OF ENGAGING IN FIN.TRANSACTIONS	TRANSACTION COSTS	LACK OF COMPETITION
---------------------------	---------------------------	---	-------------------	---------------------

A. What instruments should be implemented to cope with lack of competition in payment markets?

SOURCES OF EFFICIENCY GAINS	Modernization of antitrust regulation	Antitrust supervision	Support of national / international competition			
ILLUSTRATIVE INSTRUMENTS	International antitrust criteria	Antitrust legal procedures	Antitrust authority	Licensing procedures	Market liberalization / transparency	M&A procedures

Select or add instruments	...	...	...	...	...	...

B. What are the legislative and / or regulatory interventions that should be undertaken to improve payment market outcomes?

ILLUSTRATIVE LEGISLATIVE AND / OR REGULATORY INTERVENTIONS	Define transparent criteria to assess the existence of entry barriers	Define Antitrust Authority effective monitoring / enforcement procedures	Create an Antitrust Authority	Design quick and efficient licensing procedures for prospective national / foreign financial institutions	Liberalize commissions on payment / settlement services	Design competitive market procedures for the acquisition of distressed national banks / financial institutions
	Define transparent criteria to measure market concentration		Design the Antitrust Authority governance consistently with international best practices	Sign bilateral agreements to allow foreign licensed institutions to operate in the national market	Allow competition among providers of payment / settlement services	Open national payment / settlement market to foreign providers
	Define transparent criteria to identify market abuse		Define monitoring / enforcement powers of the Antitrust Authority consistently with international best practices	Design quick and efficient procedures for licensing payment / settlement providers	Adopt international standards on working week days / hours per day	
	Harmonize antitrust law to international standards regarding advertisement				Follow European guidelines on teleworking	

B. What are the legislative and / or regulatory interventions that should be undertaken to improve payment market outcomes?

<p>ILLUSTRATIVE LEGISLATIVE AND / OR REGULATORY INTERVENTIONS</p>	<p>...</p>	<p>...</p>	<p>Harmonize direct and indirect local taxation with European standards Harmonize international anti-money laundering rules Harmonize international antiterrorism rules Provide correct information to the public</p> <p>...</p>	<p>...</p>
<p>Select or add interventions</p>	<p>...</p>	<p>...</p>	<p>...</p>	<p>...</p>

DEPOSITS

INFORMATIONAL ASYMMETRIES	INCOMPLETENESS OF MARKETS	LACK OF OPPORTUNITIES OF ENGAGING IN FINANCIAL TR.	TRANSACTION COSTS	LACK OF COMPETITION
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A. What instruments could be implemented to cope with informational asymmetries in deposit markets?

SOURCES OF EFFICIENCY GAINS	Provision of collaterals	
	Personal guarantees	Public / Interbank guarantees
ILLUSTRATIVE INSTRUMENTS
Select or add instruments

B. What are the legislative and / or regulatory interventions that should be undertaken to improve deposit market outcomes?

ILLUSTRATIVE LEGISLATIVE AND / OR REGULATORY INTERVENTIONS	Harmonize personal identification documents / fiscal codes with international standards	Design public guarantee schemes for depositors
		Design interbank insurance schemes for depositors
		Allow information flow among banks belonging to a group

Select or add interventions	...	...

DEPOSITS

INFORMATIONAL ASYMMETRIES	INCOMPLETENESS OF MARKETS	LACK OF OPPORTUNITIES OF ENGAGING IN FINANCIAL TR.	TRANSACTION COSTS	LACK OF COMPETITION
---------------------------	----------------------------------	--	-------------------	---------------------

A. What instruments could be implemented to cope with incompleteness of deposit markets?

ILLUSTRATIVE INSTRUMENTS	Supply of innovative financial products and services
	...
Select or add instruments	...
	...

B. What are the legislative and / or regulatory interventions that could be undertaken to improve deposit market outcomes?

ILLUSTRATIVE LEGISLATIVE AND / OR REGULATORY INTERVENTIONS	Supply sight deposits
	Supply deposits with overdraft facilities
	Supply internet checking / saving accounts
	...
Select or add interventions	...
	...

DEPOSITS

INFORMATIONAL ASYMMETRIES	INCOMPLETENESS OF MARKETS	LACK OF OPPORTUNITIES OF ENGAGING IN FINANCIAL TR.	TRANSACTION COSTS	LACK OF COMPETITION
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A. What instruments could be implemented to cope with lack of opportunities of engaging financial transactions in deposit markets?

SOURCES OF EFFICIENCY GAINS	Improvement of financial markets responsiveness to real economy needs		Increase of market participants' information
ILLUSTRATIVE INSTRUMENTS	Simple / Standardized financial contracts	Simple / Standardized operational procedures	Information / Technical assistance to market participants

Select or add instruments	...	...	...

B. What are the legislative and / or regulatory interventions that could be undertaken to improve deposit market outcomes?

ILLUSTRATIVE LEGISLATIVE AND / OR REGULATORY INTERVENTIONS	Harmonize deposit contracts with international standards	Simplify bank account opening procedures for individuals	Favor the interaction between firms / associations of firms and financial institutions / association of financial institutions
		Simplify bank account opening procedures for corporate business (VAT id, corporate governance, ...)	Favor the interaction between consumers / associations of consumers and financial institutions / association of financial institutions
			Provide information about banking accounts to depositors (Patti Chiari)

Select or add interventions	...	...	...

DEPOSITS

INFORMATIONAL ASYMMETRIES	INCOMPLETENESS OF MARKETS	LACK OF OPPORTUNITIES OF ENGAGING IN FIN.TRANSACTIONS	TRANSACTION COSTS	LACK OF COMPETITION
---------------------------	---------------------------	---	--------------------------	---------------------

A. What instruments could be implemented to cope with transaction costs in deposits markets?

SOURCES OF EFFICIENCY GAINS	Reduction of administrative costs			Increase of on-line banking services	
ILLUSTRATIVE INSTRUMENTS	Taxation	Compliance / Security / Transparency costs	Stamp duties	Computer / Internet penetration	Security of on-line transactions

Select or add instruments	...	...	...	...	...

B. What are the legislative and / or regulatory interventions that could be undertaken to improve deposit market outcomes? Page 1/2

ILLUSTRATIVE LEGISLATIVE AND / OR REGULATORY INTERVENTIONS	Reduce registry tax on deposit contracts	Avoid duplication in mandatory documentation for depositors	Reduce stamp duties on deposit contracts	Improve IT infrastructures	Design insurance schemes for on line transactions
		Harmonize International Bank Account Numbers		Setup permanent consultation procedures with main IT providers	
		Harmonize personal identification documents / procedures with international standards		Sign agreements with main TLC providers to reduce communication costs	
		Harmonize fiscal code identification numbers with international standards		Modernize documentation flows (internet)	

B. What are the legislative and / or regulatory interventions that could be undertaken to improve deposit market outcomes? Page 2/2

ILLUSTRATIVE LEGISLATIVE AND/OR REGULATORY INTERVENTIONS		Standardize causal codes for banking operations		Define procedures and standards to convert bank receipt in electronic format	
		Define cooperation schemes with Police (for the security of branches,...)		Define agreements with disabled people associations to facilitate home banking	
		Define procedures to implement data exchange between banks and courts			

Select or add interventions	...	...	...	...	...

DEPOSITS

INFORMATIONAL ASYMMETRIES	INCOMPLETENESS OF MARKETS	LACK OF OPPORTUNITIES OF ENGAGING IN FIN.TRANSACTIONS	TRANSACTION COSTS	LACK OF COMPETITION
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A. What instruments should be implemented to cope with lack of competition in deposit markets?

SOURCES OF EFFICIENCY GAINS	Modernization of antitrust regulation	Antitrust supervision	Support of national / international competition			
ILLUSTRATIVE INSTRUMENTS	International antitrust criteria	Antitrust legal procedures	Antitrust authority	Licensing procedures	Market liberalization / transparency	M&A procedures

Select or add instruments	...	...	...	...	...	...

B. What are the legislative and / or regulatory interventions that should be undertaken to improve deposit market outcomes? Page 1/2

ILLUSTRATIVE LEGISLATIVE AND / OR REGULATORY INTERVENTIONS	Define transparent criteria to assess the existence of entry barriers	Define Antitrust Authority effective monitoring / enforcement procedures	Create an Antitrust Authority	Design quick and efficient licensing procedures for prospective national / foreign financial institutions	Eliminate bank accounts' closure fees	Design competitive market procedures for the acquisition of distressed national banks / financial institutions
	Define transparent criteria to measure market concentration		Design the Antitrust Authority governance consistently with international best practices	Sign bilateral agreements to allow foreign licensed institutions to operate in the national market	Link deposit insurance premiums to risk profiles	
	Define transparent criteria to identify market abuse		Define monitoring / enforcement powers of the Antitrust Authority consistently with international best practices		Unbundle lending from current account opening / management	

B. What are the legislative and / or regulatory interventions that should be undertaken to improve deposit market outcomes? Page 2/2

ILLUSTRATIVE LEGISLATIVE AND/OR REGULATORY INTERVENTIONS						
	Harmonize antitrust law to international standards regarding advertisement				Harmonize fiscal provisions on deposits	
					Adopt international standards on working week days / hours per day	
					Follow European guidelines on teleworking	
					Harmonize direct and indirect local taxation with European standards	
					Harmonize international anti-money laundering rules	
					Harmonize international antiterrorism rules	
					Provide correct information to the public	
	
Select or add interventions	...	...	...	...	...
	