



How Can *Convergence* Help You?

7th Convergence Group Meeting

Brussels, April 28, 2005

South-Eastern Europe

Bulgaria, Romania

Albania, Bosnia-H, Croatia, Macedonia, Serbia and Montenegro

1. Engagement With Authorities

- *Convergence* will convince authorities to listen to problems banks are facing
 - Not a foregone conclusion in several countries
 - WB, other IFI partners, senior management team experience and credibility should help
- *Convergence* will operate on the basis of a mandate from authorities
 - Their continued commitment is key to exercise

2. Gathering Information

- *Convergence* will help banks come up with list of regulatory obstacles/opportunities
 - Not limited to 3-4 (bad for negotiations)
 - Possibly 40-50/country (to access WB back-up authority)
 - Focus:
 - Issues where supervisory authorities are neutral, if not benevolent
 - Opportunities to build efficient industry platforms
 - How?
 - Over a six-month period
 - ABI's database will help
 - WB logistical support

3. Quantifying & Assessing Information

- *Convergence* will quantify value to banking system of successful resolution of regulatory obstacles
 - Clear financial target is a good management discipline (e.g., ABI)
 - Authorities can see impact on financial market size and economic growth
- *Convergence* will prepare proposals for regulatory changes
 - In a language understood by authorities

4. Supporting Decision-Making

- *Convergence* will help authorities understand pros and cons of proposed solutions
 - “Honest broker” role is key to preserving long-term credibility and influence
 - Market views will be represented throughout
- Hopefully, authorities will listen
 - *Convergence*’s credibility: IFI origin, management team and strength of market realities

Objectives

- End-2006:
 - Successful resolution of 3-4 issues
 - To demonstrate this is a sound business for market participants
 - Pipeline of 40-50 regulatory issues identified, quantified and analysed in each of 3 target countries
 - Ongoing dialogue with authorities
 - Support from banking industry
- Next three years:
 - Larger scale effort to start closing regulatory gap with EU practices and norms
 - Stronger banking industry involvement
 - *Convergence* has an open architecture

Our Collaboration

- *Convergence* will help banks improve their operating environment...
 - And make SEE countries “converge” with EU
- ...and to get organized, “à la ABI”, to strengthen market voice on financial matters
 - Importance of professional approach
- Your local banks are key in this process
 - To feed the pipeline of issues to be dealt with
 - To have a responsible attitude with authorities

Next Steps

- *Convergence* proposes to discuss our country-by-country progress (and our difficulties) in the semi-annual meetings of the Convergence Group.