



SPI Monthly Activity Report December 2007 (www.spi-romania.eu)

Project Highlights:	<i>1 Project Working Group meeting</i>	<i>(Monthly New Item)</i>
Finalized projects:	<i>Rural Lending, IFRS Provisioning, Consumer Financial Education, MiFID Implementation,</i>	
Well advancing projects:	<i>Lending Databases, Bank Guarantees</i>	
Regulatory-making process:	<i>Law on Safety, Electronic processing of debit instruments, AML Law</i>	
Institutional development:	<i>Credit Positive Information Sharing, Ombudsman, Stress Testing</i>	

SPI Project Working Groups Activities

Finalized projects

- **Rural Lending:** The SPI Secretariat has asked the Ministry of Agriculture to organize a follow up meeting on the project implementation steps.
- **IFRS Provisioning:** SPI Committee took note of the final findings of the RIA working group impact assessment study, which have been validated by the NBR RIA PWG members. The SPI Committee acknowledged that implementation of IFRS provisions in 2010, which would be in line with market preparations of fully compatible internal models, would minimize negative tax impact. SPI Committee will submit the impact assessment study to MEF, asking the Ministry to confirm that fiscal treatment of IFRS provisions will be consistent with treatment under RAS standards.
- **Consumer Education:** SPI Secretariat participated in the year's largest event on financial education – the Citi-FT Financial Education Summit, held in New Delhi. The SPI Secretariat participation in the Summit aimed at strengthening the understanding of the features that financial education partnerships and programs should have in order to increase the effectiveness of the actions and measures proposed to be undertaken under the auspices of the public-private partnership for Romania financial sector modernization.
- **MiFID Implementation:** SPI Committee noted the useful dialogue that has been created between banks and NSC on MiFID implementation issues within the SPI project. With this, the project can be considered completed. SPI Committee encouraged banks and NSC to continue using the SPI platform for impact assessment and consultations on other important issues of common interest.

Well advancing projects

- **Lending databases:** The revamped project working group held its first meeting where next steps and project priorities have been established. SPI Committee encouraged the new team to speed up work on this important project for the banking sector. It is expected that the analytical document is completed by April 2008.
- **Law on bank guarantees:** Upon endorsement by NBR and MEF, the SPI Committee will send to MoJ and to Parliament the legislative proposals pertaining to bank letters of guarantee.

Regulatory-making process

- **Amendment of law on goods safeguard AML law and law on cheques, drafts and promissory notes:** The SPI Secretariat followed up with relevant competent authorities on the status of the enactment of the law proposals, which are undergoing the final stages of an internal review. SPI Committee asked the

SPI Secretariat to propose a methodology to strengthen the SPI monitoring of its legislative and institutional solutions.

Institutional development

- ***Credit positive information sharing***: BCR started reporting positive credit information to the Credit Bureau, thus raising the coverage of the information on the retail banking market from 27 percent in 2007 to about 80 percent. The dialogue with NASPDP has been concluded with a regulation which strikes a reasonable balance between the data protection needs and the requirements of banks and the credit bureau to have efficient credit information systems.
- ***Ombudsman***: NBR and MEF submitted their opinion with regard to the proposed RBA-founded “Bank Mediator”. The two institutions broadly endorsed the proposal, thus enabling the RBA to take steps towards its establishment in early 2008.
- ***Stress Testing***: NBR is following up with banks in conducting a forthcoming a system-wide stress testing exercise, based on the useful dialogue created under the SPI.

Other Developments

- ***SPI Committee meeting***: took place on December 20, 2007. On this occasion, the SPI Committee approved the list of 12 SPI Core Projects to be undertaken in the first half of 2008. The SPI Committee encouraged the SPI Secretariat to facilitate the creation of and to support the activities of public-private working groups for additional 9 projects. SPI Committee asked the SPI Secretariat to start working on the following priority projects: 1) Co-financing with EU structural funds; 2) PPP lending; 3) Standard Repo procedures so as to have them finalized by end March 2008. Also, the SPI Committee took note of the Convergence proposal to prolong the current SPI Secretariat arrangements until March 2008, when an appropriate formula for obtaining financial support from banks, matching the NBR financial commitment, will be identified.
- ***SPI Presentation to Committee of European Securities Regulators, Paris***: The SPI Secretariat has illustrated Romania's pioneering RIA experience at an impact assessment workshop with the participation of regulators from 12 EU countries.
- ***EU Better Regulation Report***: The European Banking Federation has included a long description of the SPI Romania activities in its recent assessment of how 25 EU Member States and 4 other European countries implement the EU Better Regulation practices.

Highlights of expected January 2008 activities

- The SPI project on lending databases will advance well;
- The SPI Secretariat will follow up with MoARD on the implementation of the rural lending project.

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