

# Convergence Romania Financial Sector Modernization

Special Projects Initiative Public-Private Steering Committee



## RIA Capacity Building Program

### Introductory Remarks

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# **What we do - SPI Projects**

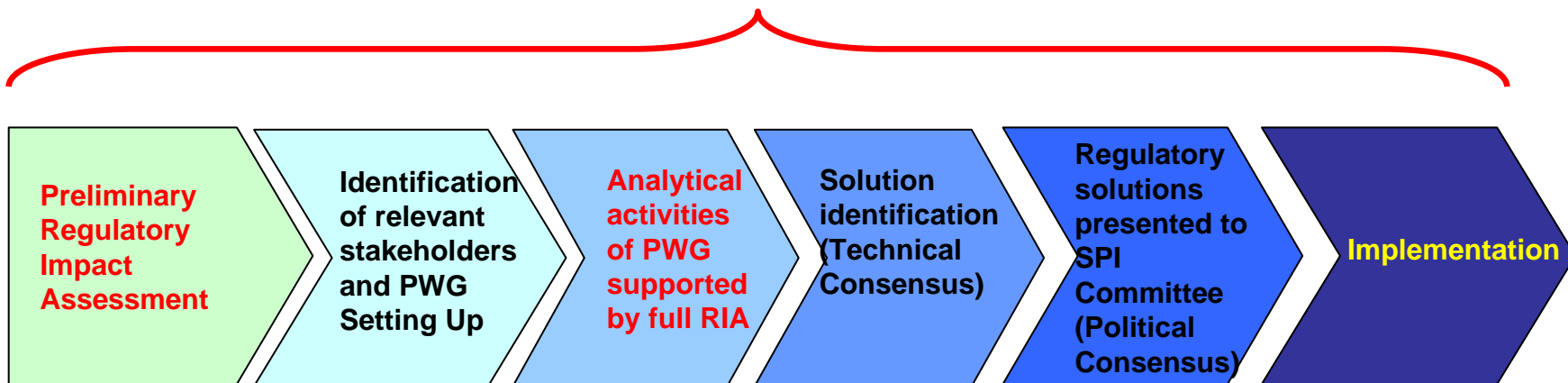
- 1. Expansion of Positive Information Sharing***
- 2. Electronic Processing of Debit Instruments***
- 3. Amendment of the anti-money laundering (AML) law***
- 4. Policy Implications of the Roland Berger study***
- 5. Loan loss provisioning in view of IFRS application***
- 6. Mortgage loan servicing database***
- 7. Rural lending***
- 8. Law on bank guarantees***
- 9. Loss given default database***
- 10. Rating Agencies Development***
- 11. Methodological aspects of stress test for households and firms***
- 12. Ombudsman***
- 13. Consumer education***
- 14. Amendment of the law on goods safeguard, values and persons protection***
- 15. Improving the banknotes structure for ATM use***

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## How we do it – the SPI Process



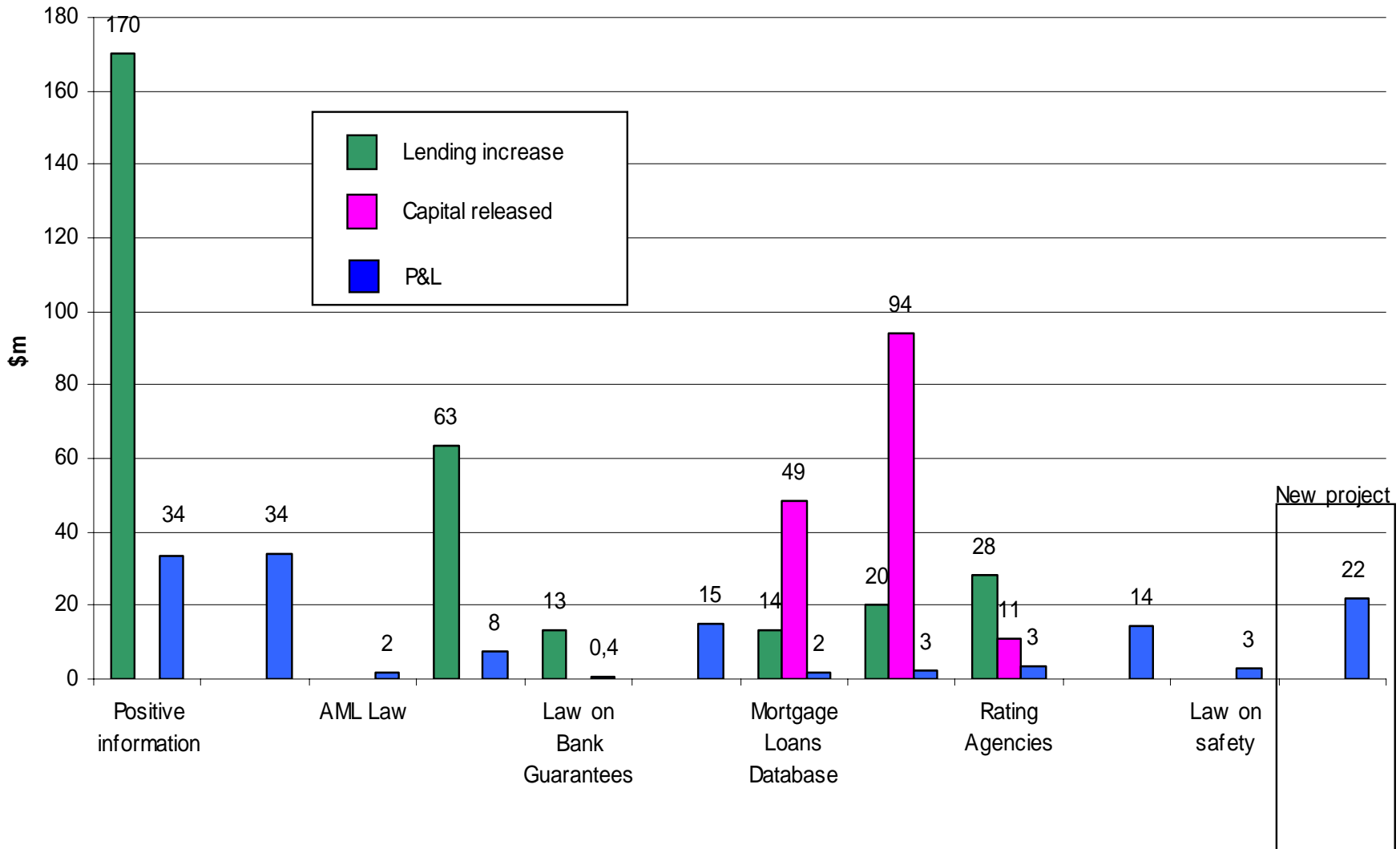
# Regulatory Impact Assessment

A key tool providing sound analysis supporting the decision-making process for policy options.

## RIA Importance:

- A. Systemically examines selected potential impacts on the banking industry and the economic system
- B. Communicates the appropriate information to decision-makers

# A. Evidence of potential impacts on the banking industry and the economic system (I)



# A. Evidence of potential impacts on the banking industry and the economic system (II)

## Impact on Balance Sheet – Breakdown of contributions

	<b>Business development</b> (3 Projects)	<b>Industry competitiveness</b> (9 Projects)	<b>Total</b>
i) Lending increase	<b>\$ 247 million</b>	<b>\$ 61 million</b>	<b>\$ 308 million</b>
ii) Capital released	-	<b>\$ 154 million</b>	<b>\$ 154 million</b>

## Impact on P&L – Breakdown of contributions

	<b>Business development</b> (3 Projects)	<b>Industry competitiveness</b> (9 Projects)	<b>Total</b>
i) Interest Margin	<b>\$ 16 million</b>	<b>\$ 7 million</b>	<b>\$ 23 million</b>
ii) Operational costs	-	<b>\$ 62 million</b>	<b>\$ 62 million</b>
iii) Loan Loss Provisions	<b>\$ 26 million</b>	<b>\$ 29 million</b>	<b>\$ 55 million</b>
<b>Overall impact</b>	<b>\$ 42 million</b>	<b>\$ 98 million</b>	<b>\$ 140 million</b>

## B. RIA communicates the appropriate information to decision-makers

- RIA information embedded in SPI documents that are submitted to public/private decision makers for promoting legislative and institutional changes

Success stories: positive information sharing, AML law amendments, electronic processing of debit instruments, etc.

RIA is also useful from the regulators' point of view ("better regulation" approach)

More ...

to follow