



The SPI Romania Experience

Public-Private Financial Modernization

Association of Banks in Bulgaria
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What is SPI Romania?

A partnership established by Romanian financial authorities and market participants in September 2006 to provide focus and coordination to accelerate modernization of the Romanian financial sector.

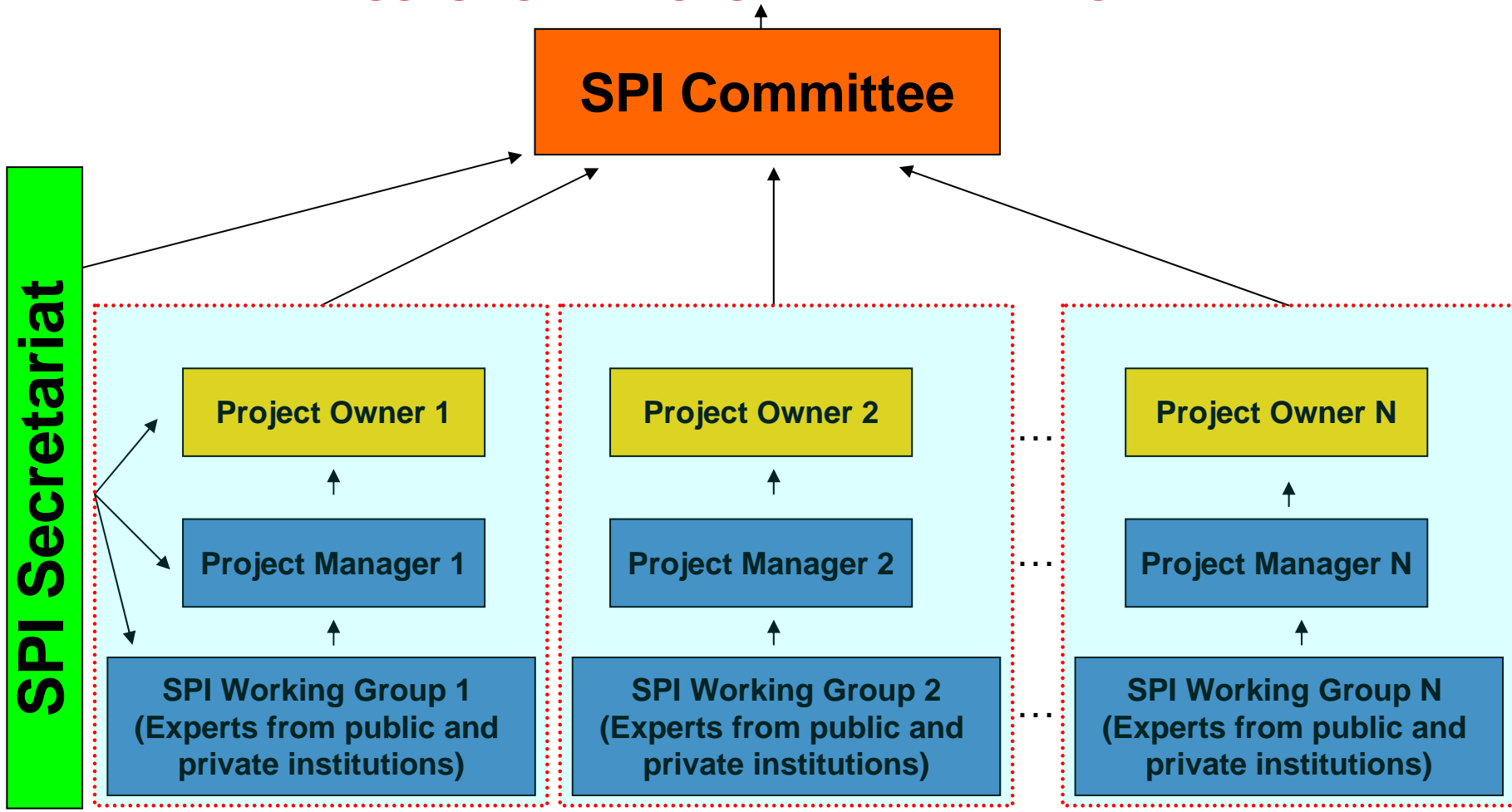


SPI Romania 2007 projects

Public – private financial sector modernization matrix

ABI CRITERIA	ECB CRITERIA				
	Asymmetric information	Completeness of the market	Increased opportunities to engage in financial transactions	Reduced transaction costs	Increased competition
Business development	Positive credit information sharing	1. Rural lending 2. CRA	Law on bank guarantees	LGD	MLD
Industry competitiveness	Stress testing	MiFID implementation		1. AML Law 2. Law on Goods Safety 3. Debit Instruments 4. Roland Berger Study 5. Banknotes for ATMs	
Industry reputation			1. Ombudsman 2. Consumer education		
	2	3	3	6	1

SOLUTION ENDORSEMENT AND ENACTMENT



SOLUTION FINDING (Based on public-private consultations through RIA)



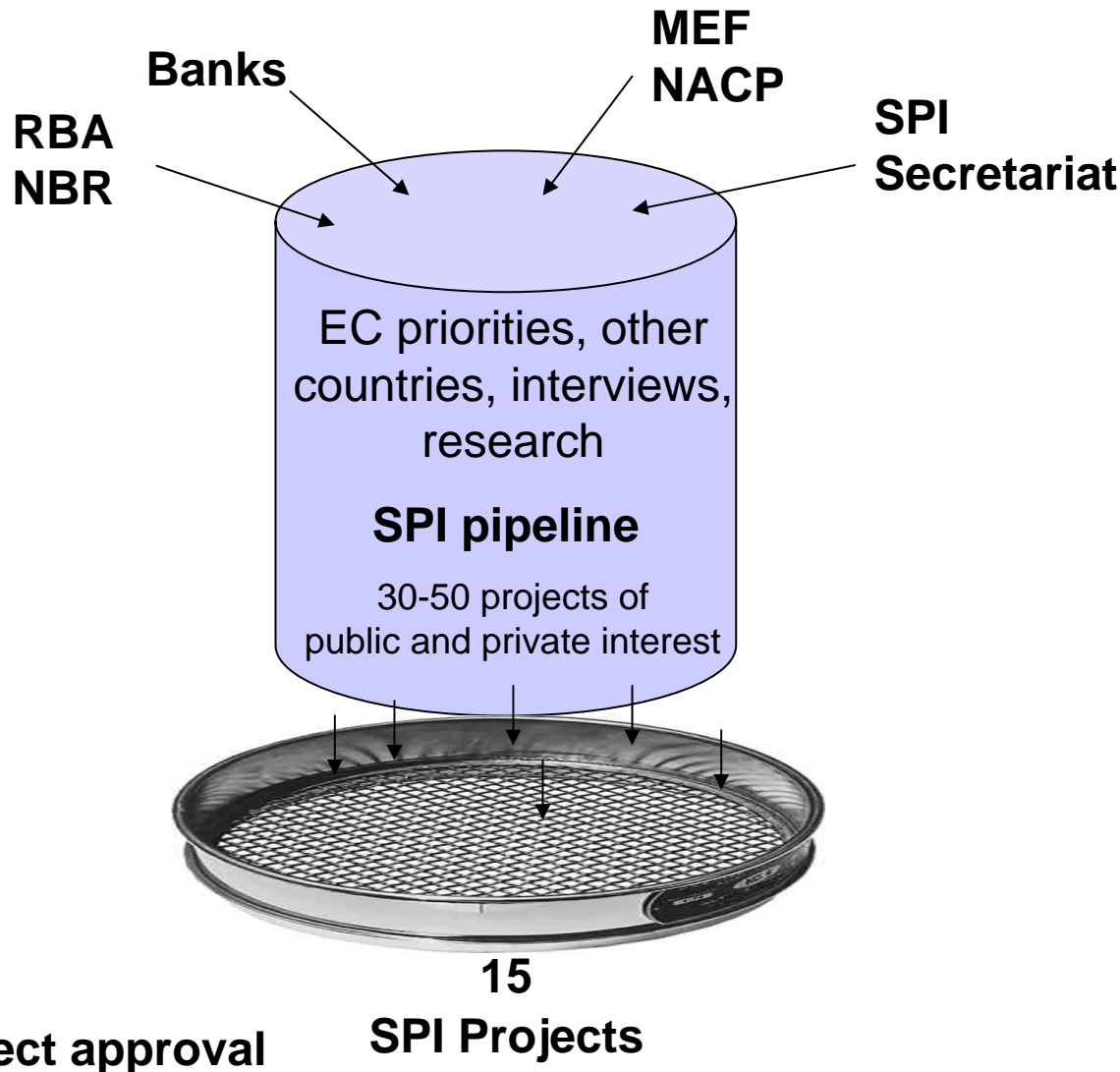
Why do we need this structure?

- SPI Committee: ex-ante agreement on public-private priorities and push for prompt enactment of proposals
- Working Groups: to prepare solutions based on their collective expertise and facilitate public-private technical consensus
- SPI Secretariat: the “engine” of the structure



- **The novelty: The SPI Secretariat**
 - Small and highly efficient
- **Activities:**
 - Helps identify modernization issues and builds ex-ante public-private consensus to prepare proposals for regulatory changes
 - Pushes for solutions by working groups
 - Promotes technical public-private consensus
 - Prepares political public-private consensus
 - Supports enactment efforts

Issue identification and selection



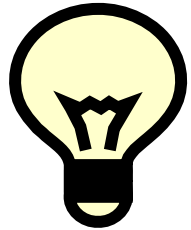
Solution searching

NBR
RBA
MEF
NACP
Other stakeholders

- Experts for PWG
- Support for data collection and consultations
- RIA findings validation

SPI Secretariat

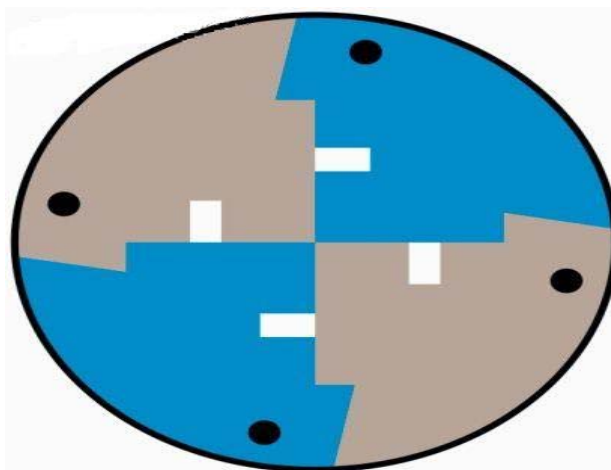
- Identifies the needed expertise
- Searches for solutions in international experience /EU legislation
- Identifies the needs for international/local consultants
- Arranges for the consultants' support
- Prepares documents for discussions
- Drafts RIA questionnaire (as part of the SPI Projects RIA)
- Collects data and performs RIA calculations
- Organizes seminars and other supporting events
- Collects feedback from SPI stakeholders
- Collects and aggregates individual contributions
- Prepares documents presenting the solutions



Consensus building

RBA

- Banks review solutions
- Provide input on disputed issues
- **RBA Board endorsement for final recommendation**



NBR

- Revises proposed solutions
- Provides input on disputed issues
- **NBR Board endorsement for final recommendation**

SPI Secretariat

- Looks for international benchmarking in disputed solutions
- Asks for independent opinions on the disputed issues
- Provides ideas for reaching solutions acceptable to all parties
- Performs RIA for the disputed issues in order to facilitate the best choice

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



ROMANIA

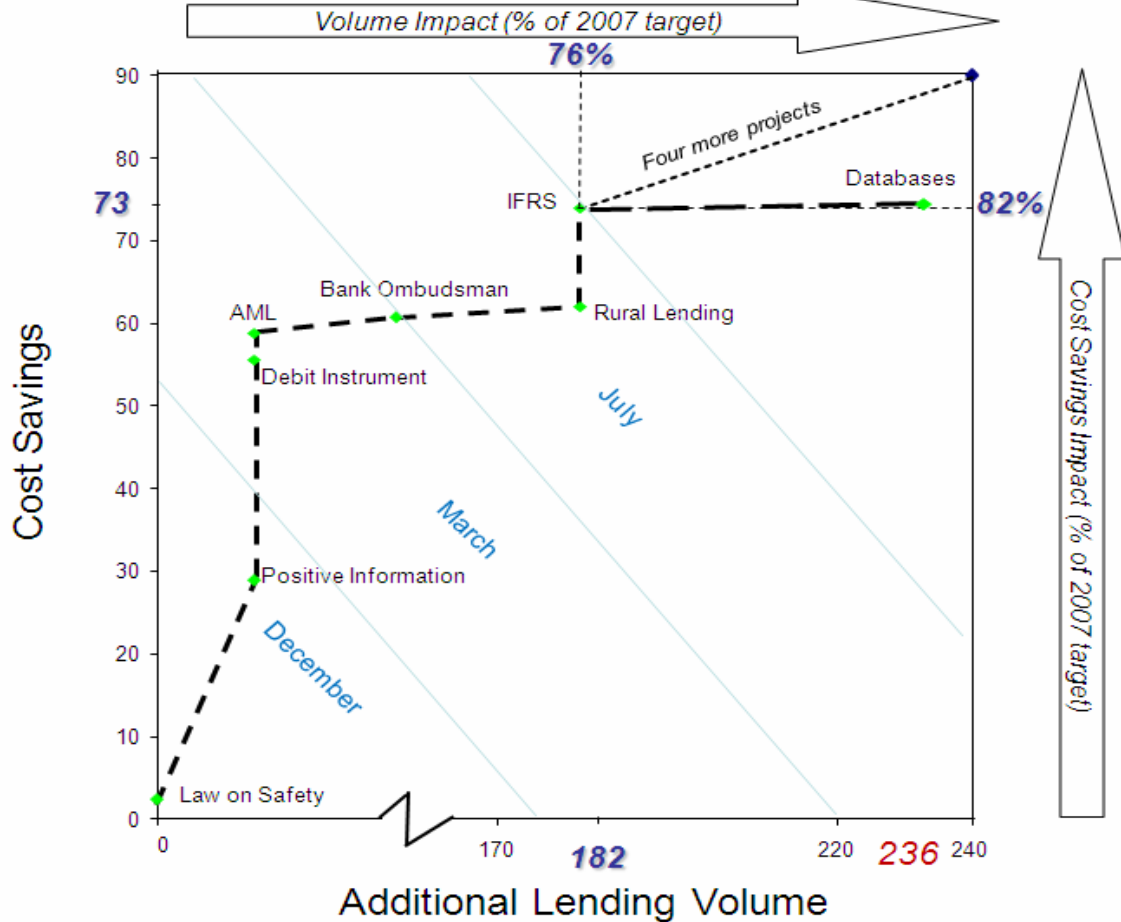
CONVERGENCE FINANCIAL SECTOR MODERNIZATION

Public-Private Special Projects Initiative



Monitoring Results

Financial Impact of Finalized SPI Projects (Mln, EUR) – First Full Year



Prudential and Business Issues Generate A Large Modernization Program! SPI Romania 2008 Program

	European Central Bank CRITERIA				
	Asymmetric information	Completeness of the market	Increased opportunities to engage in financial transactions	Reduced transaction costs	Increased competition
ABI CRITERIA					
Business development		<ol style="list-style-type: none"> 1. Increasing bank lending under PPPs 2. Promoting refinancing through securitization 3. Green Banking 	<ol style="list-style-type: none"> 1. Development of Interbank Direct Debit 2. Standardization of the contractual framework for repo and derivative transactions 3. Securing down payments made by individuals for real estate projects 4. Facilitating structural lending 5. Supporting thermal rehabilitation of houses 6. Developing lending to municipalities 		
Industry competitiveness	<ol style="list-style-type: none"> 1. Database for risk rating the corporate clients 2. Centralized database for AML purposes 		<ol style="list-style-type: none"> 1. Improving access to and availability of the basic banking products 2. Electronic employment register and services 	<ol style="list-style-type: none"> 1. The banks' future contributions to RDGF 2. Improving account stopping regulation 3. Reducing the paper-based documents 4. Centralized tax roll 5. Facilitating bad debts recovery 	Improving the payments framework
Industry reputation	Better information on saving products	<ol style="list-style-type: none"> 1. Expanding Banking Mediator 2. Bank Code of Conduct 3. Ombudsman knowledge transfer 	<ol style="list-style-type: none"> 1. Standardizing the minimal information for basic bank products and services 2. Standardizing the advice on selected bank products and services 3. Enhancing Corporate Social Responsibility in the Banking Industry 	<ol style="list-style-type: none"> 1. Improving the quality of the education and professional training in the banking field 2. Improving cooperation framework on consumer protection 	<ol style="list-style-type: none"> 1. Enhancing financial consumer's protection 2. Responsible borrowing
	3	6	11	7	3

Final Message

Modernization is driven by prudential and business considerations

- **A public-private analytical Secretariat offers a well structured environment of carrying out projects.**
 - **Focus: to achieve intended objectives quickly & avoid unintended consequences**

For more information see

www.spi-romania.eu

Thank you!