

Convergence Romania Financial Sector Modernization

Special Projects Initiative Public-Private Steering Committee



MEMO

of the SPI Romania Secretariat Visit to Serbia

July 27, 2007

On July 27, 2007, the SPI Romania Secretariat composed of Ms. Oana Nedelescu, SPI Director of Analytics and Policy and Ms. Ramona Bratu, SPI Director of Bank Products and Services has made a visit together with the Convergence Head, Mr. Luigi Passamonti, to Belgrade to meet with relevant Serbian financial sector stakeholders in order to help them consider launching the SPI in Serbia.

The SPI Secretariat has had separate meetings with:

- a) banking sector representatives: Ms. Draginja Djurić, Chair of the Management Board of the Association of Serbian Banks and President of the Banca Intesa Executive Board and Mr. Branislav Radovanović, Executive Director, International Markets Division, UniCredit Bank;
- b) Serbian Ministry of Finance representatives: Mr. Igor Momcilović, Assistant Minister; Mr. Radovan Marinković, Head of Unit; Radovan Medić, Junior Economist¹.

The SPI Secretariat and Convergence have made a presentation to the Serbian financial sector stakeholders of the SPI operating structures (SPI Committee, SPI Secretariat, SPI project working groups, and project management teams), activities, governance, stakeholders' involvement, and achievements so far.

The Serbian financial sector stakeholders appreciated that SPI Romania looks like a very efficient tool to modernize the financial sector because of the close collaboration with market participants and the strong consumer protection orientation of its activities.

The Serbian Ministry of Finance representatives outlined that in Serbia there is no authority dealing in a targeted way with consumer protection issues. This function is somewhat covered by the Ministry of Trade and the Ministry of Finance will further explore how the consumer point of view could be represented in an SPI structure.

From the discussions held, it resulted that there are a lot of commonalities between the Serbian and the Romanian financial sectors in terms of modernization needs. Both countries would like to promote rural lending, to encourage individual lending within prudential and macroeconomic considerations, rationalize financial institutions' reporting systems, etc.

¹ At the meeting with the Serbian Ministry of Finance the SPI Secretariat and Convergence were accompanied by Mr. Rolf Behrndt, Senior Operations Officer, IFC – Private Enterprise Partnership Southeast Europe.

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The SPI Secretariat and Convergence outlined that in Romania, the SPI has proven to be a successful platform for tackling legislative and institutional micro-reforms through a close cooperation between relevant authorities and market players.

The public-private participatory nature of the SPI has allowed for a rapid resolution on the expansion of positive credit information reporting, electronic processing of debit instruments, creation of a bank ombudsman function, IFRS provisioning, AML reporting system rationalization, a more efficient bank security system, etc.

The Serbian stakeholders were interested to know the success factors in the implementation of the SPI projects. The SPI Secretariat outlined that from the experience so far, the successful SPI Romania projects have embedded a combination of strong public and private drivers and an active project leadership. The former was ensured by the strong commitment and determination of the Romanian authorities and market players to support the SPI initiative.

Given Romania's experience so far, the Serbian stakeholders believe that many synergies could be created between the SPI initiatives in the two countries should they decide to build the SPI in Serbia.

Following the Chair of the Management Board of the Association of Serbian Banks request, the SPI Secretariat will hold a presentation on the SPI Romania in front of the banking association Board in late August or early September. Also, the SPI Romania Secretariat will facilitate the contact between the Serbian and Romanian Banking Associations so the latter can share its experience with the SPI initiative.

A multi-stakeholder (Serbian National Bank – Serbian Ministry of Finance – Serbian Association of Banks) consultation process will be launched following the discussions held with the SPI Secretariat and Convergence in order to decide about the possible implementation of the SPI mechanism in Serbia. Going further, the Ministry of Finance will be involved in the SPI launching through its Financial Markets Department.

The SPI Secretariat has expressed its availability to provide further support and involvement in helping the Serbian stakeholders implement the SPI initiative.

cc: Luigi Passamonti, Convergence Head.