

news & views

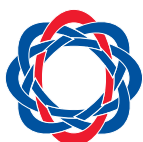
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Proportionality helps banks, banking workforce

Older workers in high demand as EU banks seek regulation-savvy staff (see page 9)

Nordic Financial Union report explores workforce perspective on regulatory compliance (see page 15)



WSBI



ESBG

Helping savings and retail banks thrive.

INSIDE THE NUMBERS: **ESBG**

→ **ESBG members have**
€500 billion
in SME loans on their books in the EU,
equal to roughly a third of the market.

→ **Our loan-to-asset ratio is at 67%, a**
higher level than the overall EU banking
sector. It shows that we convert deposits
into loans better than anyone.

→ **939 banks**
→ **56,000 outlets**
→ **780,000 staff**

→ **One-third**
of Europeans seeking banking
services come to our member banks.

ESBG SME LENDING MARKET SHARE
IN EUROPE (IN %)



■ ESBG lending
■ Other banks

UPCOMING EVENTS

- **2-4 October – 2nd Workshop on Rural Financial Inclusion, Bangladesh**
- **12 October – WSBI reception at World Bank/IMF Meetings 2018, Bali Nusa Dua, Indonesia**
- **26 October – WSBI Innovation Workshop, Istanbul, Turkey**
- **14 November – WSBI Board and General Assembly, New Delhi, India**
- **15-16 November – WSBI World Congress in New Delhi, India**

Need for proportionality grows

The recent celebration in Berlin of the 200th anniversary of the Berliner Sparkasse and the Caisses d'Epargne of France reminded me and other WSBI members that savings and retail banks have always made every effort to be really close to customers, building on savings banks self-help roots.

It's no different in today's 24/7, always-on world. It takes hard work, an innovation mind-set and a regulatory framework that helps, not hampers our quest to remain at the forefront of need, serving households, local communities and economies through a regional approach.

To make savings and retail banks' efforts have more impact in the places they serve, regulators need to keep in mind our unique approach to banking. They have imposed hugely detailed rules for universal banks that are vastly more complex than is appropriate for relatively less complex savings and retail banks. That's where the principle of proportionality can help.

In this edition of *News & Views*, we explore proportionality from two angles. The first is the workforce. We cover two new reports that give added ammunition to our calls for a more balanced approach to regulation. Both provide data showing the negative impact of an overly burdensome regulatory system on banks, especially the workforce. One report comes from the Nordic Financial Unions, showing compliance leads to growing pressure on finance employees, forcing them to choose between providing good customer service and following rules and regulation.

The second study published by ESBG and other European social partners show hiring decisions have changed, with a focus on high-skill labour due to higher regulatory pressure. Data used in the report show an upward shift in the average age and education level among bank employees since the 2007-2008 financial crisis. At the same time, they observe a simultaneous big drop in hiring younger employees.

The social partners involved attribute the quick pace of rules being issued contributing to making compliance more difficult.

Both studies back up our stance that proportionality is needed more than ever. Our new ESBG President Helmut Schleweis has said as much, stating the need to continue to share with policymakers the need for more proportionate and better regulation, more adapted to decentralised institutions such as savings and retail banks that are the engines for financing the real economy. Those points echo with all WSBI-ESBG members in some 80 countries.

The second angle on proportionality comes from the United States, where our U.S. member ICBA's Plan for Prosperity has inspired policymakers there to enact a new law – the bipartisan Economic Growth, Regulatory Relief and Consumer Protection Act.

Regulatory relief measures are included in the bill to help locally focused banking. New ICBA CEO Rebecca Rainy shares her thoughts on this.

In Europe, proportionality is making inroads as seen in meetings recently with EU policymakers. We have made clear with them in broad strokes and in highly technical areas. On putting into law the latest regulatory reforms stemming from Basel ("Basel IV"), we pointed out that the lack of risk sensitivity, which the introduction of an output floor would bring, is highly problematic. Risk sensitivity must not be sacrificed when implementing the Basel IV reforms in Europe.

We will reinforce with policymakers too that a proportionate approach to banking rules can help savings and retail banks make globalisation inclusive for all, our theme for the November 2018 WSBI World Congress in India.

WSBI-ESBG MANAGING DIRECTOR
CHRIS DE NOOSE

Regulators need to keep in mind our unique approach to banking.



PROPORTIONALITY

WSBI Managing Director Chris De Noose outlines how an appropriate approach to banking rules helps banks innovate, serve customer.

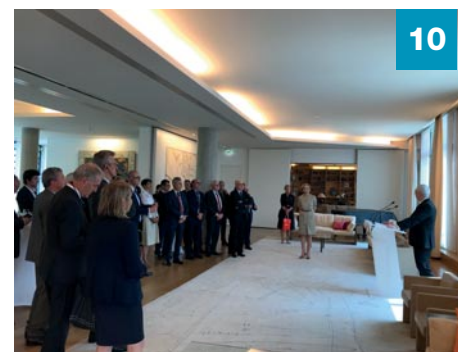
“In this edition of News & Views, we explore proportionality from two angles.”

**World Savings and Retail Banking Institute
European Savings and Retail Banking Group aisbl**

Rue Marie-Thérèse, 11 • B-1000 Bruxelles
Phone + 32 2 211 11 11 • Fax + 32 2 211 11 99
info@wsbi-esbg.org • www.wsbi-esbg.org

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Responsible editor: Chris De Noose,
WSBI-ESBG Managing Director
Editors: James Pieper, Senior Communications Adviser and
Dirk Smet, Communications Manager
Design & Layout: altera



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Older workers in high demand as EU banks seek regulation-savvy staff

Financial crisis, the growth of digitisation, market changes, and a continuously increasing and complex EU regulatory regime have created new trends in banking sector employment. An overall shrinking financial services workforce, opportunities for older employees for a late career in the banking sector, a simultaneous significant decrease in hiring younger employees, and a majority of women employees in the EU banking industry, are the main conclusions of a new study released on 28 June from European banking industry social partners. **Page 9**



WSBI-ESBG becomes UNEP Finance Initiative supporting institution

WSBI-ESBG has recently joined the United Nations Environment Programme – Finance Initiative (UNEP FI), a partnership between the United Nations Environment Programme and a global network of financial institutions. Bringing together more than 200 financial institutions, UNEP FI promotes sustainable finance worldwide. **Page 11**

WSBI member profile:

Inside ICBA's Rebeca Romero Rainey's plans to help community banks flourish

THE FOLLOWING STORY IS AN EXCERPT OF A FEATURE ARTICLE FROM INDEPENDENT BANKER MAGAZINE.

From Taos, N.M., to Washington, D.C.— it's been an incredible journey for new ICBA president and CEO Rebeca Romero Rainey. Here, she shares her vision for the community banking industry and tells us why its success means so much to her.

One of Rebeca Romero Rainey's signature traits is her steadfast belief that a challenge and an opportunity are one and the same. So when I ask for her take on the community banking industry's biggest challenges of the moment, she offers a warm smile and highlights a collection of opportunities instead. Romero Rainey, who took the reins as ICBA president and CEO in May, pinpoints three critical factors in the industry's continued ability to flourish: encouraging innovation, easing regulation and planning for succession.

These areas, she believes, are the keys to succeeding in a marketplace that's changing at a rapid pace, whether that's in terms of fintech, the compliance burden or the shifting employment expectations of millennials and Generation Z.

First, innovation. Romero Rainey defines this as how community banks can use technology to continue offering an exceptional banking experience while creating efficiencies that allow them to introduce new products and services and compete with fintech providers and the megabanks. She specifically mentions technologies that fall under the "regtech" category, helping streamline compliance operations behind the scenes so bankers can spend more of their energy connecting with clients.



I think it shows the bipartisan support we have for community bank relief.

Second, easing regulation. Romero Rainey says the Senate's passage of the Economic Growth, Regulatory Relief and Consumer Protection Act (S.2155) is reason to be optimistic. (Editor note: A final version of that bill was enacted into law after publication in Independent Banker magazine. See next story.)

"I think it shows the bipartisan support we have for community bank relief," she says, "and I'm hopeful that as we get through this, it continues to create opportunities for us to tackle specific issues of regulatory burden and help to level the playing field for community banks."

Her final area of focus is succession planning—something of which she's had first-hand experience. A third-generation community banker, Romero Rainey took the helm of Centinel Bank of Taos at a young age.

"I looked around, and there weren't a whole lot of young people," she says. "As we look forward, we are at a time when both management succession and ownership succession is critical. How do we help support community banks both in the development of future leaders and in creating an environment that encourages excitement about engaging with this industry?"

Advancing all of these factors, Romero Rainey says, is essential if we're to see a resurgence of de novos entering the community banking space. She considers industry growth a "huge issue," especially in communities that do not have a community banking presence.

INDUSTRY ADVOCATE

Romero Rainey's love of her career moved her to take an interest in the broader community banking industry.



She has served on the FDIC Advisory Committee on Community Banking and the Kansas City Federal Reserve Community Depository Institution Advisory Council. She is a past president and board member of the Independent Bankers Association of New Mexico. She has met with Presidents Obama and Trump to discuss key issues for community banks. For ICBA, she has served on many committees and held several chairmanships, including the association's Federal Delegate Board and Minority Bank Council. She was elected ICBA chairman in 2016.

And so when ICBA first asked her to serve as president and CEO, Romero Rainey says she was "immediately humbled and incredibly honoured." There were many considerations, including a cross-country move with her husband, John, and their two young daughters, and transitioning out of her leadership position at Centinel Bank. Romero Rainey says her ultimate decision came down to the opportunity to help ensure a strong future for community banks. ●

By Andrea Lahouze. Photo by Stephen Gosling.



READ MORE OF MS. RAINEY'S STORY AT INDEPENDENT BANKER MAGAZINE AT [BIT.LY/2NRVAE6](https://bit.ly/2NRVAE6) OR BY SCANNING THIS QR CODE.

Helmut Schleweis appointed ESBG president

Three-year term comes as European savings & retail banks navigate digital world, complex EU rules.

The European Savings and Retail Banking Group (ESBG) Board of Directors on 28 June appointed German Savings Banks Association President Helmut Schleweis as the association's President for a three-year term starting immediately.

Commenting on his appointment, Mr. Schleweis said: "During my mandate, we will continue to share with policy-makers the need for more proportionate and better regulation, more adapted to decentralised institutions such as savings and retail banks that are the engines for financing the real economy. We welcome the progress being made by EU legislators, but further action is needed. On the economy, frameworks to boost growth should keep in mind ESBG members' efforts to grow their €500 billion SME loan book."

The new President's Committee led by Mr Schleweis will build upon the invaluable work done by outgoing ESBG President Isidro Fainé. The newly appointed leadership take the helm at a time when ESBG fosters idea exchange among members and policy advocacy efforts to help savings and retail banks thrive in a digitally driven world.

Below is the President's Committee:

PRESIDENT

- Helmut Schleweis, ESBG President; President, German Savings Banks Association (Germany)

VICE-PRESIDENTS

- Isidro Fainé, ESBG Vice President; President, Ceca (Spain)
- Laurent Mignon, ESBG Vice President; Chairman of the Management Board, Groupe BPCE (France)
- Birgitte Bonnesen, ESBG Vice President; President & CEO, Swedbank (Sweden)
- Gerhard Fabisch, ESBG Vice President; President, Austrian Savings Banks Association (Austria)
- Giuseppe Ghisolfi, ESBG Vice President and Treasurer; President, ACRI (Italy)

WSBI-ESBG Managing Director Chris De Noose said: "Helmut Schleweis brings a wealth of insight from 45 years working within the German savings banks. He has demonstrated throughout his career a sincere commitment to locally focused, innovation-led retail banking. I will be happy to cooperate very closely with President Schleweis to develop further ESBG as the European voice of savings and retail banks." ●

Community banking victory: U.S. puts proportionality-laden act into law

ABOUT ICBA

The Independent Community Bankers of America®, the nation's voice for nearly 5,700 community banks of all sizes and charter types, is dedicated exclusively to representing the interests of the community banking industry and its membership through effective advocacy, best-in-class education and high-quality products and services.

“There are beneficial regulatory relief measures in this law for community banks of all sizes.”

Pro-growth law will help community banks of all sizes.

WSBI member The Independent Community Bankers of America® (ICBA) on 24 May thanked U.S. President Donald Trump for signing into law the bipartisan Economic Growth, Regulatory Relief and Consumer Protection Act (S. 2155). The new law will spur greater consumer access to credit and business lending in Main Street communities nationwide, the association said. The U.S. House of Representatives passed the ICBA Plan for Prosperity-inspired legislation a few days before with a bipartisan 258-159 vote following the U.S. Senate's 67-31 vote in March.

“This landmark law signed by the president today unravels many of the suffocating regulatory burdens our nation's community banks face and puts community banks in a much better position to unleash their full economic potential to the benefit of their customers and communities,” ICBA President and CEO Rebeca Romero Rainey said.

“While this new law will make a positive difference for community banks, there is plenty more work ahead of us to ensure a tiered and proportionate regulatory environment that will allow community banks and local communities to flourish.”

As illustrated in a new digital timeline outlining ICBA's road to regulatory relief, the new law was signed after years of outreach by ICBA and community bankers. ICBA's tireless advocacy campaign included hundreds of meetings with policymakers on Capitol Hill and at the White House, tens of thousands of community banker messages to lawmakers, congressional testimony, joint state association letters, petitions, articles and op-eds. Most recently, ICBA delivered to the lower house a petition signed by more than 10,000 community bank employees and allies urging immediate passage of the regulatory relief bill.

“There are beneficial regulatory relief measures in this law for community banks of all sizes,” said ICBA Chairman Tim

Zimmerman, CEO of Standard Bank in Monroeville, Pa. “We thank the president for signing this vital community bank regulatory relief legislation into law, along with the members of Congress who stood up for Main Street communities by supporting the bill. It will go a long way in helping community bankers like me serve the needs of our customers and communities.”



Older workers in high demand as EU banks seek regulation-savvy staff

YOUNGER HIRING LEVELS SLASHED, WOMEN MAKE UP BANKING WORKFORCE MAJORITY

Financial crisis, the growth of digitisation, market changes, and a continuously increasing and complex EU regulatory regime have created new trends in banking sector employment.

An overall shrinking financial services workforce, opportunities for older employees for a late career in the banking sector, a simultaneous significant decrease in hiring younger employees, and a majority of women employees in the EU banking industry, are the main conclusions of a new study released on 28 June from European banking industry social partners.

The results of a new European Commission-funded report presented today for the first time at the European Sectoral Social Dialogue Committee in Banking, analyses data that show an upward shift in the average age and education level among bank employees since the 2007-2008 financial crisis. Hiring for people aged 55-plus swelled by 35%. Meantime, workers hired under the age of 24 decreased by 38%, while hiring for those aged 25-39 dropped 19%. The trend slowed in the 40 to 50 age category, down just 5%.

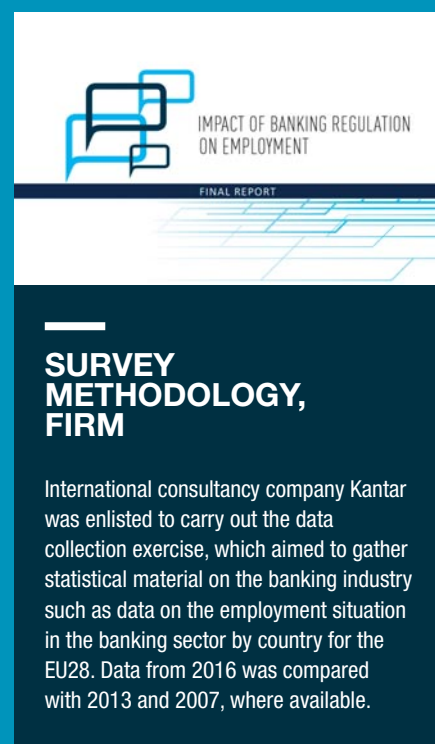
EBF-BCESA Chairman Dr. Jens Thau said: “The nature of the post-crisis job supply focus on high-skill labour is due to higher regulatory pressure. The trend is also caused by new technologies and regulation-driven business models and by stricter requirements on HR hiring procedures that make it more difficult to recruit early career workers. Competition from new players such as FinTechs compounds the pressure on hiring job seekers belonging to the younger age groups.”

The committee, comprised of European social partners EBF-BCESA, ESBG and EACB as employers' associations along with trade unions body UNI Europa Finance, also invited stakeholders to join the meeting to learn from the EU-funded study project on the impact of banking regulation on employment.

SHRINKING WORKFORCE, BRANCH NETWORK CONSOLIDATION

The study calculated a drop of 444,200 employees in the EU28 banking sector in 2016 than in 2007. During that time period, the number of employees per branch increased due to branch bank consolidation caused, in part, by EU financial policy decisions and market trends such as digitisation. To cope with the digital 'New Normal', financial institutions are adjusting their business models to reach closer proximity to customers while reworking their branch network.

Malta Union of Bank Employees (MUBE) President William Portelli, who serves as coordinator for the UNI Europa Finance banking social dialogue committee, said: “The implementation of overwhelming regulatory measures to mitigate the unwarranted circumstances created by the crisis demanded instant changes to job profiles due to risk and compliance requirements. Pillar 2 of the project could look at continuous personal and professional development as key to employment and growth in the finance sector, since it enhances the possibility of redeployment in wider areas of the industry, especially to those who cannot keep up with the new required skills.” →



SEE THE REPORT, AVAILABLE IN SIX LANGUAGES AT [HTTPS://BIT.LY/2UUG6TS](https://bit.ly/2UUG6TS) OR BY SCANNING THIS QR CODE.

OLDER WORKERS IN HIGH DEMAND AS EU BANKS SEEK REGULATION-SAVVY STAFF

Overall job figures show employment level contraction in the fields of administration, head-office and retail and business banking. This is offset by expansion in banks' compliance, IT and asset management ranks. The social partners said: "The amount of job losses does not reflect social partner efforts to mitigate the effect of cuts and the anticipation of change."

REGULATION AFFECTS BANK EMPLOYMENT PRACTICES

The study delves into the direct impact regulatory/supervisory policy has on banks' hiring decisions. Qualitative information contained in the study,

obtained from the banking sector throughout the European Union, point to government austerity measures and constrained fiscal policy impacting employment policies. New and updated EU banking rules enacted since the financial crisis are also hitting both employers and employees alike. The social partners attribute the quick pace of rules being issued contributing to making compliance more difficult.

WOMEN REMAIN IN EU BANKING STAFF MAJORITY

Women continue to make up the majority of the EU banking industry, made up of 54% women, and as much as 70% in some Central and Eastern EU countries.

Part-time contracts attract women, leading to a higher percentage of them taking banking jobs. Qualitative data show that can be attributed in part to the flexibility offered by those contracts. Though there is always room for improvement, the glass ceiling shows cracks, with a gradual rise in higher-level posts for women.

The social partners concluded: "The telling hard numbers and qualitative insight shows a need to continue to better understand the relationship between financial sector regulation and employment. We should try to collect additional data in the second phase of the project in order to arrive to a more accurate basis for more specific conclusions."

French, German savings banks celebrate 200 years together

Unique gathering in Berlin aims to forge future collaboration.

French and German savings banks came together in early June in Berlin to celebrate the 200th anniversary of the Berliner Sparkasse and France's Caisses d'Epargne.

The celebration included representatives from both savings banks as well as WSBI-ESBG members the German Savings Banks Association (DSGV), the French Federation of Savings Banks (FNCE) and BPCE. WSBI leadership joined in.

The Board of Administration of the FNCE, which brings together the 16 French savings banks, visited Berlin to celebrate two centuries of common history and to initiate a stronger collaboration in future between the French and the German savings banks. FNCE, DSGV and WSBI organised various meetings in the "House of Savings Banks" in the German capital,

met with German Minister of State Hendrik Hoppenstedt and were received by Anne-Marie Descôtes, French Ambassador to the Federal Republic of Germany.

The savings banks have a central importance for the access of the citizens of both countries to financial services. They both are committed to the regional development and are characterised by a strong commitment to society. Their business model contributes considerably to the stability of the financial system.

Karl-Peter Schackmann-Fallis, Executive Member of the Board at DSGV and event attendee, said: "Common characteristics lead to common interests: the support of a continental-European bank model, the importance of subsidiarity and proportionality, the search for a national deposit guarantee system and the creation of a fair competition framework in Europe and on a national level."

FNCE-President Jean Arondel, and WSBI-President Heinrich Haasis underlined the importance of reinforcing the collaboration between the organisations in the framework of the German-French dialogue and in the WSBI-ESBG context.

HISTORIC ROOTS

The 200 year celebration stems from German and French savings banks both having their roots in the ideas of the Enlightenment. They were created as a reaction to the social disruption at the end of the 18th and during the 19th century. ●

LEARN MORE ABOUT THE HISTORY OF SAVINGS BANKS AT THE WSBI WEBSITE AT WWW.WSBI-ESBG.ORG/ABOUT-US/HISTORY

WSBI-ESBG becomes UNEP Finance Initiative supporting institution

WILL CONTRIBUTE TO INITIATIVE SUCCESS IN FURTHERING BANKING SECTORS SUSTAINABILITY PRACTICES ADOPTION, IMPLEMENTATION.



ABOUT UNEP FINANCE INITIATIVE

United Nations Environment Programme – Finance Initiative (UNEP FI) is a partnership between United Nations Environment and the global financial sector created in the wake of the 1992 Earth Summit with a mission to promote sustainable finance. More than 200 financial institutions, including banks, insurers, and investors, work with UN Environment to understand today's environmental, social and governance challenges, why they matter to finance, and how to actively participate in addressing them.



LEARN MORE ABOUT UNEP FI AT WWW.UNEPFI.ORG/ABOUT OR BY SCANNING THIS QR CODE.



SEE THE WSBI-ESBG CHARTER FOR RESPONSIBLE BUSINESS AT BIT.LY/2NT6PRE OR BY SCANNING THIS QR CODE.

WSBI-ESBG has recently joined the United Nations Environment Programme – Finance Initiative (UNEP FI), a partnership between the United Nations Environment Programme and a global network of financial institutions. Bringing together more than 200 financial institutions, UNEP FI promotes sustainable finance worldwide.

As a supporting institution, WSBI-ESBG will contribute to UNEP FI's success in furthering the adoption and implementation of sustainability practices in the banking sector by sharing its expertise, and by providing a relevant platform where UNEP FI activities and knowledge can be leveraged and disseminated to its membership. WSBI-ESBG will also benefit from a broad range of UNEP FI's resources, activities and global network.

WSBI-ESBG members share a long history of socially responsible banking. They have a strong commitment to sustainable development and address their corporate social responsibility as an integral part of their business. The recently amended *WSBI-ESBG Charter for Responsible Business* reflects members' environment-friendly business approach. The charter has become more explicit, reflecting the increasing work and commitment from WSBI-ESBG member institutions to adapt to global developments, market realities and challenges.

WSBI-ESBG also continues to work towards promoting a vision for a pluralistic banking model, an enabling environment for financial inclusion and models that adapt to environmental challenges and climate change. "Joining UNEP FI as a supporting institution is a logical next step to achieve all these objectives," says WSBI-ESBG Managing Director Chris De Noose.

According to UNEP FI representatives, this partnership will allow both sides to disseminate and promote sustainable development through a continuous improvement of the financial system and its role in society.

UNEP FI is currently focusing on designing a set of banking principles, which will aim at establishing a benchmark and will define the banking industry's role and responsibilities in shaping and financing a sustainable future, in alignment with internationally agreed targets.

EU policymakers meet ESBG, members at retail banking lunch

POSITION PAPER SHARED INCLUDES STANCES ON BASEL IV, DIGITISATION, SUSTAINABLE FINANCE

POSITION PAPER RELEASED

A special position paper on these topics was published by the ESBG and distributed to policymakers and regulators who attended the meeting. Topics inside the 20-page booklet include the association's stance on proportionality, risk reduction measures package, the Basel IV impact assessment, digitalisation in the retail financial services area and sustainable finance.



Some 40 people attended on 28 June an event that billed as the “ESBG Retail Banking Lunch” at the European Parliament.

Officially hosted by Jonas Fernández, a member of the parliament (MEP), the event brought together other European parliamentarians as well as representatives from the European Commission, the European Banking Authority, the European Central Bank, the Austrian central bank, and the European Economic and Social Committee along with ESBG officials and members to exchange on major regulatory topics and the policy files that could shape the future of retail banking.

In his introductory speech, MEP Fernández underlined the need to make regulation more proportional and fit for purpose. That need was echoed by German Savings Banks Association Executive Board Member Karl-Peter Schackmann-Fallis. MEP Peter Simon, the rapporteur on CRR II and CRD V and a proponent of the proportionality principle, expressed satisfaction with proportionality gaining speed in the parliament's ECON Committee in recent months. He acknowledged the bureaucratic burden faced by small and non-complex banks when complying with non-proportionate EU banking rules.

Exchange occurred on the so-called Risk Reduction Measures (RRM) package. BPCE Head of Public Affairs Nicolas Duhamel commended the MEPs for several important amendments that they proposed, for instance on software investments and in the context of recovery and resolution. Messrs. Merlin and Simon foresee that the RRM package can be concluded by year-end.

On putting into law the latest regulatory reforms stemming from Basel (“Basel IV”), Swedbank Chief Financial Officer Anders Karlsson pointed out that the lack of risk sensitivity, which the introduction of an output floor would bring, is highly problematic. Risk sensitivity must not be sacrificed when implementing the Basel IV reforms in Europe, he added. Responding to ESBG's concerns, the commission's Martin Merlin, who serves as director of regulation and prudential supervision of financial institutions, reminded participants of the hard discussions on Basel IV with other countries, most notably with the United States. EBA Executive Director Adam Farkas elaborated on the need to repair internal models, irrespective of any Basel-led initiative. Farkas added that an output floor should play the role of a backstop rather than a binding constraint.

Speaking about digitalisation in the retail financial services area, Confederation of Spanish Savings Banks (CECA) General Manager José María Méndez emphasised the fundamental role that digitalisation has played for greater social and financial inclusion. The principle of “same business, same risks, same rules” should apply among banks and other players on the market, he noted, that are also active in financial services.

Ms Dejmek-Hack, economic adviser to Jean-Claude Juncker, confirmed that the current commission would not come up with any new legislative proposals in the area of financial services. A newly composed commission will take office in late 2019.



READ 'ESBG POSITIONS' DOCUMENT AT [BIT.LY/2LW0P0H](https://bit.ly/2LW0P0H) OR SCAN THIS QR CODE.

ESBG releases position on EU Commission FinTech Action Plan

SAYS CROWDFUNDING, PEER-TO-PEER LENDING SHOULD ABIDE BY SAME LEGISLATIVE MEASURES AS BANKS



A level playing field should be applied for crowdfunding and peer-to-peer lending platforms, savings and retail banks association ESBG said on 25 June in its response to the recently released EU Commission Fintech Action Plan.

The association outlined potential areas of harmonisation needed include crowdfunding platforms' disclosure requirements, registration requirements, risk management and consumer/investor protection rules. ESBG had previously submitted those points in a response to the associated Commission-managed "Have Your Say" process.

On the EU blockchain initiative, which stems from the FinTech Action Plan, ESBG hopes that the efforts will contribute to know-how building on not only on the regulators' side but also for the financial industry. Relatedly, ESBG notes that there is need for the Commission's work on initial coin offerings and crypto assets to show two-fold results. Investors should benefit from an equally high level of protection while a regulatory level playing field should be ensured.

CYBERSECURITY: REFRAIN FROM WEAVING IN PROPORTIONALITY

Regarding cybersecurity, policymakers should refrain from applying the proportionality principle.

They argue to scupper the principle because cyber-attacks occur within an interconnected system that is only as strong as its weakest link. Digital skills are important in this respect, an area where ESBG offers views and member

experiences in its full response. The association's response also states a need for a "European Centre for Cyber Security in Banking and Finance", similar to an EU-supported centre established for aviation called the European Centre for Cybersecurity in Aviation (ECCSA).

Representing 939 locally focused banks in the European Union, ESBG notes that a coordinated EU approach toward artificial intelligence (AI) was rightly included in the latest EU Commission communication on AI. It argues that no specific regulation should exist applying to financial institutions with respect to AI or machine learning. Such a rule could be unfairly harmful for the financial services industry, requiring players in that sector to meet stricter requirements than other industries for the use of the same technology. Building out innovation hubs / sandboxes is needed at EU level.

Sent to its stakeholders, the paper is part of an overall effort to provide policymakers with useful information from savings and retail banks who serve a third of the EU retail banking market. Relatedly, the association issued support letters for five candidates from ESBG's membership to participate in a commission expert group to review the fitness of the EU financial services regulatory framework. The Commission selected one of the ESBG-backed candidates.

FINTECH ACTION PLAN: EU LEGISLATIVE PROCESS SO FAR

The European Parliament has asked the European Commission to act by virtue of the assembly's own-initiative reports, the most notable of which is titled "Report on FinTech: the influence of technology on the future of the financial sector" prepared by the ECON Committee and adopted at the plenary sitting on 28 April 2017. The Council has done virtually the same by stating that there is a sense of urgency to address emerging trends, such as blockchain and ICOs, in its conclusions adopted on 19 October 2017. Based on this, the Commission published its FinTech Action Plan on 8 March 2018. The Action Plan addresses several topics, among them planned steps to remove obstacles in implementing FinTech solutions. Other topics include a concrete proposal on crowdfunding and actions on blockchain, ICOs, the development of APIs compliant with both GDPR and PSD2 and cybersecurity.



READ: ESBG RESPONSE TO FINTECH ACTION PLAN AT [BIT.LY/2JXIPZ7](https://bit.ly/2JXIPZ7) OR BY SCANNING THE FOLLOWING QR CODE.

NFU report

Insights from Nordic Financial Union President Michael Budolfson

GIVES DEEPER LOOK AT SURVEY RESULTS, POLICY IMPLICATIONS

Why was the survey done now? What was the issue for Nordic Financial Unions and the banking workforce in the Nordic region?

This year marks a decade since the devastating financial crisis of 2008, after which the European Commission initiated a major over-haul of the EU financial legislation. This reform was in many ways much needed and well-intended. However, little thought seems to have been put on how the rules would play out once implemented at national level.

That is why Nordic Financial Unions decided to survey how regulatory requirements on documentation, information to consumers and Know your customers, stemming from EU regulation, effect employees in the Nordic financial sectors. The result suggests that financial consumer protection reforms are not working as intended, as employees struggle to cope with compliance and at the same time provide quality advice and customer service.

What results surprised you most?

The fact that over 80% report that employees' workload and 75% that employees' stress levels have increased due to the requirements do I not only find surprising, but gruesomely worrying. Not only does the pressure pose a threat to our members' health and well-being, but also to the service they will be able to provide to customers. Our data indicates that this is a huge issue for the financial sector as a whole. A better balance is clearly needed. In addition, the fact that as much as 49 percent report a conflict of interest between compliance tasks and customer service is a surprisingly high figure, and of course very problematic.

What results did not surprise you so much?

Unfortunately, I am not surprised that 38% says that finance employees are met with negative reactions from customers when they try do their job and ask KYC-related questions. With the new rules on AML, policing tasks has been put on financial institutions. I am convinced that our members are happy to do their part in contributing to a healthy, sustainable and well-regulated financial sector, but they need support from managers, supervisory authorities and legislators, in order to do so.

Analysis of data seemed to show a need to devote more time and resources by employees in the Nordic finance sector to "do a good job". In fact, you are quoted as saying as much in the press release. Could you expand on what that entails?

Sufficient time, resources and training are key for finance employees to be able to do a good job. Our members want to focus on providing good service to customers rather than spending hours on administrative tasks that appear pointless. The data however indicates that the time-demanding compliance tasks have been put on top of employees' other work, with little or no adjustment of performance targets. As regulatory requirements increase, the over-all workload needs to be adjusted



accordingly to make sure that employees have sufficient time and resources to both comply with regulation and provide customers with suitable financial advice.

The report identifies a "conflict of interest" between employees offering good customer service while at the same time following rules and regulations. In what ways can that tension be addressed? What can financial institutions and/or your members do to address that tension?

Providing good customer service and following rules and regulations are two equally important tasks for financial institutions and finance employees should not be forced to choose between them. In order to address this, cooperation and dialogue between management and trade unions and their representatives at sector and company level is essential.

NFU report

Nordic Financial Unions report explores workforce perspective on regulatory compliance

DEMONSTRATES NEED FOR PROPORTIONAL APPROACH TO BANK RULES

By doing this, potential areas of conflict of interest for employees could be identified and dealt with proactively.

And finally – and this is a long question – the results put into the question whether the rules live up to the legislators’ original intent of banking rules and regulation to improve customer understanding of financial products and raise quality of financial advice and support overall-financial stability. This reality aligned well with WSBI-ESBG’s position for a proportionate approach to legislation. If there is only buy-in from some employees, and questionable outcomes for customers, should the rules be reworked and proportionality taken on to help make the rules work better?

Basically, regulation should create value for society, workers and companies. Saying this, I am a firm believer that excessively complex financial legislation should be avoided, and that a fair, balanced and transparent framework that supports quality financial advice and sustainable sectors should be promoted. This is evidently not the case today, where finance employees are struggling to cope with compliance regimes not adding value nor meaning for the consumer. A thorough review of the cumulative effects of financial regulation in practice is needed to make sure that the framework is proportionate and fit for purpose.

As trade unions, representing the vast majority of the Nordic finance employees, we are happy to be a part of these discussions, not least by cooperating with the sector and providing more detailed knowledge on the topic in the future. ●



SEE THE REPORT AT [BIT.LY/2LZTU4G](https://bit.ly/2LZTU4G)
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Compliance leads to growing pressure on finance employees, forcing them to choose between providing good customer service and following rules and regulation, a recently released report by the Nordic Financial Unions (NFU) shows. The conclusions are based analysis of results of a new NFU survey on the effects of regulatory requirements on employees’ work and wellbeing.

Titled “Coping with Compliance”, the report gives further insight into how EU legislation has a profound impact on the Nordic financial

sectors. It gives a perspective from inside the sector and sheds light on how finance employees and consumers seeking financial advice and services are affected by compliance demands stemming from EU legislation.

According to the respondents, representing over 35 000 Nordic finance employees, the regulatory requirements on documentation, information to consumers and know your customers (KYC) have increased in the last 2 years. Consequences for the employees are a heavier workload, which more than 80% of survey respondents observed, as well as increased stress levels according to three-fourths of those same respondents.

“Finance employees want to focus on providing services that bring value to customers rather than spending hours on administrative tasks that appear pointless”, says Michael Budolfson, President of NFU. “Sufficient time and resources are preconditions for employees to do a good job. This is also key to build trust in the financial sectors.”

The NFU report concludes from the results that while a strong regulatory framework is needed to safeguard stable financial sectors, the many detailed requirements risk creating conflicts of interest between providing good customer service and following rules and regulation. Results also question whether the rules live up to the legislators’ original intention; to improve consumers understanding of financial products, increase the quality of financial advice and support over-all financial stability. ●

NFU report

An ESBG member perspective

A REACTION TO THE NFU REPORT: Q&A INTERVIEW WITH OLE MORTEN GEVING, DIRECTOR, NORWEGIAN SAVINGS BANKS ASSOCIATION

The NFU report gave a lot of food for thought about the burden faced by bank employees when complying with EU banking rules the need for a proportionate approach to banking regulation. What was the big takeaway for you?

The most important takeaway is that it showcases in a very practical way the implications of a complicated and burdensome set of financial regulation. The report gives a unique perspective by asking bank employees – our stewards – in the Nordic banks how much time they spend coping with compliance issues and how this also affects the bank advisor-customer relationship. It gives interesting insight and is quite helpful in the ongoing discussion with policymakers about the need for proportionality. In my perspective the report totally supports ESBG’s position, and pinpoints the same objectives we have been addressing and advocating for.

For example, analysis makes clear that employees had witnessed that customers seem to be questioning the need for certain parts of customer-focused legislation. It’s an interesting first-hand account of how things are working. It also shows that there is a broad alliance both between the industry representation and workers union on this aspect.

Do the NFU report conclusions align with what Finance Norway member banks see on the ground?

I think that we basically see the same situation as the survey results show. We see a jump in the number of reports that have to be filled out, the amount of time one has to spend reading new regulation, and more time needed to address these issues internally, whether or not you have to run a small, simple, local bank seems

unnecessarily high. I think that especially on the reporting side, it seems to be in many ways overwhelming. I think you could really question the usage of the information provided to the financial authorities.

Survey results show that staff stress level has increased. Have you seen that first hand?

There are Norwegian respondents to the survey, so the figures should give a good indication of stress levels seen also in Norway.

How would you respond to one report finding that indicates a sort of tension staff face between providing good customer service and following rules and procedures enshrined in law?

The report provides an interesting figure that showed 49 per cent of respondents state that one or more of their members within the last 12 months have experienced a conflict of interest between providing good customer service and following rules and procedures.

It’s an interesting topic that begs the question: How can one preserve good intention of staff while really helping the customer? And what is the limit of that good intention in certain ways? I think we like to think of ourselves as representatives of banks who really put our customers first. If you ask advisors in the typical Norwegian savings bank, they promote financial products only if they see that it is



OLE MORTEN GEVING, DIRECTOR, NORWEGIAN SAVINGS BANKS ASSOCIATION

in the customer’s best interest. So, I think that savings banks’ customer approach is a bit broader than only selling products and earning money.

Have you seen an increase in the number of training sessions since the wave of European banking rules were put in place?

Yes. Although Finance Norway doesn’t conduct them directly, our banks do in-house and through bank alliances in Norway who conduct them. Our banks do a lot of training and development with their staff on a daily basis. There is also a regime run within the Norwegian financial industry that provides an authorisation/certification scheme for financial advisers. Before being an adviser, one must undergo a certain training and one has to pass an examination. There is a follow up programme drilling them on certain aspects.

What is your response to scepticism among many survey respondents that rules designed to better inform customers to give them a better understanding of financial products and services may be falling short?

It's an issue. We live in a complicated world, not just in banking but in other aspects of daily life. Take mobile apps, for instance. People might face the same issue of information overload when downloading an app on a smartphone. Before downloading, the user is given the option to read the 25 or so pages of "terms and conditions", the fine print that many people just skip over and download. In the world of banking, the amount of information needed is perhaps confusing the customer as much as clarifying things. If that is the case, then the regulation is obviously failing because it doesn't simplify things for the customer, making it too complex. So banking rules need to keep in mind the burden for the customer as much as the bank and its staff.

That said, the industry can play a part in demystifying information. The sector looks for ways to develop better ways of explaining, better ways of communication with the customers. Society has a role to play too. It think there is a need for society to be more financial literate, whereby people have a better personal understanding of basic financial concepts and products, what it means to have unsecured credit, what it means to have a pension scheme, etc. If you ask people on the street if they know some of these basic concepts, I don't think many will know. This is of outmost importance for people to deal with their financial life, and it has become more and more complex.

Technology can help narrow this financial literacy gap.

A multi-channel approach using technology could help on many fronts. One example is compliance, using technology to help make compliance less burdensome could benefit employees and customers alike. We are moving in that direction.

Based on the survey results, what should policymakers, savings and retail banks, as well as stakeholders think about in future?

There are really three things. First, we all need to keep in mind the effect regulations put in place are having and think how things are actually working because of those rules. We have to ask and answer the question: "Is the intention of the regulation being fulfilled?"

Second, the banks themselves need to develop better ways of handling more complex regulation and how they interact with customers.

And finally, technology. Using a broad spectrum of channels and approaches could help customers, who could access information when they need it in a convenient way. Using more technology in banking can reduce the load of more "boring", mundane parts of staff work. That could free up time so that they can focus more on being financial advisers. And it would most probably reduce the insecurity employees feel when coping with complex set of requirements. The reason is that if the computers can scan the forms, gather all the data needed, and do all the checks in a more secure and efficient way, that would reduce that uncertainty and frustration that staff experience.

The report hopefully can help spur more progress on all three areas.

We all need to keep in mind the effect regulations put in place are having.



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Financial education: Quo Vadis?

Policymakers, regulators, researchers, representatives of consumers, not-for-profit institutions, international organisations, financial museums and members of WSBI-ESBG gathered on 22 May at the WSBI-ESBG premises in Brussels to discuss financial education.

Debates focused on building a strong case for financial education by looking at how it can harness empowerment in areas such as entrepreneurship, sustainable finance and development, among others. It also looked at challenges and explored the research and experiences of measuring the impact of financial education programmes, as well as opportunities in terms of the complementarity of financial education to consumer and investor protection legislation.

The event began with an opening address by Chris De Noose, Managing Director of WSBI-ESBG. “At WSBI-ESBG we firmly believe that increasing the levels of financial literacy of the population can greatly contribute in achieving fairer and more inclusive societies. How? By fostering entrepreneurship, strengthening the link with financial inclusion, promoting gender equality, having more informed consumers, preparing the youth with

the necessary tools to succeed in life but also contributing to the understanding of what the role of finance should be,” said De Noose.

The keynote speaker Silvia Singer, CEO of Interactive Museum of Economics in Mexico (MIDE), shed the light on importance of financial education programmes and initiatives and highlighted the role of finance museums in the broad universe of key actors. “Financial and economic literacy is essential. We need to spread the word and everybody deserves this education. I think it is a right and we need to put this in everyone’s hands,” started her speech Singer. She also stressed the important role that financial education plays in reaching the United Nations’ Sustainable Development Goals, such as reducing poverty and inequality or fostering gender equality.

LINKING FINANCIAL EDUCATION TO INDIVIDUAL EMPOWERMENT

The first panel of the conference focused on financial education and its role in individual empowerment. Junior Achievement Europe CEO Caroline Jenner, who leads an organisation devoted to create more entrepreneurs to build work readiness

skills and improve financial literacy, outlined the importance of financial education among young people. “A deep dive in finance and economics is an extremely important learning process. It teaches young audiences how financial literacy contributes to personal empowerment, in terms of employability, financial education and entrepreneurship,” explained Jenner.

Parents International Executive Director Eszter Salamon reminded that there are many actors that have a role to play in financial education. She suggested that the primary target audience should be parents as they are the role models to their children. In addition, financial institutions and banks could be more involved in empowering teachers. Meanwhile, Better Finance Executive Director Aleksandra Maczynska added that educating investors is also highly important and that financial education should remain a complement to consumer protection legislation.

The importance of financial education in the context of microfinance services and programmes was also emphasized by European Microfinance Network President Elwin Groenevelt. “When you want to drive a car you need a licence. If you want to use financial products you first need financial education because of the risks.”

Robin Edme, a senior policy officer for green and sustainable finance at the European Commission suggested that the public debate should move from financial education teaching techniques to financial empowerment in the context of sustainable finance. Cédric Turini, corporate social responsibility director at the National Federation of French Savings Banks, provided an insight of the work carried out by their subsidiary *Finances & Pédagogie*, which every year trains 40 000 people in France on the topics of finances at all stages of life, both for young people and adults.



MEASURING THE IMPACT: HOW?

The second panel addressed the challenges of measuring the impact of financial education programmes. Philip List, director of FLiP – Erste Financial Life Park – which offers interactive museum experience to its visitors, gave insights of the immediate impact of a visit to their museum. “Research shows that 80 percent of our visitors leave with more financial knowledge than before coming. Are we satisfied? Yes, but this is only a short-term effect. We are aiming for a long lasting impact. This is only achievable if we get financial education into classrooms and families,” elaborated List.

“We have a lot of data but we have to evaluate what this data is telling us. It is not just about numbers, it is also the behaviours that we have to evaluate” added Singer. According to Singer, financial education should evolve according to current trends, such as digitalisation, to ensure that evaluation tools are up-to-date.

Danièle Vander Espt, director for financial education at the Belgian Financial Services and Markets Authority (FSMA) provided an example of their financial education programme Wikifin. Its website reaches more than 2 million visitors a year and according to Vander Espt, this is clear evidence that people need information and advice to make financial decisions.

Kristof De Witte, an associate professor at KU Leuven and Wikifin Research Chair on Financial Literacy, said that experiments that are run in schools by Wikifin help to evaluate which practices work and has impact. “How can we close the inter-generational gap in research? Creating course materials tailor-made for students, trying to involve parents and providing them course materials too, improving quality and knowledge of teachers,” suggested De Witte.

INEVITABLE ROLE OF WSBI-ESBG MEMBERS

The last panel of the conference examined how financial education complements consumer and investor protection legislation. “Financial education should be a complement. Financial crisis revealed that transparency is not enough. How can we proceed? By giving more responsibility to providers of financial services, we need to think of the consumers and give them additional tools to assist them in the decision-making process,” said European Banking Authority Retail Banking Expert Santiago Escudero, who opened the panel.

CECA Communications and External Relations Manager Mónica Malo reminded the audience that financial education can provide support to consumers in the major financial decisions of their lives and that investor education is also needed. Relatedly, the role of savings banks in financial education was addressed by German Savings Banks Association Director Wolfgang Neumann, who said: “Financial education needs to work properly and educational systems do not educate people well about the economic situation they are living in. We can play a role there.”

According to Belgian Financial Services and Markets Authority Chairman Jean-Paul Servais, there are three key aspects that can improve the current situation and make financial education national strategies successful: an ambitious leader (politician, institution, organisation or similar) who would engage people and would be fully dedicated to the topic, a collaboration between private and public stakeholders and a clear and short mission statement.

Carlos Trias Pinto, member of the European Economic and Social Committee, also suggested that involving stakeholders in a comprehensive way is important and more policy coherence is needed.

“We need to better align and combine our efforts. Financial education should be the main tool to transfer a new approach of financial experimentation, assuring that all vulnerable people have access to new basic sustainable finance products.”

The conference ended with closing remarks by Wilhelm Krätschmer, chair of WSBI-ESBG Corporate Social Responsibility and Sustainable Development Committee. “We see that there is a clear case to continue our efforts in financial education and that there are many actors active in this endeavour, which reflects the multi-stakeholder spirit of financial education initiatives. We need more inspiring leadership from policymakers in order to continue to promote increased levels of financial literacy of the population in Europe and worldwide.”



READ FULL SPEECH OF CHRIS DE NOOSE, MANAGING DIRECTOR OF WSBI-ESBG BIT.LY/2LPLF11OR BY SCANNING THE FOLLOWING QR CODE.



LEARN MORE ABOUT THE EVENT AND PROGRAMME AT BIT.LY/2JY2ABVOR BY SCANNING THE FOLLOWING QR CODE.

Disclosure on NPEs: Undue costs would hit smallest institutions

ESBG SAYS IN EBA CONSULTATION RESPONSE



ESBG replied on 27 July to the EBA consultation on disclosure by credit institutions of information on non-performing and forborne exposures.

ESBG stressed that the proposed proportionality principle whereby institutions are divided between “significant” and “non-significant” is going to result in undue costs for the smallest institutions in the non-significant group. ESBG proposed to extend the proportionality threshold so that non-significant institutions with consolidated assets below €1.5 billion have less disclosure requirements, only consisting of the overall NPL-ratio and the nominal NPL and NPE amount.

Among other aspects in its response, ESBG highlighted that the proposed templates increase the reporting requirements on concepts that are already disclosed in compulsory reporting, such as FINREP.

In this regard, ESBG suggested harmonising the different reporting frameworks in order to remove redundancies.

As part of the CRR revision, the European Commission, together with the European Parliament and the European Council, recognised the need for relief for medium-sized and smaller institutions, in particular in the area of reporting and disclosure. ESBG noted in its response that it seems peculiar that, there is expected to be a significant reduction in disclosures for smaller/medium-sized institutions, but at the same time extensive new disclosure requirements are to be introduced.

25th World Congress of Savings and Retail Banks

Sustainable retail banking:
Making globalisation inclusive for all

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Unnecessary: CRR high-risk exposures EBA guidelines

ESBG RESPONDS TO EBA CONSULTATION, COMMENTS ON REAL ESTATE, PRIVATE EQUITY, EQUITY EXPOSURES

There is no need to publish draft guidelines for types of exposures to be associated with high risk under Article 128(3) of the Capital Requirements Regulation, according to ESBG.

In its response submitted on 17 July to an European Banking Authority consultation on the subject, the association, which represents savings and retail banks in some 20 countries in Europe, commented that supervisors have not assigned work on the guidelines as a high priority after being given a mandate back in 2013 to do so.

On real estate, ESBG sees classification of all Acquisition, Development and Construction, or ADC exposures as speculative immovable property financing – without discriminating against different categories of credit quality of the property developer – lacking risk sensibility. It implies that credit institutions under the Standardised Approach for credit risk shall apply a 150% risk weight to these exposures regardless of the credit quality of the client, the mortgage guarantees provided or the level of reorganisation of the transaction. It deems necessary to mention the treatment given by the finalisation of Basel III to ADC lending, where these exposures will be risk-weighted at 150% unless certain criteria are met. Thereby ADC exposures to residential real estate may be risk weighted at 100% if they meet certain criteria, such as pre-sale or pre-lease contracts amount to a significant portion of total contracts or substantial equity at risk.

OTHER AREAS ESBG INCLUDES IN THE RESPONSE ARE

- **Defining “high risk” private equity:** ESBG opines that the current specification of what is to be considered as high risk with respect to private equity in the sense of Art. 128(c) CRR should be defined clearly in order to avoid misunderstanding or room for interpretation. The current definition leaves in fact room for interpretation whether any exposures related to investments, such as indirect in private equities, are to be considered as high risk in the sense of this article.
- **Specialised lending:** Regarding the consideration of certain specialised lending as high risk exposure in the draft guidelines (paragraph 5 (b)) and given that the finalisation of Basel III provides an specific treatment for specialised lending, ESBG question the logic behind implementing rules, and specially charges, that are already known as being modified/amended. From its perspective, this will unnecessarily surcharge entities and generate unjustified capital volatility.
- **Equity exposures:** According to paragraph 7 of the draft guidelines, “All equity exposures should be considered whether to be classified as high risk if the risk weight for any debt exposure to the same issuer is 150% or where any debt of such issuer would receive a 150% risk weight if these debt obligations were exposures of the institution”. In ESBG’s opinion, the treatment proposed is highly prejudicial for these equity exposures, particularly for ADC listed companies since all ADC lending has been ask by the supervisor to be considered as high-risk exposure. Due to this, ESBG calls for its removal.

BACKGROUND ON RATIONALE FOR EBA GUIDELINES

- Article 128 (3) of CRR provides a mandate to EBA to issue guidelines specifying which types of exposures other than exposures referred to in Article 128 (2) are associated with particularly high risk and under which circumstances.
- EBA on its own initiative has decided, however, to include in the draft guidelines clarifications on the notion of certain exposures referred to in Article 128 (2), i.e. investments in venture capital firms and investments in private equity.



[HTTPS://WWW.WSBI-ESBG.ORG/PRESS/LATEST-NEWS/PAGES/UNNECESSARY-CRR-HIGH-RISK-EXPOSURES-EBA-GUIDELINES-.ASPX](https://www.wsbi-esbg.org/press/latest-news/pages/unnecessary-crr-high-risk-exposures-eba-guidelines-.aspx) OR BY SCANNING THE ABOVE QR CODE.

GDPR: Nine data protection questions answered

The General Data Protection Regulation (GDPR) came into force on 25 May covering any organisation collecting or processing data on individuals living in the European Union. The new rules overhaul data protection law in the EU and aim to give consumers in Europe and beyond more control over how their data is used.

Martin Okorn, Senior Legal Adviser at WSBI-ESBG, sheds some light on the GDPR, explains the changes in legislation and outlines main principles of the new regulation.

What is the GDPR and why does it exist?

The GDPR is the General Data Protection Regulation. It was adopted in 2016 and will apply from 25 May 2018 onwards. The GDPR replaces a directive from 1995. Therefore, the arguments for the adoption of the GDPR were updating data protection legislation to the advances in technology and the increased effects of globalisation.

Who is affected by the GDPR?

As the name says, the regulation is of a general nature. It affects every company, no matter its size, that stores personal data of EU citizens (name, email address, date of birth, etc.) – not just the financial services industry.

What does it actually mean for organisations?

Organisations will have to adapt their internal and external practices in handling personal data in order to be compliant with the GDPR. This will require some work at the very beginning. However, once everyone becomes accustomed to the new Regulation, things should theoretically function smoothly.

What does it mean for European citizens?

The GDPR affords European citizens more control over how their personal data is handled. For instance, a person can at any time ask that their data is erased from a database, a right that did not exist before. This has been named the right of erasure or the right to be forgotten.

Could you highlight some main principles of the GDPR?

These are the principle of transparency, the result of which is that a person can at any time request to see which kind of their personal data is held by an organisation. Another principle is that of data minimisation, limiting the extent of the personal data stored and processed only to what is required for legitimate purposes pursued. The latter is also connected with the principle of purpose limitation, in accordance with which personal data may only be handled for a reason which is transparently stated in advance.

What are the key practical steps and actions organisations are usually planning in the context of the GDPR?

Organisations usually firstly assess the amount and type of personal data they possess. Thereafter, they have to make a decision as to which legal base might be used to keep different parts of this data in their databases. The most obvious legal base is consent, which in turn means sending out emails to the persons concerned, something which we are most likely all noticing. However, there are also other legal bases, such as contractual obligations, legal requirements stemming from EU or national law as well as legitimate interest.

How does the GDPR differ from current, national data protection laws or from the Data Protection Directive which it replaces?

Firstly, in comparison to the older Directive, the definition of personal data in the GDPR is much wider. As a result, any data which could be used to identify a person can be classified as personal data.

A potential practical example of this could be an IP address. Secondly, the aforementioned right of erasure will be introduced. Another big addition is that of data processors. These are organisations and companies which handle data on behalf of another company or organisation. An instance of this would be making use of a third company for the purposes of sending out invitations to events. Lastly, the GDPR will have a more global effect. Namely, the handling of personal data of EU citizens is within its scope no matter where this occurs.

What might be the consequences of failing to implement the GDPR requirements? Who is going to monitor or check whether organisations are compliant?

When an organisation does not comply with the GDPR, there is a possibility of financial consequences. This will be decided upon by national data protection authorities who are tasked with making sure that the GDPR is applied correctly.





MARTIN OKORN,
WSBI-ESBG

Alongside these, the European Data Protection Supervisor monitors GDPR compliance in the EU institutions and bodies. Moreover,

in accordance with the provisions of the GDPR, the European Data Protection Board is to be established. This will provide guidance on the correct application of the GDPR.

What does the GDPR mean for savings and retail banks?

The GDPR applies to savings and retail banks in the same manner as it applies to other organisations from different sectors. We here at ESBG along with our members stay committed to maintain the highest level of transparency in handling personal data. We therefore do not see the GDPR as much of an obstacle as it is an opportunity to prove that we stand behind our statement that we advocate responsible banking.

“The regulation is of a general nature. It affects every company, no matter its size, that stores personal data of EU citizens.”



WSBI's Haasis: Unleash power of local banks to boost EU economic growth

SAYS EU REGULATORS SHOULD LOOK TO U.S. ECONOMIC GROWTH, REGULATORY RELIEF AND CONSUMER PROTECTION ACT

WSBI President Heinrich Haasis on 25 May urged policymakers in the European Union to take inspiration from the Economic Growth, Regulatory Relief and Consumer Protection Act that was signed into law yesterday by U.S. President Donald Trump.

“Thanks to the tremendous efforts of our U.S. member, the Independent Community Bankers of America, U.S. policymakers have acknowledged that local banks have suffered disproportionately from regulation that was put in place after the financial crisis,” Haasis said. “It is neither fair nor economically efficient that local banks – who did not cause the crisis in the first place – pay a disproportionate price to stay in business.”

Haasis added that savings banks and retail banks are the financial institutions that cater to the needs of households, SMEs and local authorities in all of Europe's regions. By liberating these institutions from excessive bureaucracy, he noted, households and small- and medium-sized businesses in Europe will receive the financing they need to bring their projects to life, to make the European economy grow.

He concluded: “A one-size-fits-all approach to regulation does not take into account the extraordinary diversity of Europe's financial and economic fabric. A proportionate approach to regulation is the only way forward.”

About the Economic Growth, Regulatory Relief and Consumer Protection Act

- simplifies community bank capital requirements,
- exempts most community banks from the Volcker Rule,
- provides relief for larger community banks, including higher asset thresholds for systemically important financial institution designations, and easing of stress testing and formal risk committee requirements.

Savings and retail banks in a digital age: Developing a winning strategy

More than 40 participants from the WSBI Asian, African and EU membership gathered on 17-18 April in Hong Kong for the 2018 WSBI Asia Regional Group Meeting.

The event looked to bring together members with some of the most innovative banks in Asia as well as some external experts. The regional meeting was followed by an “Innovation Workshop” and a study visit to Hong Kong-based Bank of East Asia.

The meeting started with the WSBI institutional agenda and banking landscape in the region. WSBI members had the chance to detail how they are harnessing digitalisation to become even closer to their customers. They also sussed out their success factors to transform their institutions into “banks of the future”. Discussions also covered differentiation strategies for locally focused banks such as products, services.

REDEFINING BANKS IN THE DIGITAL AGE

Participants agreed that technology drives the modernised and industrialised world. At the same time, “technology cannot be replaced by human behaviour”, said Chandran Nair, founder and chief executive, Global Institute for tomorrow. He suggested that financial institutions must think of the “social value of banking” to redefine themselves in a digital age.

“Nowadays, change is accelerating and more complex”, said Jeff Hackeson, Managing Director of Change Enablement. Another step forward could also be a shift in the role of branches, “from providing financial products and services to providing advisory services to customers”, suggested Santhan Yoosiri, executive vice-president of human resources

development at the Government Savings Bank of Thailand.

INNOVATION INSIGHTS: APIS AND MORE

Day 2 sessions gave insights into innovation projects and best practices and also fostered roundtable exchanges on ways to enable an innovation ecosystem and regulatory FinTech framework; e-KYC and onboarding, optimising the channel mix; lending and credit decisioning technology; collaboration and APIs.

“Trust is what distinguished banks from other FinTech giants, emphasised Saket Saith, Head of External APIs at DBS Bank. It is an element that banks can never comprise on”. An award-winning bank in digital financial services, innovation and customer service fields, DBS recently launched the largest banking API Platform with 155 APIs in more than 20 categories, and has collaborated with over 50 companies including large household names such as AIG, McDonalds, MSIG, and PropertyGuru.

CUSTOMER PULL: EASY-TO-USE, ALWAYS-ON SERVICES – MOBILE APPS, SOCIAL MEDIA

The second day also featured an Indian perspective on innovation by Praveen Gupta, managing director for retail & digital banking at State Bank of India. He presented YONO App, which was launched in November 2017. YONO – an acronym for “You Only Need One” – is designed to meet lifestyle needs across a wide range of categories. It is an integrated banking platform that enables users to access a variety of financial and other services such as online shopping, medical bill payment and even ordering a taxi.

SBI partners with more than 60 e-commerce players such as Amazon, Uber and Airbnb.

Outside of Asia came an example from Spanish bank CaixaBank, which also aims at attracting the youth segments with specific services and products. Àngels Valls, commercial director of ImaginBank for CaixaBank’s digital business, told the audience about Spain’s first mobile-only bank – ImaginBank. The digital-only platform provides banking services exclusively through mobile apps and social networks with a 100% online onboarding process. Social media have also been harnessed to provide instant customer care services such as the use of Twitter, Facebook and WhatsApp.

AMP Creditech CEO Thomas DeLuca explained that in some Asian countries, banks are facing a number of seemingly conflicting goals when seeking to improve the efficiency, between offering an online lending experience and the need to service analogue clients. Being a winner or loser in the digital age depends on how banks nourish technology. Yet, according to the ‘Global Payments Innovation Jury 2017’ report, Asia is top when it comes to digitally driven banking breakthroughs. Asia has attracted more funds in FinTech investments than in North America and Europe, partly driven by the rapidly expanding middle class and ‘digital natives’ who have enthusiasm to tap into the latest technology.

THE WINNING STRATEGY: THREE ELEMENTS

The event showed that there is no question about the importance of digitisation. The pressing question is how to best apply it and cater to new needs and expectations. Traditional banks should blend digitisation and their traditional unique identity.

Three elements to tackle in a digital transformation strategy were mentioned: be digital at the core; resolve legacy issues; embed the bank in the customer's journey – thinking of what customers would like to achieve. The business model of new way banking thus relies on three wins: win for customers, win for banks, and win for ground partners.

REGULATORY ASPECTS OF DIGITAL

Day 2 concluded with a talk on regulatory framework, which an important factor when talking about digital onboarding. Joseph Delhaye, head of legal and a senior vice president at BCEE Luxembourg, aimed his talk on European and international insights to create a "Europe-Asia" bridge. He detailed the EU supervisory agencies' opinion on the use of innovative solutions by banks in the customer due diligence (CDD) process and the quest for comprehensive action regarding GDPR (data protection) and PSD2 (open banking) issues in connection with digital banking.

Commenting on the regulatory aspects of digitalisation, WSBI Managing Director Chris De Noose: "It was important during the meeting to show the regulatory dimension of FinTech, in particular the evolving regulation coming from the European Union. By sharing this regulatory development, we provide our members in Asia-Pacific markets with some additional insight on how a banking rules can foster or slay banking innovation."

BANK OF EAST ASIA: OUTSTANDING INNOVATION

The meeting concluded on Day 3 visit to the Bank of East Asia Centre. The complex is exceptionally equipped to handle customer information, onboarding, and advisory services. One of the most innovative banks in Hong Kong, BEA demonstrated how it led a major branch transformation campaign, nurturing a culture of innovation while striving to achieve an ever-better customer experience.



COMING UP NEXT

A seminar on corporate governance and risk management in Singapore on 1-2 August.

BANKS IN ASIA: DIGITALLY SAVVY

WSBI member banks have embraced the digitisation, finding new ways to reach out and connect even better and more often with some 1.1 billion customers that seek banking services from them in the Asia-Pacific. Examples of that close-to-customer push include mainland China, where Postal Savings Bank of China innovates its product and service offering by leveraging China Post's e-commerce platform. It has also developed a partnership with Alibaba's major Internet finance service Ant Finance to expand services in China's countryside. Along with State Bank of India's YONO offering, it also invests in FinTech start-ups. In Japan, SMBC launched its first open-innovation base named "Hoops Link Tokyo" that serves as a venue to hold pitch events, meet-up, and seminars with external organizations related to the start-up ecosystem.

HOW TO SUCCEED IN DIGITAL TRANSFORMATION: THE HONG KONG WAY

WSBI saw Hong Kong an ideal setting for the meeting. The Chinese SAR is recognized as one of the top global financial centres and has an enabling environment to nourish financial technology. Hong Kong's open markets, transparent and internationally-recognised regulatory system, and a pool of highly-trained and tri-lingual professionals provide are an interesting base for building an innovation ecosystem. Moreover, the FinTech environment is closely watched as it is highly encouraged by governmental entities. On the regulatory front, the Hong Kong Monetary Authority (HKMA) has set out seven initiatives in effort to bolster FinTech, which ought to create a "smart banking" system in Hong Kong. Noteworthy amongst these initiatives is the plan to set up a policy to ease development and wider adoption of application process interfaces (APIs) by the banking sector.



LEARN MORE ABOUT THE EVENT AT [HTTPS://WWW.WSBI-ESBG.ORG/EVENTS/ASIA_REGIONAL_GROUP_MEETING_2018](https://www.wsbi-esbg.org/events/asia_regional_group_meeting_2018) OR BY SCANNING THE FOLLOWING QR CODE.

SAVINGS AND RETAIL BANKS IN DIGITAL AGE: DEVELOPING A WINNING STRATEGY

ABOUT BANK OF EAST ASIA

About The Bank of East Asia, Limited Incorporated in 1918, BEA is a leading Hong Kong financial services group, serving the needs of customers throughout Greater China and beyond, with total consolidated assets of HK\$808.9 billion (US\$103.5 billion) as of 31st December, 2017. Listed on The Stock Exchange of Hong Kong, the Bank is a constituent stock of the Hang Seng Index. BEA offers customers a comprehensive range of corporate banking, personal banking, wealth management, and investment services through an extensive network of around 200 outlets covering Hong Kong and the rest of Greater China, Southeast Asia, the United Kingdom, and the United States. For more information, please visit any BEA branch or the Bank's homepage at www.hkbea.com.

WSBI ASIA-PACIFIC REGIONAL GROUP

The WSBI Asia-Pacific regional group looks to create and share knowledge with one another and to raise awareness of WSBI and its positions with people in the region. Coming from a region that comprises a quarter of G20 countries, the WSBI Asia-Pacific Regional Group represents member banks through sharing and advocacy work on financial inclusion, banking innovation and digitalisation.

Representing financial institutions and federations in the region, the group was established to bring together the members in the region to keep close exchange on specific issues and to promote the exchange of best practices and create business cooperation opportunities. Representing 26 financial institutions from 17 countries, group members meet at least once a year at annual regional group meetings.

Cooperation between WSBI members in the group ranges from contact building and exchanges of information to the development of concrete business opportunities, at bilateral or multilateral level. For example, members host training workshops for other members, sign business cooperation memoranda of understanding, exchange expertise and enter into reciprocal business partnerships.

Related news

WSBI-ESBG Podcast focuses on Asia

A CLOSER LOOK AT A NEW BROCHURE ON WSBI IN ASIA-PACIFIC REGION



Episode #3 of WSBI-ESBG Exchange podcast released in early July looks at Asia, a growing region where WSBI members make great strides in financial inclusion and innovation.

A new publication showcases some of the success by WSBI members there. WSBI's Mina Zhang dives into it, sharing a new brochure on members there making a big impact in local communities.

Next up is an update on the WSBI partnership with the Mastercard Foundation to make small scale savings work in Africa. WSBI has signed a memorandum of understanding with yet another partner. This time in Cote d'Ivoire.

The third topic in Episode #3 is a look at the EU FinTech Action Plan, where ESBG's Martin Okorn shares ESBG's response to the EU Commission proposal. The response includes the European association's stance on areas like cybersecurity.

A news update from ESBG closes out Episode #3, as host James Pieper shares how the financial crisis, the growth of digitisation, market changes, and a continuously increasing and complex EU regulatory regime have created new trends in banking sector employment. Conclusions of a new study from European banking industry social partners show an

overall shrinking EU financial services workforce, opportunities for older employees for a late career in the EU banking sector, a simultaneous deep drop in hiring younger employees, and a majority of women employees in the EU banking sector.



LISTEN TO THE PODCAST AT [SOUNDCLOUD.COM/WSBI_ESBG](https://www.soundcloud.com/WSBI_ESBG) OR BY SCANNING THIS QR CODE.



THE PODCAST IS ALSO AVAILABLE AT THE WSBI-ESBG YOUTUBE CHANNEL AT [BIT.LY/2UKECEB](https://bit.ly/2UKECEB) BY SCANNING THIS QR CODE.

Study Visit: BTN to Postal Savings Bank of China

Knowledge exchange takes place between WSBI Indonesian, Chinese members.



Three BTN Bank delegates on 11-12 April made a study visit to gain insight into the strategy and operational best practice at Postal Savings Bank of China. The learnings from the Indonesian WSBI member's visit to the Middle Kingdom will be input into existing strategy and operational management, especially on the retail banking front.

A PSBC team welcomed the trio of BTN representatives. That team was led by Mr. Zhu Yuanrong, general manager of the Chinese bank's international business department, Mr. Li Yuntao, deputy manager, and Mr. Chen Ying, director of division of international affairs and other friendly colleagues.

The first day agenda was dedicated to presentations and productive discussion with each PSBC division representative.

Divisions taking part included PSBC business areas that focus on rural finance, personal saving, consumer credit, small enterprise finance business and the application of digital technology in retail.

A field study visit headlined Day 2, where BTN guests visited branch offices that work with the Chinese national postal service in suburban and urban areas and PSBC's smart branch that is full of digital devices in customer service. A visit to the PSBC IT center capped off the visit where BTN got a picture of big data management in supporting operations.

WHY STUDY VISITS WORK

Many innovative and inspiring new things are learned during study visits to fellow WSBI members. It's not a one-way benefit, as PSBC will be invited to visit in the future and exchange experience at Bank BTN, especially to learn how the Indonesian bank is building out further their retail business.

To set up a study visit, contact your WSBI regional group representative. ●

ABOUT THE WSBI ASIA-PACIFIC REGIONAL GROUP

Coming from a region that comprises a quarter of G20 countries, the WSBI Asia-Pacific Regional Group represents member banks through sharing and advocacy work on financial inclusion, banking innovation and digitalisation.

The WSBI Asia-Pacific Regional Group was established to bring together the members in the region to keep close exchange on specific issues and to promote the exchange of best practices and create business cooperation opportunities. Representing 26 financial institutions from 17 countries, group members meet at least once a year at annual regional group meetings.

Cooperation between WSBI members in the group ranges from contact building and exchanges of information to the development of concrete business opportunities, at bilateral or multilateral level. For example, members host training workshops for other members, sign business cooperation memoranda of understanding, exchange expertise and enter into reciprocal business partnerships.

‘Make or break’ for postal banking

WSBI-HOSTED ROUNDTABLE CONVENES EXPERTS TO SHARE WAYS TO TRANSFORM POSTAL BANKS

Postal banking experts from throughout the world convened on 29 May at WSBI offices in Brussels to exchange ideas on ways to transform postal financial institutions (PFIs).

The all-day meeting of 16 representatives from postal banks, international organisations and WSBI explored how the transformation process works in countries like Morocco, Tanzania and China. Attendees also read through a draft research report by postal financial institutions consultant Hans Boon, who presented the finding of the paper.



TPB BANK CEO SABASABA MOSHINGI, AL BARID BANK'S ZAKIA HAZZAZ

Sabasaba Moshingi, chief executive of WSBI member TPB Bank of Tanzania, set the scene during the morning session with a talk on the potential of postal financial institutions to contribute to financial inclusion. Moshingi noted that public sector banking plays a special role in financial inclusion. PFI management must ask themselves pressing questions, he added, such as whether or not their postal bank brand is strong in the market. He urged senior management to pose whether postal banks are good in product innovation and profitability. Profits can be made if the right structure is in place, such as well employed technology, a cost effective operation,

being well capitalised, and having good governance. Transformation requires a will by all stakeholders involved, especially from governments. A roadmap from international organisations can also help banking transform.

WHAT IS HOLDING PFIS BACK?

WSBI's Laurie Dufays asked why postal banks work so well in Asia, but less so in places like Africa. Governance remains a big challenge for struggling postal financial institutions. Meantime, transforming PFIs requires a strong desire by management and government. Case in point is the Chinese government, which has shown the will to tap into the postal savings banks model as a tool for financial inclusion. WSBI member Postal Savings Bank of China is a prime success story due in part to having the right financial infrastructure, a postal network that has strong logistics, and finally a physical presence, especially in rural areas.

Dufays also outlined success elements for transforming PFIs. One success factor is attracting and hiring senior management from outside the postal organisation or postal bank. Another element is hiring managers armed with the right skills to transform the organisation. Senior managers must display a deep desire to change their PFI.

POSTAL FINANCIAL INCLUSION: PUSHING THE ENVELOPE

A draft WSBI-commissioned study on transforming PFIs was part of a talk by consultant Hans Boon, who authored

the paper. Providing 1.8 million accounts and 1.1 billion customers, PFIs, are often-times misdefined by governments as part of postal services or telecommunications, rather than as a banking institution, he noted. Termed by Boon as a “giant hole”, the PFI definition should be framed more as a banking institution. On PFI business operations, Boon shared how PFIs tap into multichannel banking – both physical and digital – and can link to any payment system. PFIs remain a point of entry for payments and other services.

Roundtable participants also learned about the PFIs “life cycle”, which starts with traditional, low-tech, basic services all the way to cashless, digital PFIs of the future. The bulk of postal banks dwell in between, especially in “unreformed” stage, characterised by being state-owned and postal-managed. As PFIs transform, he noted, they oftentimes become separated from post office. In this “reform” stage, they use post offices as agents, have separate management and become regulated banks.

PFIs can transform in 2 to 3 years, he concluded, if they stick to a dozen areas illustrated. There is need for a “champion” at high level to drive change from the inside. He cautioned PFI senior managers about the limits international organisations have in helping the change process.

AFRICAN POSTAL FINANCIAL SERVICES INITIATIVE CONCLUSIONS

Mauro Martini of IFAD brought another dimension of postal financial services: the remittance challenge. That issue has been tackled by IFAD and partners like WSBI through the African Postal Financial Services Initiative (APFSI).

IFAD shared how close cooperation reaped rewards with national postal operators in four countries – Ghana, Benin, Madagascar and Senegal.

Cost of remittances fell by 42 per cent when sending remittances through post offices. All four countries achieved a slashing of cost in the market, close or below the three percent target. Flows via post offices jumped by 60 percent. In Ghana, market share doubled. Why the success? One reason is that accounts opened, traffic increased. Marketing efforts attract clients. In rural areas, the success has really been felt. IFAD found that post offices are a more friendly environment that a bank for people in all four countries. Data showed when post offices where restyled, transaction volumes and money levels increased too. More than 100,000 unbanked adults opened accounts for financial services.

Youssef Sy of the Universal Postal Union (UPU) shared with the roundtable progress on the organisation's FITAF Technical assistance facility, which is done with support from the Bill & Melinda Gates Foundation and Visa. The facility looks to digitise banks through 20 digital financial services (DFS) projects.

CASE STUDIES: AL BARID BANK, TPB BANK

Case studies of success stories were presented later in the meeting, with examples of how postal financial institutions transform. The push to digital is evident at both case study institutions Al Barid Bank (ABB) of Morocco and TPB Bank of Tanzania. Process modernisation, multi-channel strategies and a clear mission were key ingredients to success. The ABB case study, shared by its international affairs head Zakia Hazzaz,

explored the main levers to widen financial inclusion, which has proven a success. The TPB Bank case study, presented by Sabasaba Moshingi, demonstrated how performance management can drive change help overall financial performance.

DEBATE AMONG ATTENDEES

A debate moderated by Incofin Investment Management Managing Director Loic De Canniere gave participants time to give reactions to presentations and look at scope of potential initiatives.

MOVING FORWARD

There was broad agreement by participants to establish some sort of coordinating platform, such as a stake-holders working group. There is also a good opportunity in first quarter 2019 to share the PFI challenges with African Union Commission (AUC) when they hold a high-level forum bringing together African finance ministers on transforming post office institutions for financial inclusion and e-commerce. This will be followed up with an African Union heads of state meeting to review and assess what has been done. Studies or toolkits produced by the roundtable are being considered for the AUC finance ministers' event, when at least some of the institutions present at the roundtable should participate. Following the AUC meetings, the roundtable foresees the topic needing to be placed on government agendas when they are discussing aid packages with international financial institutions like the World Bank Group.

WSBI AFRICA REGIONAL GROUP INCLUDES POSTAL BANKS

Like in other regions, many of the 36 members of the WSBI Africa Regional Group are postal financial institutions. They join other member banks in the region to keep close exchange on specific issues and to promote the exchange of best practices and create business cooperation opportunities.

The WSBI Africa Regional Group is chaired by Tanzania Postal Bank Chief Executive Sabasaba Moshingi and has members from 22 countries. Led by Moshingi, group members meet at least once a year at annual regional group meetings. Those meetings serve as a platform for exchange of experiences among members and also provide potential members or other interested international or regional organizations to appreciate what savings banks and the WSBI stand for.

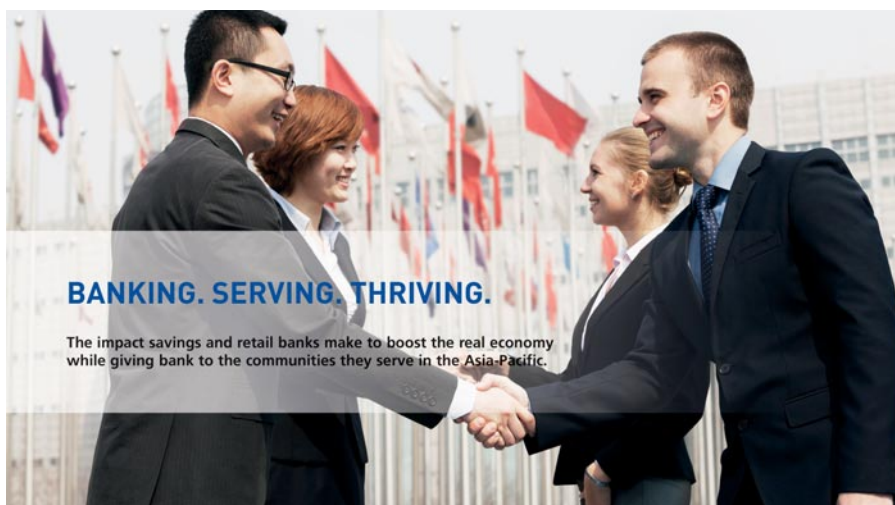
“There is need for a “champion” at high level to drive change from the inside.”



LEARN MORE ABOUT THE AFRICA REGIONAL GROUP AT [HTTPS://BIT.LY/2M2GPNZ](https://bit.ly/2M2GPNZ) OR BY SCANNING THIS QR CODE.

New Brochure ‘Banking. Serving. Thriving.’ in Asia

NEW BROCHURE HIGHLIGHTS WSBI MEMBERS IN ASIA-PACIFIC REGION



CASE STUDIES FROM SIX COUNTRIES IN ASIA

Case studies weaved into the 12-page document show how WSBI members serve their customers in the community, and how their efforts spur growth at regional level through a vast network of banks throughout Asia. The real-world cases come from member banks in China, Indonesia, India, Malaysia, South Korea and Thailand. Those case studies bring out to readers how members contribute to sustainable and inclusive development in the region.

SHOWCASING SERIES: COVERING THE GLOBE REGION BY REGION

The brochure is the third of a four-part showcasing series by WSBI and ESGB that highlight the main regions where WSBI-ESBG members provide banking services. The first “Banking.Serving.Thriving” brochure focused on Europe, highlighting the ESGB membership and their contribution to the communities they serve.

Another brochure published by WSBI in 2017 followed that provides an overview of the social value of savings and retail banks in the Latin American and Caribbean region. Called in Spanish “Bancarizando. Sirviendo. Prosperando.” (En español | English), it showcases the impact made by savings and retail banks in the region to boost the real economy while giving back to the communities they serve. Like the European and Asian editions, it too gives policymakers and stakeholders a glimpse of how savings and retail banking play a special role in people’s lives.

- **26 members**
- **1.1 billion clients**
- **66,827 outlets/branches**

WSBI published in mid-June a new brochure that showcases for the first time the impact made by Asian savings and retail banks to boost the real economy in local areas and how they give back to the communities they serve.

Called *Banking.Serving.Thriving.*, the brochure provides a snapshot of the 26 WSBI members from the region through consolidated data and specific case studies. The data show that WSBI Asian members serve a large part of banked population. Among the 26 members in 17 countries, they together serve 1.1 billion clients, close to two-thirds of all clients served by the overall WSBI membership in 80 countries. Total assets by member in the Asia-Pacific region have swelled to US\$3.5 trillion, about half the level of WSBI members in Europe. Together, members in arguably the most dynamic economic region in the world have 66,827 outlets / branches, more than other regions within the institute’s membership, and 602,477 employees.



DISCOVER: WSBI ASIA BROCHURE AT [HTTPS://BIT.LY/2JYC1TW](https://bit.ly/2jyc1tw) OR BY SCANNING THIS QR CODE.

Spotlight on Postbank Kenya: Promoting savings, financial education

WSBI MEMBER BANK ORGANISES WIDE RANGE OF ACTIVITIES IN SCHOOLS ALL OVER COUNTRY TO PROMOTE SAVINGS, FINANCIAL EDUCATION

WSBI member The Kenya Post Office Savings Bank (Postbank) has developed tailor-made savings solutions for children, teenagers and young adults. One of their most successful products is the “SMATA” youth account, which targets youth aged 12-18.

It offers them an affordable and accessible banking product, putting them in the driver's seat and in control of their finances. The opening balance of KSh 200 (around €1.70/US\$2) is affordable and helps bringing the youth into the financial system.

Postbank Kenya also offers the “STEP” account, a “smart, trendy, electronic and portable account designed for the youth”. The opening balance is also very low, without charge on deposits and offering branchless banking of course.



TARGETING THE YOUTH TO FOSTER SAVINGS AND FINANCIAL INCLUSION

Students usually earn money from allowances (pocket money, airtime and transport allowances...), student jobs like babysitting or car washing or even as gift on special occasions such as birthdays.

Yet, they do not systematically put much money aside.

MEET A SMATA SMART SAVER

When fifteen year old Fatumah Abdi Ibrahim opened her Smata Account in 2014, she didn't know that this would earn her financial independence while at the same time instill a discipline that will empower her for the rest of her life.

In an interview, Fatumah said that although she comes from a very humble background she has managed to make this good habit her hobby. “It's like a hobby to me, it feels good and there is also that feeling of fulfilment,” she says. She advises other children and adults too to save for items they really need instead of spending money on unnecessary goodies. Her savings have facilitated her smooth transition from primary school to high school as she used part of her savings to effortlessly cater for her shopping needs.

Fatumah makes her weekly contributions accompanied by her youthful looking grandmother. “It feels good, I promise to continue saving even while in secondary school,” the first born in a family of three said as she was about to start her secondary education. Her family is in support of this self-instilled discipline as they have seen it bear fruit.

Promoting a savings culture among young people is crucial: savings help to achieve long term goals, deal with unexpected expenses, facilitate future investments, increase wealth and ensure financial survival. Furthermore, savings represent one of the four pillars of financial independence, together with investing, discipline and avoidance of excessive liabilities.

When it comes to saving, people face several obstacles: lack of planning, lack of budgeting, consumption, life style... Financial education is the solution to overcoming these challenges and create good habits from an early age.

In Kenya, schools act as special distribution channels for disseminating SMATA accounts. All 99 Postbank Kenya branches identify one or two schools within their area of operation and agree with the school administration on appropriate dates for workshops. Most of the activities at schools take place during the Global Money Week.

Each year, a different theme is featured. In 2018, activities revolved around the topic “Money Matters Matter”, including drama workshops, drawing, essay writing... All these activities contributing to inculcate a savings culture among the youth in the country.



Images: ©The Kenya Post Office Savings Bank (Postbank)

Advans Cote d'Ivoire, WSBI sign MoU to boost savings for smallholder farmers

PROJECT AIMS FOR GREATER CUSTOMER UPTAKE, USE, AND IMPACT THROUGH MOBILE FINANCIAL SERVICES IN RURAL AREAS



ABOUT ADVANS GROUP

Paris-based Advans Group aims to respond to the need of small businesses and other populations who have ill-adapted, limited or no access to formal financial services. Created in 2005, the group takes strategic focus on rural populations subsidiaries in nine countries in Africa and Asia. Advans' microfinance institution, Advans Cote d'Ivoire, was created in 2009 and opened in 2012 in Cote d'Ivoire serves 100,000 clients through a network of 19 branches in cities. It has a loan book of €92 million and €50 million in deposits.

Advans Côte d'Ivoire and WSBI on 6 July signed a memorandum of understanding to tackle financial inclusion in Ivorian organised value chains, with a focus on small-scale cocoa farmers.

Falling under WSBI's Making Small Scale Savings Work programme supported by the Mastercard Foundation, Advans aims to build on the current branchless banking offer to scale-up digital-based crop payments for farmers so that traders / cooperatives can pay farmers directly on a savings account.

Advans Côte d'Ivoire's Chief Executive Officer Gaël Briot said: "Advans aims to serve over 120,000 rural clients at the end of four years. To do this, we want to provide them with the most adapted delivery channels for rural zones – namely mobile banking and agency banking."

The project also plans to develop a full range of products and services for farmers including micro-insurance, loans and savings accounts. The farmers will also be trained on financial literacy to encourage them to save.

Gaël Briot added: "Having access to financial services will enable these clients to reinforce their incomes, improve their financial security and stability, and give them the capacity and tools to better manage their household finances. This will impact indirectly 720,000 people in rural areas."

Ivoirian farmers and financial inclusion Advans chose to focus on rural clients in Cote d'Ivoire, and cocoa clients especially, because this target market is important

to the country's economic and social development but remains largely unserved by financial service providers. Some 800,000 small-scale cocoa farmers contribute up to 10% of the in Côte d'Ivoire's gross domestic product. Around 6 million people are indirectly dependent on cocoa revenues.

More than four-fifths (86%) of smallholders own a personal mobile phone, which is an asset on which financial service providers can rely on to develop appropriate delivery channels. Some cooperatives have savings schemes for farmers to encourage them to put money aside rather than borrow, but they keep these savings in cash and take on the risk. They do not necessarily have a clear register of farmers' withdrawals. Other farmers use traditional banks in the nearest town, but have to travel to get there, or have a mobile wallet with a limited savings amount.

WSBI Managing Director Chris De Noose said: "With this project, Advans aims to tackle past challenges financial services providers have faced in widening financial services take-up by rural people. Innovation will be key in the project so as to shorten customer sign-up delays, better address certain barriers to opening accounts – especially the biometric ID card requirement – as well as capitalising on the potential of mobile banking."

IVOIRIAN SMALL HOLDER FARMERS AND FINANCIAL ACCESS

Ivoirian agriculture represents a nearly a fifth of the country's gross domestic product, employs 68% of labour and represents 40% of export income (CGAP survey).

Letter to The Economist on financial inclusion: Don't write off the banks

The following Letter to the Editor published on 16 June by The Economist is signed by WSBI Director Ian Radcliffe and reacts to the newspaper's 3 May financial inclusion special report called "Exclusive Access."

Despite being vital to the economy, 72% of farmers are still below the poverty line and less than 10% have an account at a formal financial institution (CGAP survey).

Studies have shown that although farmers do not have access to financial services, there is a high interest for all types of services. A recent CGAP survey found that the majority of Ivorian small holder farmers believe that access to insurance (85%), a bank/current account (82%), a mobile money account (80%), savings account (76%) and loans (63%) are highly important for their households.

According to the International Food Policy Research Institute (IFPRI), smallholder farms are the backbone of agricultural production in developing countries. IFPRI notes that small, family-run farms are also home to the majority of people living in absolute poverty, and half of the world's undernourished people. Four-fifths of the developing world's food is a product of small-sized farms, says the United Nations Food and Agriculture Organization (FAO).



IAN RADCLIFFE, WSBI DIRECTOR

Dear Sir,

Your 3 May special report on financial inclusion gave a clear picture of progress made in providing financial services to the unbanked. Yet it missed a chance to show the big role played by banks in progress achieved in the developing world. Savings, postal and retail banks who are members of global association WSBI are well on their way to adding 400 million new accounts by 2020, from a 2014 baseline. People in remote areas, like those in cities, crave basic banking services, namely transaction accounts. The 1.7 billion people who remain unbanked will be hardest to reach. Innovation and digitisation will help address this "last mile" challenge.

We think enhancing savings opportunities is among the biggest challenges. Storing money, such as through traditional banks – and channelling village savings groups into banks – is the next step after using a basic transaction account.

Research shows poorer communities, like richer ones, prefer to save than borrow. That's rational.

If Africa and other regions are to make greater strides they need better financial frameworks and rules. Consumer protection should be first in line. Rules already on the books need a careful rethink too. West Africa, for example, sorely needs easier agent banking rules to unleash financial services provision there. Another area is Application Programming Interfaces (APIs) and open banking, where common standards in emerging markets would help protecting those who are vulnerable and less digitally savvy.

With all actors cooperating – including banks, fintech newcomers and regulators – full financial inclusion is attainable.



SEE THE ECONOMIST SPECIAL REPORT AT [ECON.ST/2RLGN9U](https://econ.st/2RLGN9U) OR BY SCANNING THIS QR CODE.



LEARN MORE ABOUT FINANCIAL INCLUSION AT WSBI-ESBG AT [HTTPS://BIT.LY/2MUS7CM](https://bit.ly/2MUS7CM) OR BY SCANNING THIS QR CODE.

Sobering news on financial inclusion

LOOKING INTO THE WORLD BANK'S GLOBAL FINDEX DATA

WHY FINDEX IS IMPORTANT TO WSBI, ITS MEMBERS



The World Bank Group's FINDEX report on financial inclusion is important for WSBI members because it is the main global source of data on financial inclusion, a strategic area for the association. The data is especially important because it helps WSBI to compare data compiled from 144 economies based on a common methodology – regardless of jurisdiction or region – and provides valuable insight on demographics, including by gender, economic status and delivery channel like mobile.

The following piece first appeared on the Accion blogsite.

The World Bank's recent Global Findex report found that since 2014, 515 million new financial accounts were opened around the world. On the face of it, that seems like solid progress. But new research and analysis from the Center for Financial Inclusion at Accion (CFI) has found that roughly half of those new accounts – nearly 235 million – have not been used in the last year.

In fact, the number of active account holders only increased by 285 million, much less than the overall growth in account ownership from 2011–2014. The pace of progress is slowing.

Further, CFI's report is sobering on many levels. Since 2014, in developing countries:

- Savings has declined;
- The use of formal credit is flat;
- People are less resilient.

Perhaps the most disturbing news is the data on resilience. The Findex asked whether an individual could come up with an amount equal to roughly one month's income in an emergency. The number of people who said that they could has declined in the last three years. In short, the most vulnerable people in the world – became even more vulnerable.

Though slowing down, today, more people have access to financial accounts than at any other point in history. Digital payments are another bright spot in CFI's analysis: more people are using mobile phones (especially in Africa), bank cards, and the Internet to receive income and make payments. We should celebrate these accomplishments.

But it's also quite clear that we've only taken the first step in a much longer and complex process to ensure that connections to financial institutions actually add value to people's lives.

At least three billion people are still left out of or poorly served by the world's financial sector. Though we are living in an era of spectacular innovation in financial inclusion, in the aggregate, families and small businesses around the world just are not getting the financial products and services they need to build better lives.

Some believed that digital financial tools would inexorably lead toward greater financial inclusion, but CFI's report suggests that progress is not inevitable. It is clear that the hundreds of millions of dormant accounts are not particularly useful or beneficial to the people they were meant to serve. We need to do a better job of designing and delivering the services that people and small businesses really need to thrive. We have much more work to do.

We are grateful to the World Bank for publishing the Global Findex and pushing banks, fintech startups, regulators, and researchers around the world to work toward financial inclusion. However, CFI's report makes clear that we must accelerate our efforts to create a financially inclusive world. Our work is more important than ever.

SEE THE MENTIONED CFI REPORT AT [HTTPS://BIT.LY/2JO3CBF](https://bit.ly/2JO3CBF)

Written By Michael Schein,
Chief Executive Officer, Accion

READ THE THIRD GLOBAL
FINDEX REPORT AT
GLOBALFINDEX.WORLDBANK.ORG

WSBI at European Development Days

INSTITUTE SHARES HOW LINKAGE BANKING WITH SAVINGS GROUPS CAN EMPOWER WOMEN

The WSBI programme “Making Small Scale Savings Work” was on display at this year's European Development Days taking place on 5-6 June in Brussels. The institute had for the first time a stand that was titled “Linkage banking with savings groups: Empowering women,” which is in-line with this year's EDD theme “Women and Girls at the Forefront of Sustainable Development: protect, empower, invest”.

Organised by the European Commission, the three-day EDD event brings together the development community each year to share ideas and experiences in ways that inspire new partnerships and innovative solutions to the world's most pressing challenges. The Making Small Scale Savings Work programme is a partnership with the Mastercard Foundation to help boost financial access and economic development in six African countries.

HOW WSBI, PARTNERS SUPPORT TARGETED PROGRAMME IN AFRICA

Sustained access to and use of savings mechanisms like savings accounts contribute to the well-being of people. That is especially true for women, who often manage household finances and childrearing. But women make up close to 60 per cent of the world's unbanked. This gap is especially acute in Africa.

To help address this and other financial inclusion challenges there, a programme anchored by a WSBI-Mastercard Foundation partnership, called the Making Small-Scale Savings Work Programme, aims to establish the viability of small-balance savings accounts in six African countries – Uganda, Kenya, Nigeria, Morocco, Senegal and Cote d'Ivoire.

Empowering women through financial inclusion takes the form of many projects in place use linkage banking with savings groups. By doing this, it gives women the power to save towards community and individual goals, accurately track their finances in a digital way, afford better equipment to be applied towards household tasks and economic gain, and set aside money for insurance protection for their children as well as loan repayments. Women-focused projects occur in Uganda, Nigeria and Kenya, countries where women face up to a 20 percentage point gap with men when it comes to being plugged-in to mainstream banking services.

THE BIG PICTURE: SAVINGS GROUPS, WOMEN & FINANCIAL INCLUSION

The growth of financial service providers like banks in many markets will depend – in large part – on their ability to reach low-income, underserved populations that include women. Within this market segment, it is estimated that there are nearly 14 million members of informal Savings Groups (SGs) across 75 countries worldwide. With total assets between \$430 million and \$1.2 billion, these savings groups represent a promising pathway for the delivery of formal financial services in new and underserved markets.

EMPOWERING WOMEN: WSBI TELLS ITS STORY AT EUROPEAN DEVELOPMENT DAYS

The WSBI programme “Making Small Scale Savings Work” was on display at this year's European Development Days (EDD) which was celebrated this week on 6-7 June in Brussels. A first for WSBI, the institute's financial inclusion experts hosted a stand entitled “Linkage banking

with savings groups: Empowering women,” which is in-line with this year's EDD theme “Women and Girls at the Forefront of Sustainable Development: protect, empower, invest”.

eudevdays.eu

ABOUT EUROPEAN DEVELOPMENT DAYS, MAKING SMALL SCALE SAVINGS WORK

Organised by the European Commission, the three-day event brings together thousands of people from the development community each year to share ideas and experiences in ways that inspire new partnerships and innovative solutions to the world's most pressing challenges.



LEARN MORE: EUROPEAN DEVELOPMENT DAYS AT [HTTPS://EUDEV DAYS.EU/](https://eudevdays.eu/) OR BY SCANNING THIS QR CODE.



LEARN MORE: MAKING SMALL-SCALE SAVINGS WORK PROGRAMME BY SCANNING THIS QR CODE.

African post offices: At forefront of remittance, financial services in rural areas

**WSBI-SUPPORTED IFAD REPORT RELEASED ON EVE OF INTERNATIONAL DAY OF FAMILY REMITTANCES
CONCLUDES POSTAL BANKS HAVE AN IMPORTANT ROLE**

MORE ABOUT IFAD

IFAD has invested in rural people for 40 years, empowering them to reduce poverty, increase food security, improve nutrition and strengthen resilience. Since 1978, we have provided US\$19.7 billion in grants and low-interest loans to projects that have reached about 474 million people. IFAD is an international financial institution and a specialized United Nations agency based in Rome – the UN's food and agriculture hub.

**International Day
of Family Remittances**
16 JUNE



**READ THE REPORT A SUCCESS STORY
ON REMITTANCES AT THE POST OFFICE
IN AFRICA AT [BIT.LY/2TCEL2J](https://bit.ly/2TCEL2J) OR BY
SCANNING THIS QR CODE.**

Postal services can play a pivotal role in delivering remittances, lowering the transfer costs and providing access to basic financial services in Africa, according to a report released on 15 June by the International Fund for Agricultural Development (IFAD) and the European Commission (EC) on the occasion of the International Day of Family Remittances to be observed tomorrow.

The report, titled *A success story on remittances at the post office in Africa*, analyses the results achieved by African Postal Financial Services Initiative (APFSI), a joint programme led by IFAD and financed by the European Union (EU). The programme has been implemented in 11 African countries in cooperation with the World Bank, the United Nations Capital Development Fund, the Universal Postal Union and the World Savings and Retail Banking Institute.

The APFSI joint programme has helped post offices develop more effective business models, upgrade their computer technology and connectivity, and improve their expertise in order to process real-time payments and offer and manage financial services.

"The remittance market is changing at a rapid pace," said Pedro De Vasconcelos, Coordinator of the Financing Facility for Remittances at IFAD. "Technology is transforming the payment systems and digitalized financial services are creating new opportunities. In this context, postal operators play a prominent role in delivering remittances to rural migrant families, providing them with financial services they rarely had access to."

According to De Vasconcelos, the strong presence of post offices in remote and rural areas is extremely valuable.

Their historic footprint helps build trust in the provision of rural financial services.

In 2017 alone, African migrant workers sent over US\$70 billion to their families back home, representing an increase of more than 10 per cent from 2016 and more than 36 per cent over the past decade.

Sub-Saharan Africa remains the most expensive region in the world to send money home. In 2017 the average cost was 9.3 per cent of the amount sent.

As a result of the APFSI joint programme, which has been implemented over the last five years, the cost of receiving remittances via post offices in four pilot countries, Benin, Ghana, Madagascar and Senegal, decreased by 42 per cent and post offices delivered remittance services at an average cost of less than 5 per cent. This means an additional \$35 million were available to migrant families between 2014 and 2016.

"The EU is committed to work with partners to lower the cost of remittances and promote faster, cheaper and safer transfers. Our collective objective is to reduce to less than 3 per cent the transaction costs and eliminate remittance corridors with transfer costs higher than 5 per cent, as stated in the 2030 Agenda and the European Consensus for Development," said Stefano Signore,



including the APFSI. A new euro 15 million programme focusing on Africa will be launched soon to reduce costs further and improve financial inclusion and impact for development. ●

“Remittances can be an engine for development.”

Head of Unit in charge of Migration and Employment in the Directorate General for International Cooperation and Development at the EC.

Financial inclusion remains a challenge in Africa. According to recent estimates, only 41 per cent of the population above 15 years of age has an account and access to formal financial services. In this context, postal operators have an important role to play, especially in rural areas. As a result of the joint programme, at least 100,000 adults opened new postal accounts accessing financial services for the first time.

“Having a savings account and access to credit is fundamental for families to invest in income-generating activities and build their future,” said Mauro Martini, an IFAD

expert on remittances and migrants’ investments and co-author of the report. “Remittances can be an engine for development.”

Estimates show that while 75 per cent of remittances are generally spent on basic needs such as food, housing, health and education, another 25 per cent can be invested in asset-building or activities that generate income and jobs and transform economies, in particular in rural areas.

The EC began collaborating with IFAD in 2004, with the intention of increasing the development impact of remittances while enabling poor households in rural areas to access financial services. Since 2005, the EC has mobilized euro 9.5 million for IFAD’s Financing Facility for Remittances,

WSBI endorses International Day of Family Remittances

REMAINS COMMITTED TO PROMOTING POWER OF REMITTANCES FOR PEOPLE WHO RELY ON THEM MOST



The following statement is an endorsement by WSBI to the International Fund for Agricultural Development (IFAD) as part of its support of the International Day of Family Remittances celebrated on 16 June.

WSBI calls upon all stakeholders and actors in the remittance industry to join us in endorsing the “International Day of Family Remittances”. Celebrated for the first time three years ago, the day helps promote the pressing need for wider financial inclusion. Greater inclusion is done in many ways, including by WSBI member savings and retail banks who strive to bring more people out of the financial wilderness and into mainstream banking. They do this through a “double bottom line” approach to banking, which balances the need for financial sustainability with a return to society.

Globally, WSBI members serve more than 1.5 billion customers with around 2.3 billion transaction accounts. This makes them the largest providers of accounts – including notably for low-income people – worldwide. They play a vital role with societal stakeholders from the first mile through to the last in processing international remittance transfers, channelling them into safe deposits and ultimately helping families raise living standards.

Family remittances – money sent back by migrant workers to their relatives – remain a critical lifeline. Some 750 million people depend on those funds from 250 million international migrants worldwide living outside their home country. As per the World Bank, officially recorded remittances to low- and middle-income countries reached \$466 billion in 2017, an increase of 8.5 percent over \$429 billion in 2016. Global remittances, which include flows to high-income countries, grew 7 percent to \$613 billion in 2017, from \$573 billion in 2016. There is probably a great deal more when including informal channels.

Despite the success of remittance flows worldwide, problems persist. Undue burdens on these kinds of international transfers persist while competition remains limited. Policy makers, regulators and other authorities can help by continuing to support enabling environments by

alleviating unwarranted roadblocks, freeing up market forces and enforcing antitrust law, avoid undue taxation, acknowledging role banks can play to help people, and communities thrive.

As the ranks of migrants continue to swell, there is an ever-pressing need for governments, regulators and development bodies to support savings and retail banks and the remittance industry as a whole. By doing so, they help players in the remittance market help migrant workers support the wellbeing of their families and communities back home and thereby contribute to the sustainable development of their countries of origin. We remain committed to promoting the power of remittances for people who rely on them most.

WSBI brings together savings and retail banks from 80 countries, representing the interests of approximately 6,000 banks in all continents. As a global organisation, WSBI focuses on issues of global importance affecting the banking industry. It supports the aims of the G20 in achieving sustainable, inclusive and balanced growth and job creation around the world, whether in industrialised or less developed countries.

LEARN MORE AT
WWW.WSBI-ESBG.ORG

Podcast launched: Starts with exchange on financial inclusion

WSBI-ESBG'S FIRST-EVER PODCAST EXPLORES EFFORTS TO REACH UFA2020 GOAL, MAKING SMALL SCALE SAVINGS WORK

WSBI-ESBG uploaded in late May on SoundCloud its first-ever podcast. The inaugural "WSBI-ESBG Exchange podcast" covers how WSBI and its members in 80 countries are tackling the financial inclusion challenge.



WSBI experts Ian Radcliffe, Weselina Angelow and Céline Stevens joined host James Pieper for an in-depth, 45-minute talk full of facts and updates that explore real progress made by WSBI members towards its Universal Financial Access 2020 pledge. The podcast also digs also into WSBI Making Small Scale Savings Work programme, a partnership with the Mastercard Foundation to help boost financial access and economic development in six African countries.

ABOUT THE PODCASTS

WSBI-ESBG plans to release podcasts twice per month and are in the throes of planning for two episodes each in June, July and August. Topics foreseen include innovation, the proportionality principle and GDPR. The podcasts aim to draw in listeners from WSBI-ESBG membership and staff, policy influencers in the stakeholder community and policymakers.

The podcasts are available now on a dedicated SoundCloud page. Future episodes will be on this page as well. The associations plan to highlight the podcasts on its website and via the WSBI-ESBG newsroom.

WHY PODCASTS?

After doing some research and looking back at years of experience as listeners, WSBI saw podcasts as a cost-effective, high-impact way to tell our story. People find it more convenient to listen to podcasts than having to focus on video or even reading. Research shows most people who listen to podcast do so on their commute to and from work or at home. WSBI-ESBG welcomes those interested in the world of savings and retail banking to listen in.

PODCAST #2: EXPERTS DISCUSS DIGITALLY LED INNOVATION, FINTECH, NEW EU RULES

Episode 2 of WSBI-ESBG's 'Exchange' podcast released on 1 June looks at innovation efforts by WSBI and its members in 80 countries. First guest Natalie Staniewicz talks about the WSBI-ESBG innovation programme (00:58). WSBI-ESBG payments expert Diederik Bruggink (14:01) also joins the podcast, sharing the latest about the impact GDPR has on banks, especially as it relates to the PSD2. Sabasaba Moshingi, chief executive of TPB Bank of Tanzania, joins host James Pieper in-studio to talk about innovation at the postal savings bank (22:22).



DIEDERIK BRUGGINK, SENIOR ADVISER, PAYMENTS, WSBI-ESBG

Diederik Bruggink holds responsibility at the two savings and retail banking associations for all payments topics from a worldwide perspective. In that role, he analyses the multiple dimensions of the payments market, proposing and assisting in agreeing member positions with respect to their payments' and related businesses. He also advocates the associations' positions on payments with policymakers, regulators, standardisation bodies, industry associations, and enabling a constant member dialogue on developments, with a particular focus on innovation. Prior to joining WSBI-ESBG in 2017, he managed since 2012 his own consultancy practice that provided international expertise in cards, payments and market infrastructures.



LISTEN TO THE PODCAST AT [SOUNDCLOUD.COM/WSBI_ESBG](https://soundcloud.com/wsbi_esbg) OR BY SCANNING THIS QR CODE.

WSBI-ESBG workshop tackles current banking challenges

EVENT TACKLES OPEN BANKING, REGTECH, CUSTOMER-CENTRIC SERVICES

More than 300 banking and FinTech professionals gathered in Brussels on 8 May for the retail banking conference The Banking Scene.

This year the event tackled the topics of open banking, RegTech and customer-centric services, and invited participants from the Benelux countries and beyond. During the one-day event participants had a chance to attend workshops, panels and discussions with renowned speakers and experts in the field. WSBI-ESBG played a role in the conference by leading a workshop on platformisation and the importance of collaboration in financial services industry, hosted by Natalie Staniewicz, manager of innovation and business development at WSBI-ESBG.

The discussion focused on how “unbundling of banking” due to new entrants, new customer expectations and new regulations is slowly being changed into a trend of “rebundling”, meaning institutions taking back ownership of the customer journey and developing means to use digital and physical assets to be customer-centric and create meaningful customer interactions. Collaboration, open banking as well as platformisation were debated as ways to enhance this rebundling process.

Concrete examples were illustrated to showcase the business model of superplatforms and BigTechs, such as *Alibaba* and their *Alipay*. “Super” not only describing the size of the company but even more their ability to integrate cross-industry offers, data and intelligence capability as well as “lifestyle services” giving services to clients along their daily journey.

Open banking was discussed not only as a compliance matter but also as an opportunity for banks to use application programming interfaces (APIs) for better integration capabilities, reaching out to other ecosystems as well as enhanced customer interaction and offers. Examples from other industries that are already using APIs such as travel, retail or insurance illustrated this positive notion.

The workshop allowed for group discussions and fostered debate on several sub-topics including:

- collaboration between banks and solution providers, startups and fintech newcomers;
- cooperation between banks and “frenemies” such as Bigtech players (GAFAs and BATs);
- possible partnerships and cooperation opportunities between banks;
- ways banks can learn from big platforms and integrate platformisation and lifestyle banking into their business.

The outcomes of this interactive exchange were presented at one of the closing panels, where Natalie Staniewicz from WSBI-ESBG was invited to debate the opportunities of collaboration and FinTech in an open banking framework together with Don Ginsel (*Holland FinTech*), Xavier de Pauw (*MeDirect Belgium*), Alexandra Vanhuyse (KBC) and the moderator Bjorn Cumps (*Vlerick Business School*).



NATALIE STANIEWICZ, MANAGER OF INNOVATION AND BUSINESS DEVELOPMENT AT WSBI-ESBG

Some WSBI-ESBG members were also present and showcased their innovative approaches such as Fanny Solano from *CaixaBank*, who presented how RegTech is being applied at *CaixaBank* and *ImaginBank*.

WSBI-ESBG AND INNOVATION

Savings and retail banks are seeking new approaches because they see the digital wave sweeping over the sector. They are doing this by investing in and developing financial technology (FinTech) solutions to provide convenient, secure, client-centric services to their customers. With around 110 members in some 80 countries worldwide, WSBI-ESBG supports its members via industry discussions and best practice sharing on latest trends and challenges in innovation and business transformation as well as policy outreach and advocacy engagement

B-HIVE, WSBI-ESBG sign partnership agreement

AIM TO BOOST KNOWLEDGE, EXPERIENCE EXCHANGE IN INNOVATION & TECHNOLOGY FIELD

SAVE THE DATE: NEXT INNOVATION WORKSHOP TAKES PLACE ON 26 OCTOBER IN ISTANBUL

The next innovation workshop will be hosted in Istanbul, home of a highly active financial sector when it comes to digitalisation, FinTech and banking services innovation. The workshop will aim to explore regions that are not yet on everyone's "radar", such as Turkey, Central and Eastern Europe, CIS countries, and the Middle East and North Africa. The workshop will tackle collaboration, open banking, SME banking innovation, digital transformation, customer centricity, and much more. Learn more at the WSBI-ESBG website events page.

To already register your interest and stay informed email: innovation@wsbi-esbg.org Join us to learn more about FinTech and banking innovation to dive into a highly dynamic region and to exchange with your peers!



LEARN MORE ABOUT WSBI-ESBG INNOVATION AND DIGITALISATION PROGRAMME AT [HTTPS://WWW.WSBI-ESBG.ORG/KNOWLEDGESHARING/INNOVATIONHUB/](https://www.wsbi-esbg.org/knowledgesharing/innovationhub/) OR BY SCANNING THIS QR CODE.

WSBI-ESBG signed on 15 May a partnership agreement with B-Hive, a European collaborative innovation FinTech platform based in Belgium that brings together major banks, insurers and market infrastructure players.

With an extensive international network B-Hive fosters knowledge and experience exchange in the field of innovation and technology. Its various work programmes engage in collaborative projects to develop tangible outcomes or standards and establish bank-FinTech collaborations, research, public events and training as well as information sharing.

WSBI-ESBG sees innovation being one of the core strategic areas for its members. WSBI-ESBG will contribute to this partnership with its expertise and activities in best practice sharing and industry insights on retail banking and business transformation in Europe and globally, as well as its know-how in policy and regulatory matters.

The partnership between WSBI-ESBG and B-Hive will leverage the strengths of the two networks to create synergies, fuel discussions and insights with added-

value additional information gained through the various complementary viewpoints of the partners.

WSBI-ESBG Managing Director Chris De Noose said: "B-HIVE and WSBI-ESBG have a wide range of common topics in the innovation field, so we want to boost synergies and bring together our two networks to dig deeper into what financial technology (FinTech), digitalisation and business transformation concretely means for financial services nowadays."

B-Hive Executive Chairman Fabian Vandenreydt noted: "This is the beginning of a great collaboration. As B-Hive aims to build a global innovation and collaboration platform, we are pleased with the signing of our partnership alongside WSBI-ESBG, and we greatly look forward to working together on extending not only our knowledge sharing, but also our network through mutual collaboration." ●



B-HIVE EXECUTIVE CHAIRMAN FABIAN VANDENREYDT AND WSBI-ESBG MANAGING DIRECTOR CHRIS DE NOOSE.

This November: 2018 World Congress in New Delhi

SUSTAINABLE RETAIL BANKING: MAKING GLOBALISATION INCLUSIVE FOR ALL

The WSBI World Congress set for 15-16 November in New Delhi, India, aims at bringing WSBI and ESBG members and all interested retail bankers together to discuss the topics that define the future of the retail banking sector and to bring a powerful message to the worldwide policymaking community.

The congress features speakers and panellists from WSBI's membership as well as experts from the banking sector around the world. It offers the attendees insights during high-impact panel discussions.

THIS YEAR'S THEME: SUSTAINABLE RETAIL BANKING: MAKING GLOBALISATION INCLUSIVE FOR ALL

Is the tide turning against globalisation? Are too many people feeling left behind by global growth? These questions are being asked more and more, reinforced by the tendency of some countries to shift towards protectionism. Yet, while raising living standards, globalisation is a positive force able to lift many people out of poverty. Over the past half-century, globalisation has brought many benefits to the world economy. Openness to trade enhanced competition and spread technology; income and jobs increased. Stronger income growth allowed global poverty and cross-country gaps to decline.

However, very few citizens experience this positive force in their everyday life. Inequalities still exist and are rising.

WHO WILL ATTEND

Speakers and panellists from all over the world will attend the 25th WSBI World Congress and share their experience and

views on the topic of globalisation, financial inclusion and the role of savings and retail banks in this respect. Fellow WSBI members, policymakers and other industry insiders attending will hear about how those banks can make their infrastructure in the field of payments, credit decisions, financial advice work while bringing the benefits of globalisation to every street and every house.

They will know better about robotic breakthroughs in manufacturing and how to cope with the threats those innovations bring: what's left of the human dimension of work, how to train the workforce, what about social protection and what influence on banks? A particular focus will be made on India, a country that has been able to provide an electronic ID to more than one billion of its citizens in only ten years. Attendees will see how this can lead to a higher level of financial inclusion. This will allow attendees to compare different models, from financial institutions in developing countries and their European counterparts.

LOCAL SAVINGS AND RETAIL BANKS' UNDENIABLE ROLE

The financial sector has an important role to play when it comes to globalisation. Trade integration relies on financial links (for payments, investments, etc.), creates additional financial links and stimulates foreign direct investment (FDI). One can say that the financial sector is symbiotic with global trade.

At the local level, globalisation allows citizens to access a greater variety of goods too, while inward investment



provides jobs and skills to workers. Besides, while countries open to trade grow faster, their living standards tend to increase too.

Globalisation has a positive impact on SMEs and local communities. It provides more employment opportunities, gives them access to wider markets and availability of a greater variety of goods. In return, businesses trigger innovation, add new jobs to the economy, which has a positive impact on workers. Very often, the main obstacle to such developments is financing. Here is the role of retail banking: providing such support.

Savings and retail banks are the banks with the strongest regional presence. A big branch network, complemented by digital customer channels is testament to that presence. As traditional partners of their local private and commercial partners, savings and retail banks are uniquely placed to accompany their clients on their international expansion and relay the benefits of globalisation to local communities. Indeed, retail banks are ideally placed to help the private sector adjust to new economic realities, with an extra focus on social sustainability.

They can provide financing to local SMEs so that they can go and conquer the world. That is when global and local join hands in order to create a better future for all of us. These banks base their financial decisions on the needs of people and SMEs, and thus positively finance businesses that benefit to society. In the current context of post economic crisis, sustainable retail banking gained prominence and appears as a fair trade-off between individuals, business and investors.

So that everyone gets the most out of globalisation, domestic policies must guarantee a more equal redistribution of the growth generated and fuelled by globalisation. As stated by IMF Managing Director Christine Lagarde: "Building a more resilient and inclusive global economy, the world economy needs to be based on a foundation of sound domestic policies, combined with a steadfast commitment to international cooperation."

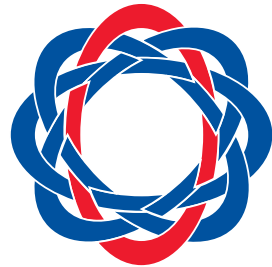
THE CONGRESS IN NUMBERS

- **5** plenary sessions & 2 master classes
- **8** high-impact networking opportunities
- **45+** speakers
- **Some 400** attendees



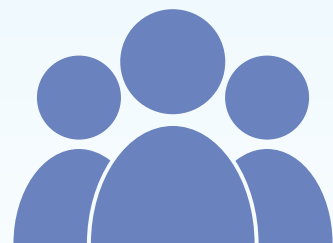
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