

# New merged Training and Consultancy Department at WSBI-ESBG



With effect from 1 February 2008, the former Training and Consultancy Departments of WSBI-ESBG will merge into a single combined unit. This step is a response partly to how WSBI members' training and consultancy needs have evolved in recent years, and also in recognition that consultancy projects nowadays usually are no longer restricted just to the provision of advice on professional banking matters, but also frequently include components aimed at bringing bank staff to agreed standards of proficiency through a variety of training methodologies.

It is also planned that the activity should evolve beyond providing training and assistance only in developing and transition countries, and will explore as well how the services may be adapted to meet the needs of WSBI-ESBG members in advanced economies. Training and consultancy offered to regulatory and supervisory authorities will continue, as will delivery of sector-wide programmes and projects, and feasibility and policy formation studies on behalf of the multilateral community where appropriate.

## Supporting the State Bank of Vietnam in Risk Based Supervision



IAN RADCLIFFE

At the end of 2007, ESBG completed a two year EuropeAid funded contract to provide support to the State Bank of Vietnam (SBV) with the overall aim of contributing to the development of a banking system that is better supervised and thus stronger and better able to extend credit throughout the economy. Actual work performed fell under two broad headings: i) An assessment of the extent to which domestic banks are compliant with prevailing regulations for off-site supervision, and ii) providing training for SBV supervisors.

The first component was achieved by way of visits to a representative sample of 14 Vietnamese banks followed by workshops with SBV banking supervision personnel, which enabled sufficient information to be gathered to support both assessment of bank reporting and a basic risk based assessment of their businesses to assist the SBV in the development of their own approach to this issue. In addition, SBV staff involved was given significant exposure to an international approach to the assessment of individual banks.

The training component involved delivery of a primary training programme on Risk-based Supervision, and wrap-up training by way of study tours to China and to Europe and participation in training at the Monetary Authority of Singapore. A smaller component involving delivery of English Language Training to approximately 30 SBV inspectors was also arranged.

The contract was performed in consortium with Lloyds TSB Bank and Ernst & Young (Vietnam).

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## WSBI-ESBG awarded Framework Contract for credit advisory services for MSME's



CONRAD RUPERT

ESBG, as consortium partner to Carl Bro/Grontmij from Denmark (CBGM), has been awarded the EBRD funded Framework Agreement for consultancy services "Regional: MSME Finance Framework for Western Balkans and Croatia – MSME Credit Advisory Services". The contract between ESBG and CBGM for this Framework Agreement was signed in October 2007 and will continue to be in effect until August 2011.

Under this Agreement, EBRD will regularly launch tenders for technical assistance and training to participating banks, non-bank microfinance institutions and leasing companies in the Western Balkan countries (Albania, Bosnia & Herzegovina, Macedonia, Serbia, Montenegro, and Kosovo) and Croatia to incorporate and/or strengthen high quality lending and leasing methodologies. With these

skills, the participating institutions can on-lend the proceeds of EBRD's €75 million Finance Framework as medium-term or working capital financing to MSME customers.

These tenders are only open to a limited number of framework contractors. If awarded a call-off contract the firm will implement the programme at the participating institution(s) and at the same time represent the EBRD and its credit interests; this means amongst other things that the quality of the lending / leasing portfolio at the participating institution should be of high quality. The first call-off notices are expected to be launched in the first quarter of 2008.

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## Mongolian Savings Bank's IT strategy developed with the help of WSBI-ESBG consultants

Over the last quarter, WSBI/ESBG Consultancy Services have completed a review of the whole IT system of WSBI member - the Savings Bank of Mongolia. ESBG provided two consultants to conduct the review, one providing the banking and software input whilst the other focused on the ICT infrastructure, business continuity and security aspects.

Reviewing a bank's IT often implies the carrying out of a more general assessment of its operations. Indeed, any changes to a bank's computer system may have a significant impact on its processes, organisational development (roles, training, structure, etc.) and potentially on the services it offers. With this in mind WSBI/ESBG's project started by a brief overview of the bank's operations at the

Head Office and in branches: gathering statistics on processing workload at month end and other milestone operational peaks such as quarters, half year and year end; ascertaining if these operations were supported, and performing a gap analysis against future projections.

The two ESBG's consultants stayed approximately 3 weeks in Mongolia and then came back to Europe to write their report and recommendations. The Savings Bank of Mongolia is now upgrading the bank's IT system on the basis of these recommendations.

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## WSBI-ESBG to implement more technical assistance projects of the European Investment Bank

In October last year, ESBG undertook a mission to EIB as a part of its normal activities in maintaining close relations with agencies that fund international consultancy projects in the banking sector. EIB's technical assistance activities were until recently mainly in the Mediterranean basin and funded by the so-called FEMIP programme, but there are now advanced plans to extend their activities to other parts of the world as well. The structure of these projects is likely to be slightly different than

in the past, with implementation being executed by a local partner rather than the EIB. A number of specific opportunities were identified during the meetings, which were subsequently discussed by ESBG members at the meeting of the Technical Assistance Provider's Network held in Brussels on 23 October 2007.

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## WSBI-ESBG completes FIRST assignment in Sudan

In the final quarter of 2007 ESBG completed the project "Access to Finance for Farmers in the Gezira Region" in Sudan funded by the FIRST Initiative. This project took place in particularly difficult circumstances: the start date of the project was subject to delays and then the shortage of human and financial resources at counterpart Gezira Farmers Union (GFU) made the establishment of working relations a challenging task. Nonetheless impressive results were achieved.

Following introductory calls on Sudan Gezira Board (SGB), the Central Bank, ministries, and international donors in Khartoum; ESBG experts met with their counterpart and several financial institutions.

Questionnaires were prepared to assess the local farmers' needs for financial products and the experts supervised the field survey of about 150 representatives of farmers and the subsequent data entry into the report.

After analysing the results of the survey and of the interviews it became obvious that there is a clear demand for loans by farmers to develop the agricultural sector. However many obstacles were identified.

In order to address these obstacles practical recommendations and action plans were developed:

- At the institutional/regulatory level: improve the central bank's regulations on small-scale lending; conduct an information/awareness campaign for farmers; identify pilot areas for testing credit products; obtain additional liquidity from Sudanese authorities and negotiate farmers' debts forgiveness via compensations from the Ministry of Finance.
- At the operational level: open new bank branches or more mobile branches; appoint/train new credit officers (or lend through credit agents); improve loan administration within banks (including template-based computerised finance for major crops); introduce mobile phone banking and micro-insurance/warehouse receipt finance; and finally organize study tours for bankers to successful MF institutions.

The findings were presented to the GFU during the summer of 2007 although the final approval of the report delivered and finalisation of other aspects of the project was delayed until the end of 2007.

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## WSBI-ESBG advises National Bank of Azerbaijan on payment system strategy

On 12 November 2007 ESBG signed a contract with the National Bank of Azerbaijan (NBA) for the assessment of the national Payment System Architecture. This contract is funded by a World Bank loan and is more or less a continuation of

the excellent relations which already exist between the NBA and ESBG.

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## DG Market Financial Literacy study completed

In 2007, for a period of nine months, ESBG and the German consultancy firm Evers & Jung joined forces to carry out a study on financial literacy schemes in EU Member States funded by the European Commission. Through the compilation of a list of existing initiatives in the field DG Market was aiming at gaining a better understanding of the state of play in financial literacy in the European Union. In addition to this study a conference was organised in Brussels in March 2007 in order to raise awareness and share best practice.

Through a networking approach and an on-line survey 154 initiatives that meet the strict definition of a financial literacy scheme have been identified. The quality and scope of these schemes varies

greatly from one member state to the other but one can say that financial literacy is a growing priority for both the EU institutions and the market players.

The support of a number of ESBG Members was crucial. They provided input for the study by presenting a description of ongoing initiatives within their institutions. A number of case studies and best practice examples at ESBG members were included in annex to the final version of the study.

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### Training & Consultancy team

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## WSBI-ESBG supports best practice exchange on IFRS and IAS amongst Russian banking sector



WESELINA ANGELOW

Following a successful study tour to Madrid, Spain, in June 2007, which involved ESBG's Spanish member CECA, ESBG consultancy services organised a study tour for 14 members of the Bank of Russia to Frankfurt, Germany, in November 2007.

The delegation, headed by Bank of Russia's Chief Accountant Mrs Lyudmila Gudenko, was received by financial specialists of the European Central Bank and by the IFRS expert of the technical cooperation section of the German Bundesbank.

The objective of the trip was to continue the exchange of experiences in the treatment of international accounting rules and standards and raise awareness of best practice in terms of implementation of IFRS in other European countries. This initiative is part of the EuropeAid funded contract "Transition to IFRS in the Russian banking sector"; a project implemented by ZAO Pricewaterhouse-

Coopers Audit, OOO FBK and ESBG.

This study tour was the second one in a row and will be followed by a third tour to Cyprus in March 2008.

At the same time ESBG started IFRS and IAS training activities for accounting practitioners of commercial banks in several Russian regions.

The aim is to reach about 3,000 accountants and auditors as requested by Russian credit organisations.

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## WSBI member FEDECREDITO benefits from targeted and practical training

Following the signing of a contract with FEDECREDITO the WSBI/ESBG Consultancy Services, in cooperation with the Training Center of FEDECREDITO, carried out in December 2007 the first two training seminars of a series of four in San Salvador, El Salvador.

During 6 days Jose Linares, an ESBG retained consultant, trained a total of 50 participants: executives, directors and other members of staff coming from 13 of the credit and workers' banks which form part of the FEDECREDITO system.

The training focused on the fields of recuperation and coverage of credits and of marketing of savings. The sessions were composed of lectures given by the ESBG consultant followed by practical workshops allowing all attendees to actively participate. This later enabled them to easily share the lessons learnt with colleagues in their branches.

According to the Training Centre of FEDECREDITO: 'The knowledge and experience transfer provided



by the ESBG consultant has reinforced concepts and provided new ideas for the tasks related to the recuperation and coverage of credits'.

The two remaining sessions on marketing of micro-credits and SME credits and on qualification of credit applicants will be carried out in February 2008.

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# WSBI-ESBG helps Postbank Kenya train all its branch managers to reach excellence in customer service



LAURIE DUFAYS

In view of the success of the last seminar on Entrepreneurial Branch Management, provided in July 2007 to the three Postbanks from East Africa, the Managing Director of Kenya Postbank, Mrs Koigi, decided to offer a similar training opportunity to another group of branch managers.

In November 2007, 34 managers and a number of supervisors from all over Kenya participated to the seminar. Themes which especially drew the attention of the audience were Customer Service, Communication, Customer Relationship Management (CRM), Teamwork and Leadership including staff motivation.

In terms of customer care, all delegates highlighted the importance of anticipating the customers' demands and of serving them beyond expectations. Customer relationship management (CRM) also interested the participants but to a lesser extent as the current organisation was seen as not fully adapted to the development and implementation of a customer relationship management policy.

Internal communication was also looked at and the need for increased communication flows, especially between the Head Office and the branches, but

also among staff of a same branch, was stressed several times. Discussions on the topic of teamwork highlighted the need for staff empowerment, notably at the counters.

Last but not least, the issue of CSR (Corporate Social Responsibility) was raised by participants showing their concern but also that of their clients in belonging to an organisation which is involved in CSR. Branch managers are aware of the importance for the bank's image to be active in the CSR sphere. They are of the opinion that even if CSR is done on a small scale, communication should be more prominent: "we should shout about it".

To conclude, participants agreed that, although tools and processes still needed to be improved, they have a shared responsibility in making things happen! They pointed out that making the difference with competition (49 banks) could be achieved in cooperation with the head office through making the organisation more customer driven.

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