



## PRESS INFORMATION

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### **Savings and socially responsible retail banks call upon G20 Summit to take well-targeted measures to restore confidence in the financial sector**

At the occasion of the G20 Summit in London this week, the World Savings Banks Institute – WSBI, the global representative of savings and socially committed retail banks – expresses its support to the work of the G20 and its relentless efforts to upgrade the global financial system and prevent further market crises.

José Antonio Olavarrieta, the President of WSBI, called for well considered measures that target the market segments and market players which have caused the current problems. *“Any measures proposed by the G20 group should not come to the detriment of those institutions – such as savings and socially committed retail banks - and market practices that actually contributed to stabilise the markets and supported the real economy”*, he said.

WSBI recognizes that the crisis demanded immediate public stabilisation measures to restore confidence and proper functioning of the financial sector. However, they state that fundamentally sound institutions should not be overburdened with requirements which are not proportionate to the risks incurred. According to Olavarrieta, *“weakening these sound structures by over-regulating them or providing too much support to the less stable banks could make the situation even worse.”*

In this respect, WSBI is wary of the potential distortions effect that public support to some banks could have. Banks supported by national governments should not benefit from disproportionate or unfair advantages, which would harm the rest of the banking sector.

WSBI calls for robust and trust-worthy banking and financial systems, including improved market transparency. It also calls for all market participants to be subject to appropriate regulation, including hedge funds and credit rating agencies. Further, the way information is made available and utilized must be re-evaluated. *“It is necessary to reassess a number of current accounting practices, to ensure the quality of information disclosed and assure that it reflects the genuine situation of financial institutions and prevent the dissemination of misleading data sets”* said Chris De Noose, Managing Director of WSBI. *“The recent events have demonstrated that over-reliance on market value not only increases pro-cyclicality, but also results in an inaccurate image of a company’s financial situation.”*

WSBI supports analysing the Basel II framework to identify potential weaknesses which could have contributed to the current situation. Nevertheless, WSBI states that the Basel II approach should remain the reference to monitoring capital requirements. Regarding supervision of the financial sector which may be altered by the G20 summit, WSBI strongly supports the central role of local supervisory authorities, because of their familiarity with local markets and their proximity to the supervised entities. This holds true not only for nationally active banks but also for cross-border

institutions. *“Any supervisory framework at supra-national level will always have to build on the work conducted by local supervisory authorities”* says De Noose.

WSBI urges the G20 members to use this crisis to spur better, more inclusive financial systems in developing economies. *“This crisis should motivate to build up the banking infrastructure to mobilize domestic savings efficiently to finance development and reduce developing economies’ dependence on foreign savings”* says José Antonio Olavarrieta. *“A strong commitment to these objectives, from International Financial Institutions, partners in developed countries, and emerging and developing countries themselves, will contribute to the emergence of more socially-efficient financial systems that progressively drive developing economies towards a sustainable, stable, balanced and fair path of growth.”*

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### **About WSBI:**

**WSBI (World Savings Banks Institute)** is the only global representative of savings and retail banks. Founded in 1924, it represents savings and retail banks and associations thereof in 92 countries (Asia-Pacific, the Americas, Africa and Europe – via the European Savings Banks Group). As the international voice of savings and retail banking, WSBI works closely with international financial institutions and donor agencies. It thereby represents savings and retail banks’ interests at an international level while also facilitating the provision of access to financial sectors worldwide, e.g., through training, consultancy services, etc., be it in developing or developed regions. WSBI members are typically savings and retail banks or associations thereof. They are often organised in decentralised networks and offer their services throughout their region. WSBI member banks have reinvested responsibly in their region for many decades and are one distinct benchmark for corporate social responsibility activities throughout the world.

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