

**15th Meeting of the WSBI Latin America and Caribbean Regional Group (GRULAC)
7 - 8 December 2009, San Salvador (El Salvador)**

Summary of Discussions

The Sistema Fedecredito from El Salvador hosted the 15th Meeting of the WSBI Latin America and Caribbean Regional Group. The meeting brought together more than 220 from member institutions¹ as well as private and government institutions² to exchange views on «*Savings and Retail Banks and the global financial crisis: challenges and opportunities*».

1. Effects of the crisis in the region and Perspectives

In the global financial crisis environment, participants recognised that the global crisis hit the region through a commercial rather than a financial channel. Despite growing unemployment and the reduction of remittances, exports, imports and credit by private financial institutions, the region is starting to recuperate and positive evidences are flourishing. According to experts, the world capital markets are recuperating, the market stability is improving, and commodity prices are starting to rise.

2. Evolving rules and changing risks for the region

BancoEstado (Chile) and Caixa Economica Federal (Brazil) shared their experience over the last year on risk management, and highlighted key measures they used to expand credit and allowed them for different levels of growth in times of crisis.

The meeting also highlighted the ongoing global discussions on capital adequacy and policy initiatives to ensure international financial stability:

- ✓ A macroprudential approach to financial supervision and regulation is on the agenda of the Financial Stability Board (successor of the Financial Stability Forum to find solutions on the global financial system strengthening).
- ✓ Macroprudential supervisory measures aiming to introduce a global framework for financial oversight and limit the systemic negative effects of the interconnection between financial institutions and markets (and their impact on the real economy) have to be considered.
- ✓ BIS affirmed there will not be a Basle III Accord on capital adequacy in the short term, but a stronger and better coordinated oversight of financial institutions to achieve global stability.

¹ Caixa Economica Federal (Brazil), Asociación Popular de Ahorros y Préstamos (Dominican Republic), Mutual La Paz, member of UNIVIV (Bolivia), Banco Popular de Ahorro (Cuba), FEDECREDITO (El Salvador), BANRURAL (Guatemala), FEPCMAC (Peru), BANSEFI (México), DGSV (Germany), CECA and Ibercaja (Spain)
² Registered: CGAP, CABEI, Salvadorian Financial System Superintendency, FUSADES (El Salvador), Seguros Futuro (El Salvador), Yellowpepper (Panama), BIS-LAC, ILO, IFC, IADB, Visa Inc., Banca de las Oportunidades (Colombia), Banks and Insurance Superintendency (Ecuador), FONAVIPO (El Salvador), BMI, Universidad Simeón Cañas (El Salvador), USAID (El Salvador), World Bank (El Salvador)





3. Expansion of financial access

The last session draw on the future and analysis of the opportunities for savings and retail banks. Participants examined diverse innovative solutions for financial inclusion, growth and product diversification while being socially responsible. Specifically, they analyzed:

- ✓ Greg Watson, Remittances Specialist at the IADB referred to the wealth of opportunities offered by the remittances market on poverty alleviation. And IFC complemented the session with the explanation of a model pilot by FEDECREDITO (El Salvador) that would allow savings and retail banks to participate on the remittances market through Special Purpose Vehicles (SPVs)
- ✓ Innovative solutions in branchless and cell phone banking by a payments company (Visa Inc.), a technological platform (Yellowpepper Inc.) and experts in consultancy (CGAP-World Bank),
- ✓ How to maintain social and environmentally sustainable financial operations (BeyondBanking IADB program),
- ✓ Ways of diversifying products while having a positive social impact, like microinsurance experiences (ILO microinsurance innovation facility) and women oriented credit and savings products (Banrural – Guatemala).

The participants congratulated Mr. José Luis MARDONES, President– BancoEstado for assuming the position of Regional Group President over the last period and designated Mr. Armando ROSALES, President of Sistema Fedecredito to take over for the next three years (2009-2012).