



BS/BF/WG/R(2007)1

**REPORT OF THE
MEETING OF THE BSEC WORKING GROUP
ON BANKING AND FINANCE**

Athens, 27-28 March 2007

1. The Meeting of the Working Group (WG) on Banking and Finance was held in Athens on 27-28 March 2007.

2. The Meeting was attended by the representatives of the following BSEC Member States:

Republic of Azerbaijan
Republic of Bulgaria
Georgia
Hellenic Republic
Republic of Moldova
Romania
Russian Federation
Republic of Serbia
Republic of Turkey
Ukraine

3. The representative of the Black Sea Trade and Development Bank (BSTDB) also participated in the Meeting.

The list of participants of the Meeting is attached as Annex I.

4. The Meeting was chaired by Mr. George STUBOS, Deputy Director of the Bank of Greece.

5. Mr. Dimitrios GIANNOS, Director General for International Economic Relations at the Ministry of Economy and Finance of the Hellenic Republic welcomed the participants of the WG and delivered an opening statement. The text of the opening statement is attached as Annex II.

6. The draft agenda of the Meeting was discussed and adopted. The agenda, as adopted, is attached as Annex III.

IMPLEMENTATION OF THE RESOLUTIONS, DECISIONS AND RECOMMENDATIONS OF THE COUNCIL OF MINISTERS OF FOREIGN AFFAIRS

7. Under this agenda item, the WG took note of the contents of the Resolution of the Council of Ministers of Foreign Affairs of the BSEC Member States held in Moscow on 1 November 2006, related to the implementation of the Resolutions, Decisions and Recommendations adopted by the BSEC Council of Ministers and discussed the ways and means of implementation of the decision of the 15th Meeting of the BSEC Council (Moscow, 1 November 2006) which considered the Report of the Meeting of the WG on Banking and Finance (Istanbul, 11 September 2006).

8. As the Council stressed the importance of the banking and finance sector in sustaining dynamic economic and social development of the BSEC Member States and called upon the Member States to undertake the necessary measures to strengthen the cooperation in this field, the participants agreed to have regular meetings of the WG and raise its efficiency based on a strategic vision to be reflected in the Action Plan. They stressed that the Action Plan shall be strategically oriented to and practically based on the provisions of the BSEC Economic Agenda for Future. It was also suggested to include in the Action Plan the issues related to the insurance sector, anti-money laundering and counter-financing of terrorism measures undertaken in the BSEC Member States.

9. As the Council emphasized the necessity to create an appropriate mechanism of interaction between the BSEC and BSTDB, the participants decided to consider the decision of the Council under Agenda Item 7: "Creation of an appropriate mechanism of interaction between BSEC and BSTDB."

10. The WG expressed its readiness to provide expertise in order to elaborate and draft the new structure of the BSEC Budget, based on the proposal of the Hellenic Republic, at the Meeting of the Committee of Senior Officials (Istanbul, 26-27 February 2007), being duly mandated by the Council of Ministers .

11. The WG on Banking and Finance expressed its readiness to provide necessary expertise and promote investment projects approved by the relevant Working Groups and bring these projects to the attention of the relevant funding sources.

REVIEW OF THE RECENT DEVELOPMENTS IN THE BANKING AND FINANCE SECTORS IN THE BSEC MEMBER STATES

12. The national delegations made presentations on the recent developments in the banking and finance sectors in their respective countries.

13. They reviewed the activities of their national authorities/central banks aimed at restructuring the banking system in accordance with the international regulations, standards and best practices.

14. The WG found the information presented at the meeting both important and useful, and stressed the fact that the banking sector in the BSEC Member States is moving forward at an

accelerating pace. However, they recognized that other issues like market penetration, banking system supervision and regulation, currency stability and availability should be further improved.

15. The representative of the Black Sea Trade and Development Bank (BSTDB) made a general presentation on the activities of the Bank and its operations in the BSEC Member States aimed at supporting and financing regional projects. He also informed the WG about the practice of BSTDB to hold Black Sea Business Days and other similar events in the Member States in order to identify viable projects.

16. The participants decided to submit their presentations on macroeconomic and banking developments in their respective countries to the BSTDB through BSEC PERMIS as a source of information.

CONSIDERATION OF THE DRAFT ACTION PLAN FOR THE WORKING GROUP ON BANKING AND FINANCE AND PRESENTATION OF RELEVANT QUESTIONNAIRE

17. The participants exchanged views and ideas for the main activities of the WG to be included in its Draft Action Plan.

18. The WG agreed that the Country-Coordinator in close cooperation with BSEC PERMIS would elaborate a Draft Action Plan based on the proposals expressed during the meeting and those reflected in the Questionnaire received from the Member States. The Draft Action Plan will be disseminated to the Member States for consideration and final approval at the next meeting of the WG.

19. The WG will take into consideration the decisions of the BSEC Council of Ministers of Foreign Affairs and take concrete steps to implement them in the best possible way in order to serve the interests of the region.

DISCUSSION ON THE POSSIBILITY TO ESTABLISH THE UNION/ASSOCIATION OF THE BANKS OF THE BSEC MEMBER STATES

20. The WG exchanged views on the issue of the establishment of a union/association of banks of the BSEC Member States and, in principle, manifested a positive approach to this idea.

21. The participants decided to consult their respective national unions/associations of banks and consider the issue at the next WG meeting.

DEVELOPMENT OF TRAINING SEMINARS/WORKSHOPS

22. The representative of the Bank of Greece made a presentation on the various training activities and raised the possibility of developing and organizing such seminars/workshops in the BSEC Member States.

23. The WG welcomed the idea and stressed the importance of such events which will have an impact on shaping stable, predictable and coherent banking and finance sectors in the BSEC Member States by applying best practices, international rules and regulations.

CREATION OF AN APPROPRIATE MECHANISM OF INTERACTION BETWEEN BSEC AND BSTDB

24. The participants considered the ways and means of strengthening the cooperation between BSEC and BSTDB, and expressed the views that their interaction should be based on the “Modalities for BSEC-BSTDB Interaction” approved at the 2nd Meeting of the BSEC Council of Ministers of Foreign Affairs in Chisinau on 27 April 2000. The text of the “Modalities for BSEC-BSTDB Interaction” is attached as Annex IV.

25. They took note of the information provided by BSTDB on the upcoming joint meeting of the BSTDB Board of Directors and BSEC Committee of Senior Officials, and agreed to send to BSEC PERMIS their proposals and inputs within three months for the said joint meeting in order to strengthen and possibly update the existing mechanism of interaction between BSEC and BSTDB.

ANY OTHER BUSINESS

26. The issue of maintaining consistency of the composition of the WG in order to enhance overall efficiency and effectiveness of its activities has been raised under this agenda item.

27. In this regard the WG recognized the need, at times, for representatives from other relevant national bodies to join their deliberations in accordance to the agenda items discussed.

28. The representative of the Hellenic Exchanges (HELEX) made a presentation on the activities of the Athens Stock Exchange and latest developments in the field.

29. The WG decided to consider and reassess its Terms of Reference at the next meeting of the WG.

EXPRESSION OF THANKS

30. The Participants expressed their sincere appreciation and thanks to the Government of the Hellenic Republic and, in particular, the Bank of Greece for the hospitality extended to the delegations and the arrangements made for the WG Meeting in Athens.

DATE AND VENUE OF THE NEXT MEETING

31. The WG agreed that the date and venue of its next meeting would be communicated to the Member States through BSEC PERMIS.

ADOPTION OF THE REPORT

32. The Working Group adopted the present Report for submission to the next Meeting of the Committee of Senior Officials and the Sixteenth Meeting of the Council of Ministers of Foreign Affairs.
