



BS/BF/WG/R(2006)1

**REPORT OF THE
MEETING OF THE
BSEC WORKING GROUP
ON BANKING AND FINANCE WITH ENHANCED PARTICIPATION OF THE BSTDB**

Istanbul, BSEC Headquarters, 11 September 2006

1. The Meeting of the Working Group on Banking and Finance with Enhanced Participation of the BSTDB was held on 11 September 2006 at the BSEC Headquarters in Istanbul.

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

Republic of Armenia
Republic of Bulgaria
Georgia
Hellenic Republic
Romania
Russian Federation
Republic of Turkey
Ukraine

3. The representatives of the BSEC Business Council and the Black Sea Trade and Development Bank attended the Meeting in the capacity of the BSEC Related Bodies.

4. The Meeting was chaired by Mrs. Marina NAUMOVA, Counselor, Department of Economic Cooperation, Ministry of Foreign Affairs of the Russian Federation. Ambassador Altai EFENDIEV, Deputy Secretary General of BSEC PERMIS, welcomed the participants and made an opening statement.

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

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

OVERVIEW OF THE ACTIVITIES OF THE WG ON BANKING AND FINANCE

6. The BSEC PERMIS presented an overview of the activities of the WG from 1992 till 2002.
7. The representative of the BSTDB mentioned the significant progress in the economies of the BSEC Member States since the founding of the Bank and emphasised the need for more effective communication and exchange of reliable data among Member States as well as the need for the BSEC and BSTDB to further promote the BSEC region internationally.

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

8. The delegations of the Hellenic Republic, the Russian Federation, the Republic of Turkey and Romania made comprehensive presentations on the recent developments in the banking and finance sectors in their respective countries.

REVIEW OF THE STATE OF COOPERATION IN THE FIELD OF BANKING AND FINANCE IN THE BLACK SEA REGION AND IDENTIFICATION OF THE ISSUES OF COMMON INTERESTS

9. The participants exchanged views on the issue, with an emphasis on the dynamic developments in the banking and finance sector in the BSEC region, and the need to explore ways to improve cooperation on matters of common interest within the framework of the WG.
10. The representative of the BSTDB pointed to the need for increasing cooperation at the political level and for creating an institutionalised mechanism for data exchange at the regional level. He also stressed the point that rating agencies do not always treat the institutions of the BSEC region, sufficiently fairly. This has certain negative implications on the efficient mobilisation of financial resources.

DISCUSSION ON THE PROSPECTS AND FURTHER ACTIVITIES OF THE BSEC WG ON BANKING AND FINANCE:

a. Nomination of the Country-Coordinator of the WG on Banking and Finance

11. The participants considered the application of the Hellenic Republic for the status of Country-Coordinator of the WG on Banking and Finance. The representative of the Hellenic delegation was invited to present the Draft Action Plan for the period 2006-2008. The delegations expressed their appreciation to the Hellenic delegation for the initiative and the presentation. They unanimously supported the nomination of the Hellenic Republic for the status of Country-Coordinator of the WG. The WG decided to submit its decision to the Committee of Senior Officials for their endorsement and for its eventual approval by the BSEC Council.
12. The participants agreed to submit their comments and proposals for the Action Plan based on the Questionnaire to be prepared jointly by the delegation of the Hellenic Republic and BSEC PERMIS. This process was agreed to be completed within a period of two months after the dissemination of the Questionnaire by BSEC PERMIS.

13. The Hellenic delegation stressed in particular the necessity to identify the needs of the Member States, in order to define the scope and objectives of the WG and invited the Member States to provide their inputs to be considered and incorporated into the Action Plan.

14. The revised version of the Action Plan will be prepared by the Hellenic Republic, based on the feedback information received from the Member States, and presented for consideration and approval during the next meeting of the WG.

b. Consideration of the possibility of the founding a Union/Association of the Banks of the BSEC Member States

15. The participants exchanged views on the issue and decided to revert to it at a later stage, upon the receipt of the written contributions of the Member States. It was agreed that the Member States will elaborate on the issue in writing when replying to the above-mentioned Questionnaire.

c. Development of training / seminars / workshops

16. The participants underlined the fact that there is a variety of themes and subjects that could be addressed collectively in the framework of the WG through specifically tailored training programmes and seminars. The WG agreed to come back to the issue at its next meeting, provided that appropriate proposals and suggestions on the needs and interests are received from the Member States.

d. Cooperation with IFIs, specialised agencies and international banking community

17. The Project Coordinator of BSEC PERMIS made a presentation on the developments in the field of establishing the cooperation framework with IFIs, specialised agencies and international banking community since the last meeting of the WG and informed the participants on the work done previously in drafting a Model Protocol of Intent on cooperation with IFIs.

18. Attention has been brought also to the issue of PDF, which began operations since the last meeting of the WG and its future activities. The WG agreed to come back to the issue at subsequent meetings.

ANY OTHER BUSINESS

19. The representative of the CFA Institute in Turkey gave a presentation on the non-profit organisation, specialised in setting standards for professional conduct and ethics for the banking and finance sector worldwide and mentioned two regional seminars on banking, to take place in November 2006 in Greece and March 2007 in Turkey.

20. The representative of Romania informed the participants of the decision of the Romanian Government to increase the mandatory annual contribution to the BSEC Budget starting from 1 January 2007 .

ADOPTION OF THE REPORT

21. The delegations adopted the present report for submission to the Committee of Senior Officials to be held in Istanbul on 3-4 October 2006.