



March 17, 2005

## **Review and Assessment of the Activities of a Leading Bankers' Association**

### **Draft Terms of Reference**

As part of its pre-operating work to support the implementation of the Convergence program, the World Bank's Financial Sector Vice Presidency (FSE) intends to gather and disseminate best practices of market-building work undertaken in partnership between banking sector stakeholders.

In this respect ABI (Associazione Bancaria Italiana) represents a relevant example of a professional association of banks whose main goal is to engage in a policy dialogue with authorities with the support of extensive analytical tools.

To replicate this example in Convergence's countries of operation (Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Macedonia, Romania and Serbia-Montenegro), FSE intends to hire a Senior Financial Economist to conduct a review of ABI's history, organisation, methods of work and achievements over the last decade.

The 40-50 page study should focus on the policy dialogue performed by ABI, as opposed to other aspects of its activity (e.g., negotiations of industry labour contracts, publications), and more specifically on the following:

1. A short discussion of ABI's activities before 1993-1994.
2. An assessment of ABI's contribution to financial sector reforms in Italy in the period under review. In this respect it will be useful to consider separately ABI's three different roles, namely:
  - Self-regulatory
  - Policy development
  - Service provider (consultancy and operational).

In each of these, it will be useful to highlight areas where ABI played a leadership role, areas where ABI worked hand in hand with authorities, and areas where the ABI contribution can not be easily identified.

3. ABI's internal management instruments in respect of the following:
  - Identification and prioritization of issues which, if solved, would result in gains for the sector;
  - Mechanisms and techniques to analyze the issues to make the ABI executive position accepted by member banks and by authorities. In this respect, it would be useful to review ABI's work to foster collaboration among members while at the same time promoting competition and avoiding collusion in market practices;
  - Initiation and carrying out of negotiations with authorities;
  - Performance measurement in terms of value generated for its stakeholders.



4. Recommendations drawn from ABI's experience for the definition and execution of Convergence's strategy in the Balkans, particularly focusing on the possible financial system-wide impacts and consequences for the design of the regulatory framework.

The assignment will consist of two parts:

1. To conduct the study;
2. To take part as a rapporteur in one or two round-tables with central bank governors and representatives of bankers' association, as part of the Convergence-led awareness campaign;

The study will be finalised no later than by November 30, 2005. It is intended to be made it available to Central Banks and market participants throughout the Convergence region of operations.

The Senior Financial Economist needs to have the following characteristics:

- to have considerable experience in the Italian financial sector and/or the economic academic field;
- to enjoy very high personal and professional standing with Italian authorities and market participants;
- to have a significant history of writing on financial, banking or economic matters.

He/she will have the opportunity to be assisted by a small group of peer reviewers, possibly drawn from the authorities, the banks and other independent policy analysis centers.

The Senior Financial Economist will collaborate closely with Mr. Shkelqim Cani (primary contact) and Mr. Mihai Bogza (secondary contact), who have been contracted by the World Bank to undertake pre-implementation work for Convergence. Mr. Luigi Passamonti, World Bank Convergence Task Manager, will provide overall oversight.

Convergence will do its best to ensure that access of the Senior Financial Economist to the premises of the ABI will be granted and that the management and staff of ABI will cooperate.