

Why Build an SPI Platform?

2.1. Rationale for Establishing an SPI Platform

In this chapter, the promoter of the SPI Platform will find additional arguments in support of the idea.

A practical approach to analysing the feasibility of establishing an SPI Platform is the strengths, weaknesses, opportunities and threats (SWOT) system, which enables a business person to reach a decision by balancing the pros and cons and to develop appropriate risk-mitigation strategies.

Box 10- SWOT Analysis for the SPI Platform

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Sound institutional framework • Programmatic approach • Results orientation • Local leadership and initiative • Efficiency • Productivity • Institutional capacity-building • Focus on implementation • Structured processes • Evidence-based approach • Standard documents • Accountability • Neutral stance 	<ul style="list-style-type: none"> • Additional costs for banks • Additional resources invested • No clear legal status (unless addressed) • Unclear institutional development perspectives (unless addressed)
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Developing markets, with large volumes of modernization opportunities • Convergence with EU regulations • Support from EBF members • EU and other funding sources • Complementarities with banking association activities • Local expertise • Cooperation with similar Platforms • Tested framework, processes, efficiency and productivity 	<ul style="list-style-type: none"> • Overlaps with other initiatives • Overlaps with banking association activities • Competition with the banking association • Public institutions not willing to enter into partnership • Low probability of finding skilled people for the SPI Secretariat

These aspects are discussed in the following paragraphs.

Strengths. An SPI Platform is a stable framework for cooperation, not a single-project initiative. Sound governance means that it addresses the sharing of responsibilities and cooperation and accountability among the parties; and it covers all project steps, with emphasis on implementation. Prior approval of a programmatic framework by high-level public and private partners increases the likelihood of rapid practical results quickly. Banks have the right to propose issues to be solved in cooperation with public and private partners and to take advantage of the synergies among projects. Projects are largely implemented by local experts, which helps build analytical and consensus-building capacities; foreign experts intervene only to fill local knowledge gaps. Private stakeholders take part in designing regulatory solutions and can compare their opinions with those of experts from the public sector in the structured environment of the SPI Platform. The SPI Secretariat provides assistance and support with additional analytical services while maintaining a neutral stance. The functionality and efficiency of the SPI Platform have been successfully tested in two countries.

Weaknesses. The disadvantages of the SPI model are that it may require additional financial and other contributions from banking association members, and it might not have clear legal status at the outset. The size of the additional contributions depends on factors such as salary levels, the possibility of sharing costs with other SPI partners, and the prospects for attracting donors to sponsor the establishment and operation of SPI. This *Toolkit* offers detailed information for potential sponsors on access to EU funding. Identification of a funding source covering the first years of operations could solve the issue of SPI sustainability, but clarification of legal status is a prerequisite for accessing funds.

Opportunities. The basic opportunity for establishing an SPI Platform is the need for financial modernization in a country. Consultations in 2008 in Romania brought 35 modernization issues before SPI Committee's table; consultations in Albania in 2009 identified 40 project proposals. A large banking group has listed 273 regulatory issues that need to be addressed in central and southern Europe. Regulatory reform requirements can be greater for countries in the process of EU pre-accession. Opportunities for establishing a financial sector modernization body should be tested in consultations with potential partners.

It is important to stress that EBF is willing to support its Associates in establishing and operating SPI Platforms (see **Chapter 9**, page 51). This support includes dealing with EU institutions, raising awareness and building consensus among EBF Associates and public institutions. The cooperative framework that EBF can create and maintain for SPIs is a major asset in dealing with the weaknesses and threats.

Pre-accession to EU country status brings with it access to EU funding, which mitigates one of the identified weaknesses – additional costs for partners. The existence of reliable funding sources will solve the issue of SPI sustainability, and the eligibility criteria for accessing EU funds will help to clarify the legal status of the partnership.

Threats. Potential threats to the establishment of an SPI Platform include the possibility of overlap with the work of the banking association and the danger of the SPI Platform becoming a competitor to the banking association. In such a case, any overlapping could be transformed into complementarities and cooperation between the SPI Platform and the banking association. The Romania case showed that this in fact happened, and that each institution used its comparative advantage to leverage the effects of their joint activities.

SPI Platform complements and expands the banking association's work on building an industry position on various issues.

Box 11- Cooperation between Romanian Banking Association and SPI Romania

- Projects supported by the Banking Association
 - Building a stronger image of the SPI program
 - Bringing the SPI program into Romanian institutions
 - Discussing SPI projects at monthly meetings with the central bank
 - Gathering banking professionals
 - Building banking consensus on SPI projects
- Support by the SPI Secretariat for the Banking Association
 - Managing projects for the banks
 - Analytics and international benchmarking
 - Convening experts of public institutions and private non-financial entities
 - Engagement in public consultations
 - EU Better Regulation impact assessment

Box 12- Banking Association – SPI Platform Criticalities

1. The banking association must be alert to policy and regulatory developments. An SPI Platform exists to handle projects where there is prior agreement in principle between the authorities and the banking industry. Both stakeholders retain full freedom to regulate and advocate without SPI Platform involvement.
2. The banking association must monitor SPI work in progress to ensure that the discussions of project working groups reflect banking industry views and to build consensus among their members with regard to the recommendations of project working groups. The banking association may wish to have parallel technical discussions among its membership to give project working group representatives the full range of banking industry views.
3. The banking association must support SPI Committee follow-up actions to ensure that its recommendations are implemented.

Box 13- Benefits of the SPI Platform for the Banking Industry

1. It creates space for banking industry initiatives, particularly when public action is hampered by fragmented decision-making.
2. It facilitates a medium-term programmatic approach rather than reactive case-by-case dialogue with financial regulators.
3. It secures a high degree of likelihood of public action on SPI Platform recommendations as a result of prior SPI Committee commitment.
4. It increases the quality of recommendations through informal collaboration with public-sector experts.
5. It increases professional networking among private and public experts, promoting faster growth of sophisticated expertise in the country.

To summarize, the outcomes of an SPI Platform are worth the effort involved in establishing and running the public-private partnership. The knowledge and support at the EU level are strong arguments in its favor. The first things to be assessed in the initial stage are the "market" for financial modernization and other institutions' openness to join the partnership.