

# How to Initiate the SPI Partnership with Authorities?

This chapter guides the promoter of the SPI Platform through the process of advocacy with public authorities. It contains a set of tools and instructions for organizing actions and using information already presented or available from other sources. As mentioned in the previous chapter, we assume here that the banking association is the SPI Platform promoter.

Given the support of the banks, the EBF Associate should identify the public authorities to be approached to establish the SPI Platform. The most important are the Central Bank and the Ministry of Finance.

Involvement of the supervisory authorities is essential in view of the collaboration between them and market participants. It is important to understand that the SPI Platform will be only partially involved with matters that come under the direct and exclusive oversight of the supervisory authorities.<sup>7</sup> It is vital for the performance and impact of the SPI Platform to define a significant role for the Ministry of Finance or the Ministry of the Economy, because they are responsible for policy analysis, the design of financial modernization interventions and legislative action on matters affecting the financial sector.<sup>8</sup>

The Ministry of Justice must also be approached because its endorsement of legal proposals will be needed. The authority regulating the capital, leasing and other financial markets should be on the list of potential SPI partners because it has many interests in common with the banking sector. And because all SPI projects have a public good impact – some also have important consequences for consumers – the authority in charge of consumer protection should also be approached.

The consultation strategy for public authorities is similar to that for the banking community: first, a "political" stock-taking round at the senior management level, followed by a seminar for executive and technical staff. The results of these consultations should be synthesized in a memorandum for the attention of the management of the EBF Associate and as a basis for the next steps (see **Annex IV-1**).

## 4.1. Bilateral Discussions between Senior Management of Banks and Public Authorities

The first institution to be approached is the other main partner – the Central Bank. Soon after this, the managers of the banking association should approach the Ministry of Finance or Ministry of the Economy, preferably at the level of the Deputy Minister in charge of financial sector policy issues.

Bilateral discussions between banks and public authorities should be introduced through a letter (see draft in **Annex IV-2**).

<sup>7</sup> Unless the supervisory authorities wish to avail themselves of the SPI Platform's collaborative analytics to analyse proposed regulations in consultation with market participants, in line with EU Better Regulation principles.

<sup>8</sup> For a discussion of the roles of financial authorities and governments on financial efficiency, see: Lucas Papademos, European Central Bank Vice President – Price stability, financial stability and efficiency, and monetary policy, 7 July 2006.

The discussions should be supported by a presentation (see **Annex IV-3**) that emphasizes the public good elements of the SPI partnership and the benefits that public institutions can obtain by participating in the partnership.

The presentation focuses on the projects proposed by the public authorities in Romania and Albania. Some of them concerned prudential issues, because the central banks appreciated that they could use information from banks or consulting companies to determine readiness to implement regulatory provisions, the impact on banks, the timeline for implementation and the clarity of the regulations. Central banks in modern economies consult market participants on new regulations – and the SPI Platform is a structured framework for doing this. The central bank will wish to be involved in market efficiency issues with a view to preserving public goods, consumer rights, sustainable development and stability.

A concern that arose in discussions with central banks related to the participation of private entities in defining prudential and stability regulations that are the exclusive responsibility of a central bank. This concern is justified, but it is mitigated by the fact that central banks have a right of veto on the SPI activity plan and full rights of approval of SPI Platform proposals through their SPI Committee representation. Even when regulations are drafted with inputs from an SPI Platform, the central bank retains an undiminished right and responsibility to approve and enact regulatory provisions.

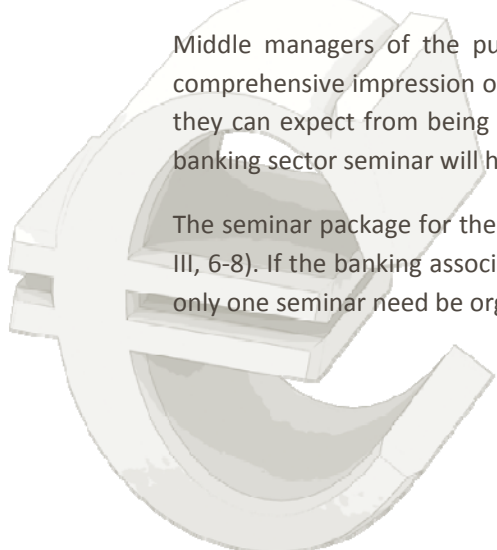
The promoter should consult the Central Bank and the Finance and Economy Ministries as to other institutions to be approached for the partnership, the legal status of the SPI and the next steps. It is of paramount importance that the Central Bank is comfortable with the SPI Secretariat located in the banking association and that it trusts its neutrality under these circumstances. The SPI Secretariat operates under a fiduciary mandate from the SPI Committee: as a check-and-balance measure, it will be important for the SPI Committee to be chaired by a public-sector representative, particularly if the SPI Secretariat is located in the banking association.

If the public authorities express concern that the banking association's representatives cannot respond immediately, the latter should collect the concerns and set up a second round of bilateral meetings. The EBF can help in clarifying issues and suggesting solutions.

## 4.2 Seminar with Public Authority Staff

Middle managers of the public authorities should be invited to a seminar so that they can form a comprehensive impression of the SPI partnership, the contribution expected of them and the advantages they can expect from being involved in SPI activities. The feedback from the interactive sessions of the banking sector seminar will help senior representatives decide on participation in the partnership.

The seminar package for the banking association can also be used for public authority staff (see Annexes III, 6-8). If the banking association decides to run parallel consultations with banks and public authorities, only one seminar need be organized for middle management of private and public institutions.



### **4.3 Raising Public Awareness of the SPI Platform**

Public information concerning the initiative to establish an SPI partnership is important because it helps stakeholders to buy into the idea. And it can attract supporters such as international donors and raise public awareness.

The direct advocacy campaign should be complemented by a public information campaign in support of the decision to establish an SPI Platform. This can be done by inviting the media to the seminars and by publishing articles on SPI governance, results and experiences in other countries, interviewing banking association managers in public and disseminating the opinions of academics and international institutions.

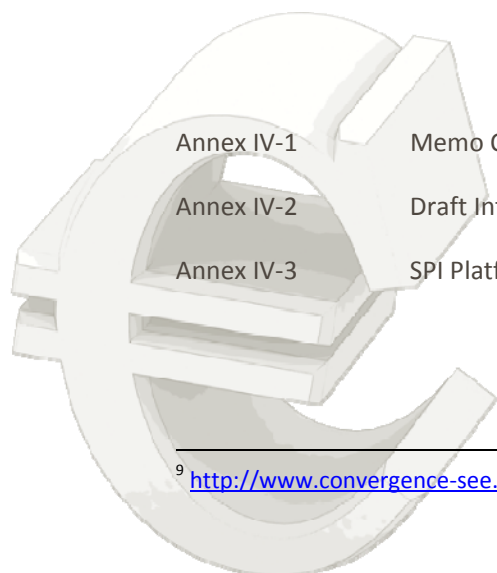
The *Toolkit* provides comprehensive information for use by a media specialist in preparing a public information campaign.

### **4.4 Improved Regulation Methods and Regulatory Impact Assessment Tools – Seminar for Public Authority Staff**

Public authorities are usually interested in adopting the analytical methods of the SPI Platform – EU Better Regulation and RIA, its quantitative evidence tool. Introducing RIA practice and the possibility of exercising it with private institutions, but having the work done by the SPI Secretariat, is one of the most appealing arguments in favor of the SPI Platform.

The seminar on RIA capacity-building should be based on the model provided by the seminar in Albania (<http://www.spi-albania.eu/en/ria-capacity-building/>). This had three sessions: i) introducing participants to EU Better Regulation and RIA; ii) applying RIA to proposed local regulations; and iii) assessing the results of the exercise. This process takes some time and involves homework between seminar sessions. The Convergence Program website gives a list of RIA experts who were invited to training sessions in Albania, Bulgaria, Romania and Slovenia.<sup>9</sup>

#### **ANNEX**



Annex IV-1	Memo Outline on Consultations with Authorities
Annex IV-2	Draft Introductory Letter to Public Authorities
Annex IV-3	SPI Platform Presentation to Public Authorities

#### **ANNEX Section Page Number**

83
85
87

<sup>9</sup> <http://www.convergence-see.eu/work-method/to-learn-more.html>