



Regional Cross-Border Supervision Seminar South-East Europe

Terms of Reference
(March-July 2006)

Background and Objectives

The proposed seminar will discuss supervisory issues of international banks from a host country perspective in the regional context of South-East European countries¹. Those financial systems are characterized by a high degree of foreign ownership, as compared to just 20% in Western Europe, with most foreign-owned banks originating from EU countries.

Based on two Convergence-sponsored surveys of host-home country relationships and international bank host-home reporting requirements, supplemented by face-to-face meetings with senior host country supervisors and senior head office management of several international banks active in the region, the purpose of the seminar is to sketch a possible base for enhanced regional host-host cooperation with the dual goal of strengthening financial stability arrangements and streamlining regulatory costs for the banking industry. A by-product of the seminar could be the creation of an informal public-private dialogue mechanism on supervisory issues.

The seminar participants will be the Vice-Governors for banking supervision of the Convergence countries of operations; selected high-level home country representatives; representatives from EU regulatory bodies (CEBS) and other international experts.

Project Scope

To prepare for this seminar, scheduled for June 2006, Convergence wishes to retain the expert involvement and advice of a former Governor of the region to shape the seminar program, to liaise with participants, to prepare the written material and to build a consensus for follow-on actions. The Consultant will work with Prof. Franco Bruni (Bocconi University) who was already involved in the design of the host-home questionnaire.

Content

The envisaged output will be as follows:

1. Paper summarizing the analytical data from the host, home and industry questionnaires, drawing out the main policy implications and apparent trade-offs, sketching policy options and implementation modalities;
2. Paper laying out the possible *modus operandi* principles of a regional host supervisory group and of a parallel informal public-private dialogue forum;
3. Involvement in shaping the overall seminar program and mobilization of speakers.

¹ The Convergence countries of operations are: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Macedonia, Romania, Serbia and Montenegro.



Project Team

The Consultant will collaborate closely with Prof. Franco Bruni. He will be supported by the Convergence Operations Management Unit (Mr. Riccardo Brogi). He will report to Mr. Luigi Passamonti, Head of the Convergence Program.

Budget

The tasks described in this Terms of Reference require 30 full-time working days during the March 1- July 31 period.