



How Has the Italian Banking Association Contributed to Financial System Development?

CONCLUSIONS

Presentation to the RBA CONFERENCE

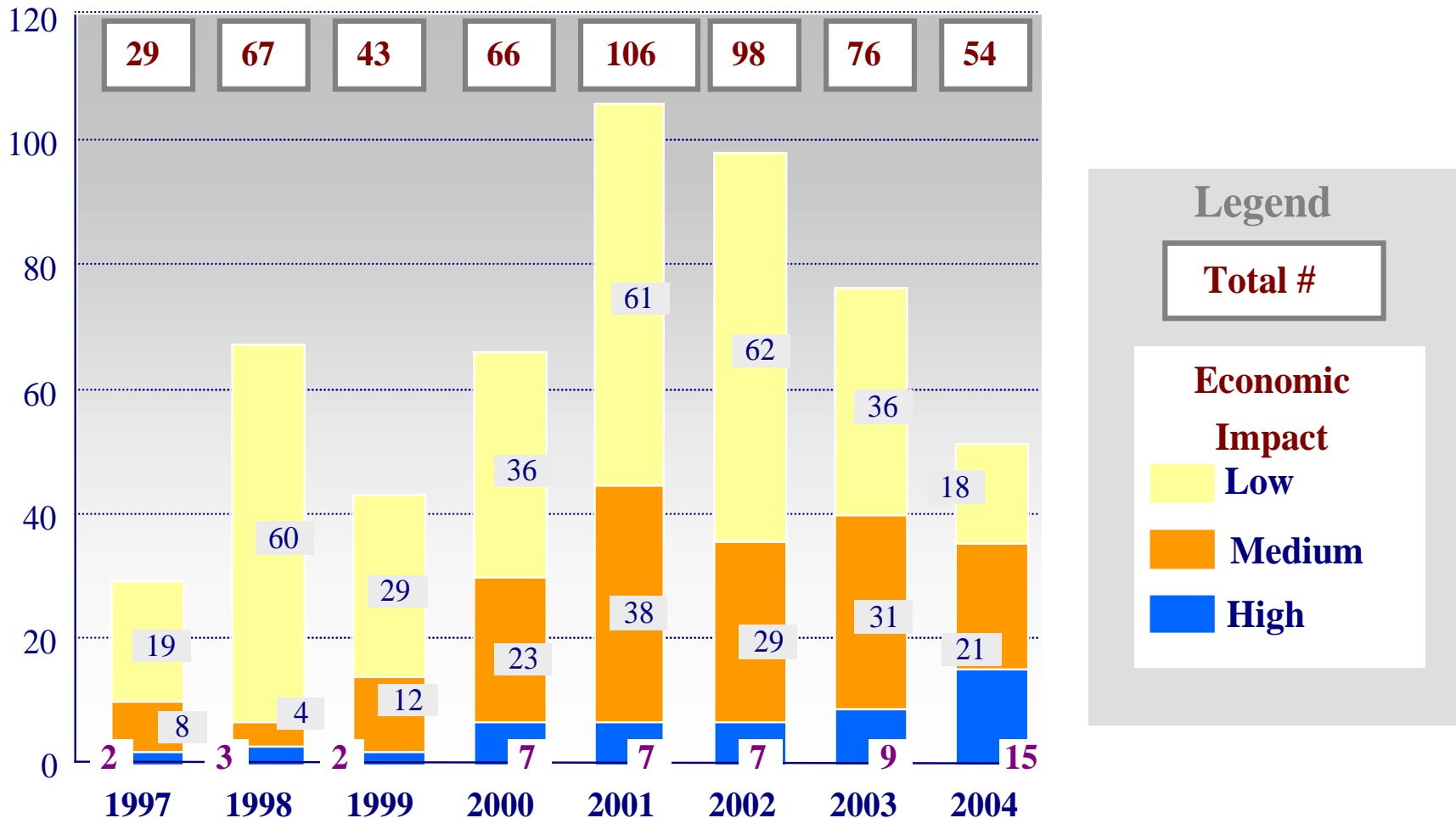
Bucharest - February 21, 2006

In sophisticated and competitive markets, authorities recognize BAs as full partners.

Jean-Claude Trichet:

“We at the ECB see the fostering of collective action on the part of the private sector to overcome possible coordination problems as a very important contribution by public authorities”.

Strong Value Generation Focus



ABI Model

- Modern management control methods established to quantify, on *ex ante* and *ex-post* basis, the net benefits accruing to A.B.I. members – RIA

RIA importance:

- Systematically examines selected potential impacts on the banking industry and the economic system
- Communicates the appropriate information to decision-makers in A.B.I. (as an instrument to assign priorities/resources to each project and as a documented discussion for decision-making).

Driving Resource Allocation

**Riccardo's 1997-2000-2004 P/L table
by activity**

A Wide Net Needs to Be Cast...

<i>Commissions</i>	<i>Number of Working Groups</i>
Taxation	18
Legal	27
Financial system legislation	7
Lending activities	9
Finance	23
Payment systems	20
Research and statistical analysis	21
Technology and Security	23
Trade union relationships	1
Labor legislation	3
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	152 (1)

... Looking at many business areas

Finance Commission

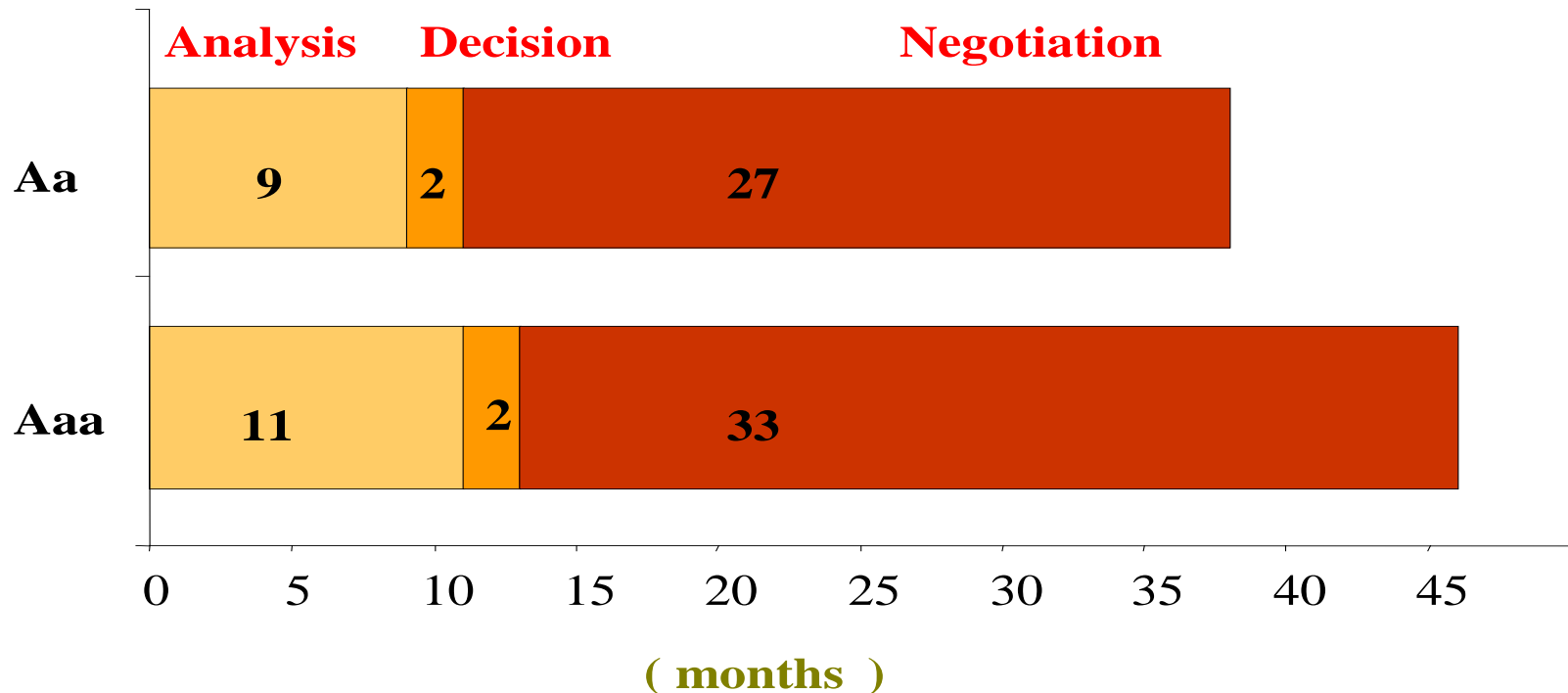
- 1) Compliance Officers
- 2) Documentation
- 3) Financial promoters and selling activities outside bank premises
- 4) Equity origination and syndication
- 5) Trading
- 6) Post-trading
- 7) Pension funds
- 8) Depository bank
- 9) Asset management
- 10) Closed-end real estate funds
- 11) Project finance
- 12) Merchant banking
- 13) Depository bank for real estate funds
- 14) Protected/guaranteed asset management schemes
- 15) Research and statistics
- 16) Market risk
- 17) Swift securities
- 18) Debt origination and syndication
- 19) Corporate information
- 20) Placement of investment funds
- 21) Management companies for real estate funds
- 22) Private banking

ABI Model *(cont.)*

- ABI's policy decisions are outcome of a long, multi-disciplinary, analytical process by its professional staff assisting industry working groups.

It takes time and skills to deliver value

**AVERAGE LENGTH OF THE MAIN STEPS
TO CARRY OUT POLICY CHANGES
BY “BUSINESS LINE”**



Source: ABI, Planning and Control Unit

Embedded in the Policy Community

Rank	Counterparty	Contacts	General Manager	Area Managers	Entities sharing common interest
1	Department of the Economy	45	21	24	
2	Bank of Italy	29	5	19	5
3	Department of Labor	17	8	9	
4	Department of Productive Activities	17	9	8	
5	Chamber of Deputies	16	6	10	
6	European Commission	16	5	11	
7	ANIA - Association of Insurance Companies	13	2	2	9
8	Confindustria - Federation of Italian Industry	10			10
9	Federation Bancaire Européenne	10	2		8
10	Labor unions	10	1	6	3
11	CONSOB - Securities Markets Authority	9	1	8	
12	Senate of the Republic	8	1	7	
13	Confcommercio - Federation of Trade companies	7		3	4
14	Central Tax Authority	6		6	
15	Government	6	3	3	
	Sub-Total	219	64	116	39

ABI Model

Majority of ABI interventions are of direct relevance to its members in these forms:

- Submitting industry opinions/position on specific issues to various *ad hoc* consultative committees at the government, legislative and regulatory level.
- Close cooperation with regulatory authorities to help them in the *ex ante* definition of rules and on an *ex post* basis;

A Fair Budget Contribution Is Key

- *Members' annual budget contributions according to bank size*

Very large banks	100
Large banks	70
Mid-size banks	23
Small banks	6
Very small banks	3

How to Transform BAs

Steps banks can pursue to become a credible dialogue partner:

- 1. Make sure governance arrangements are adequate to act as the legitimate representative of all members**

Key issues:

- articulated voice and representation of both large and small banks**
 - fair apportionment of the budget**
- 2. Identify issues that “bite”, make sound technical analysis, backed by a lot of data, and start dialogue with authorities**
 - Establish ambitious target: 2 major issues the first year, 5 the following, 10 the third year...**

How to Transform BAs (cont.)

Authorities steps to promote the conduct of BAs collaborative initiatives:

- a. create a friendly policy environment to:
 - facilitate BAs development and activities
 - encourage open and constructive dialogue between them
- b. improve the mutual coordination between authorities and associations;
- c. increase support to BAs to deliver their various functions (through statistical information and exchange of information with CBs, etc.)

The Convergence Contribution

- We can make a Special Projects Manager available to you to study “biting” issues
 - Supported by our Operations Unit
 - With access to international experts
 - Including ABI
 - Reporting to RBA-NBR-Convergence panel
 - RBA Contribution: access to member banks and local experts
 - Duration: 18 months