Financial News&Views

ON SAVINGS AND RETAIL BANKING

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ESBG EUROPEAN SAVINGS AND RETAIL BANKING GROUP

WSBI WORLD SAVINGS AND RETAIL BANKING INSTITUTE

WSBI IS A GLOBAL NETWORK WITH 100 MEMBERS IN 70 COUNTRIES. ITS HEADQUARTERS IN BRUSSELS ALSO HOSTS ITS REGIONAL ARM, ESBG. BOTH ORGANISATIONS REPRESENT THE INTEREST OF BANKS WORKING RESPONSIBLY AND CLOSELY WITH THEIR COMMUNITIES AND SMES.

WHAT'S INSIDE?

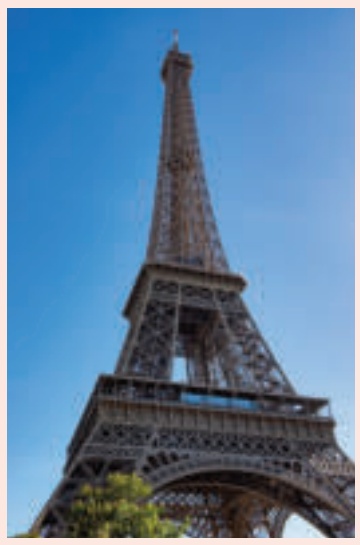
WELL SAID!

"I don't think that savings banks are seen differently by regulators and politicians. In my experience, all the signals point in the opposite direction. I find that very worrying and I think it is wrong. The banking supervision in the form of the ECB continues to take the view that rule should apply uniformly to all banks. My feeling is that such a banking model excludes the wishes of the customers. "

Gabriele Semmelrock-Werzer

26TH WSBI WORLD CONGRESS

The prime networking event of saving and retail banks is back



Alea iacta est. With a year delay due to the Covid-19 pandemic and four years after New Delhi, the World Savings Banks Institute community will get together again in Paris, France, on 7-8 of July.

The 'City of Light' will welcome more than 200 high-level participants from the WSBI and ESBG vibrant member community, decision-makers, representatives of the academic and business world and other relevant stakeholders. It will be a unique networking event, focusing on the global responsibility of regionally rooted savings and retail banks. Key focus areas of the two-day event will also include financial sustainability, innovation and digitalization, social responsibility, financial education and literacy as well as the Covid-19 pandemic temporary and permanent consequences as well as recovery plans worldwide.

The event will also mark the end of the current phase of WSBI's Scale2Save programme for financial inclusion, a unique multi-layer initiative aiming to highlight the importance of small-balance savings and to contribute to the financial resilience of customers in Africa. The USD 16 million project has already surpassed its goal of banking more than a million people in six African countries. The achievements and lessons learned through its twelve innovative partnerships will be presented during a special event a day earlier, on 6 July. Scale2Save is a partnership with the Mastercard Foundation.

The WSBI statutory meetings will also take place on 6 July. The World Congress will additionally provide an opportunity for a first official presentation of WSBI's new corporate identity. This will include a brand-new website and a new approach to the World Savings Day, in view of the organization's centennial in 2024..

More details about the programme, keynote speakers and panelists will follow in the next few weeks, together with partnership opportunities, with the feedback of the WSBI-ESBG community being already overwhelmingly positive and all the preconditions for a great meeting are already in place.

FEATURED

Living apart together: Central Bank Digital Currencies and Cryptos

Central Bank Digital Currencies (CBDCs) and Crypto-currencies are on everybody's lips. Their development will have a profound influence on our retail banking business. In this article, WSBI-ESBG Payments Adviser Alessia Benevelli gets valuable insight from a talk with Sofia Lindh Possne, Senior Advisor at Swedbank and chair of the WSBI-ESBG Task Force on Central Bank Digital Currencies.

Let's start from the beginning. Can you briefly explain what CBDCs are and how are they different from cryptocurrencies?

CBDCs are a new form of central bank money. Basically, it's like digital cash. As cash, it is issued by the state that is behind that central bank. Crypto- currencies, on the other hand, have no state backing them, there is no authority that can steer and monitor the currency and its price can be very volatile. Crypto-currencies lack consumer protection because they are not yet regulated.
Some private players have issued stablecoins, a type of cryptocurrencies that attempt to offer price stability by being backed by low-risk reserve assets, generally represented by a (basket of) fiat currencies.

With crypto-currencies now estimated to have reached USD 2 trillion total market capitalisation, I think an appropriate regulatory, supervisory and oversight frameworks must be put in place. In this respect, the European Commission's proposal for the Regulation on Markets in Crypto-assets (MiCA) is a significant step forward. However, I believe the global reach of these new instruments requires global standard-setting bodies to take an action now, before crypto currencies become a threat to financial stability.

If I understand you correctly, you are saying that CBDCs would be the safest form of money. Can you elaborate a bit more?

Generally speaking, central bank money is the safest form of money since it is a direct liability of the central bank. However, new regulations implemented after the great financial crisis of 2008 have significantly increased the resilience in the banking sector by ensuring that banks always have enough liquidity and capital reserves. Additionally, in the EU deposits are protected up to 100.000 EUR thanks to the Deposit Guarantee Scheme Directive[1] and the Bank Recovery and Resolution Directive ensures that banks and authorities have proper crisis management planning.

Despite CBDCs being central bank money in a digital form, they would also still be subject to some risks. I am especially referring to fraud, theft, and loss. Just like cash stored in a physical wallet, citizens may lose their money if CBDCs are stored locally on a physical device that is lost or stolen.

Do you think the COVID19 pandemic has had an impact on the development of CBDCs around the world? Or has it been influenced by other factors?

The majority of central banks are now exploring the benefits and drawbacks of CBDCs. There are different drivers behind this development in advanced economies. Some central banks see the decline in the use of cash as the major concern, and they want to ensure individuals will be able to access central bank money in the future by considering CBDCs. Other drivers are the developments of private initiatives like Diem that promise to have a global reach, thus jeopardising the role of the fiat currency.

1 Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes.

(CONTINUES ON PAGE 2)

LIVING APART TOGETHER: CENTRAL BANK DIGITAL CURRENCIES AND CRYPTOS **(CONTINUED FROM PAGE 1)**

The central banks are worried that such private initiatives could threaten the central bank's ability to ensure well-functioning payment systems and perhaps even monetary policy. It is important to note that central bank money is not just a means of payment as it also has important implications for credit markets. The pandemic has definitely accelerated some digital payment trends across advanced economies. For instance, in the last couple of years the surge in e-commerce has expanded online payments and in-person transactions increasingly use contactless debit and credit cards.

You have already mentioned some of the benefits of CBDCs, do you see other reasons why a central bank should consider issuing a CBDC?

Looking at this phenomenon from a global perspective, I think one should consider that there are at least 1.7 billion people around the world who are unbanked or underbanked. Retail CBDCs may offer an alternative, especially considering that cash is very difficult to access in certain areas while mobile phones are rather widespread. Additionally, CBDCs could help solve the problem of high remittance costs.

On the downside, it should be considered that the potential benefits of a CBDC for financial inclusion may decrease if central banks decided to link them to a digital identity, as citizens in developing countries sometimes even struggle to get paper documents. All in all, much will depend on the concrete features of a CBDC.

What will be the impact on savings and retail banks around the world?

This is one of the key questions that we are trying to address within the WSBI-ESBG Task Force on CBDCs that was established in March 2021. One of our main concerns is related to the impact that CBDCs may have on our funding model because savings and retail banks' funding is rather stable and largely rely on customer deposits.

The introduction of CBDCs may imply a sudden shift from banks' deposit into CBDCs. This, in turn, would mean that savings and retail banks will have to switch from deposit-based funding to market-based funding. However, capital markets funding is not only more expensive, but also riskier. Also, not all banks have access to market-based funding today. If banks are forced to change their funding structure that might lead to higher funding costs which, in turn, might increase the rates on bank loans. This could also curtail the volume of credit to the economy.

Additionally, the demand for CBDC may increase dramatically in a crisis situation, thus triggering and precipitating bank runs and in the worst-case scenario, lead to a systemic financial crisis.

For all these reasons, we believe it is crucial that central banks put a cap on CBDCs holding and establish mechanisms that can manage the quantity of CBDCs in circulation. Individual limits to holdings are a critical tool to prevent an excessive build-up of liquidity in digital euro accounts or wallets, which could seriously impinge on the transmission of monetary policy through the credit channel as well as raise financial stability issues due to bank runs that could be facilitated by CBDCs.

Do you think this new form of money will encounter resistance from the public or will it be a success?

It depends on each central bank's purpose with the CBDC and the payment landscape in each economy. The central bank will have to carefully identify what problem the CBDC would solve. In some jurisdictions there may be a real demand for a retail CBDC, since it would offer access to the fiat currency to the general public, which may be difficult today.

In the EU, the banking system already provides citizens with safe, fast, and reliable means of payments. These payments are protected by deposit insurance schemes and other regulations making sure both payments and personal information are protected. In the EU, the potential demand for retail CBDCs is less clear.

Thank you for this insight, Sofia. At this point, I would have one last question: Will physical banknotes and coins disappear? What is your forecast?

This is a one-million-dollar question! I believe cash still have a role to play to ensure that a transaction between two individuals does not necessarily require any technical equipment. In that sense, the existence of cash increases the resilience of the payment system as it is a complement to all digital payment methods. At the same time, digital payments will continue to increase, driven by private and public initiatives that are ongoing. The international payment landscape is going through a transformation, there is no doubt about that. It is essential that we cooperate across the public and private sectors. Together we can design the future payment landscape ensuring future payments are efficiently accessible to the general public and, at the same time, ensuring that the financial payment system is robust and properly regulated.

NEWS

2022 marks the beginning of a new era

The beginning of the year marked significant changes for WSBI-ESBG Joint Office. As announced in our December issue, Chris De Noose stepped down after 27 years as Managing Director, leaving the helm of the organizations solely to Peter Simon, with whom the position had been shared for the last year. And this was not the only change. Petra Bacheberle, the living history of WSBI-ESBG will seek new professional challenges after 47 years. You can read more about her amazing journey in the last page.

At the same time, a brand new website is about to be launched, bringing in a new identity and re-introducing WSBI-ESBG to its members, the community and the world. It will be followed by some exciting new initiatives that will be gradually introduced over the next months, aiming to add value to the work of the members and shape policies that affect the everyday lives of people worldwide.

Chris De Noose

Peter Simon

ESBG and European Commission discuss Ukrainian refugees access to finance

Russia's military operations have triggered a humanitarian crisis, with Ukrainian refugees fleeing their country and arriving on EU territory. Although the emergency is currently affecting especially Poland, this inflow of refugees will have effects on all sectors in the EU, and also banks will have to deal with the situation.

In this context, DG FISMA reached out to ESBG and the other banking associations to gather first views on how EU banks are dealing with the situation. Based on some initial feedback from members, a first meeting with DG FISMA took place in March 2022.

During the meeting, several topics were discussed to better understand how refugees can access a basic bank account, to hear banks' feedback on the situation 'on the ground', and to explore whether there could be public commitments from ECSAs member banks to ensure the full benefit of the inclusion rights.

The lack of a functioning market for the exchange of the Ukrainian currency hryvnia into other currencies was also amongst the discussed topics.

ESBG is closely following this matter and is ready to support the Commission in these circumstances. In parallel, ESBG is gauging the views from the Coordination Committee in order to assess whether a dedicated Task Force needs to be established.

The situation in Ukraine has also alarmed WSBI President Isidro Faine who warned about the adverse effects of the conflict on the economic and financial scenarios through different channels: soaring energy prices, increased uncertainty, financial instability and the impact of sanctions on business and capital flows. "Although it is too early to quantify the effects of increased political risk, it will most probably worsen the current combination of growth and inflation in the coming quarters," he underlined.

SCALE2SAVE

The power of community-based organizations to mobilize farmers' savings in Cote d'Ivoire

By Celine Stevens

The cocoa seasons in Ivory Coast happen twice a year with a small harvest in May-June and a large one in October-December. Between seasons, a typical small-holder farmer does not generate revenue but has several costs to pay such as seeds and fertilizer. Managing cash flows to cover production cost is a usual struggle. To financially empower small-holder farmers, the Scale2Save programme is implementing a solution in partnership with Advans Cote d'Ivoire, a micro finance institution. Building on the strong relation that small-holder farmers have with their cooperatives, which usually have been buying their produce for many years to sell it on, 24 of them are now acting as a financial agent enabling farmers to deposit and withdraw money from their accounts at their office, very close to the fields. This is more convenient and safer than travelling with cash to the closest bank branch, located several kilometres away, as farmers used to do. Now farmers are able to systematically deposit some of their sales revenues into accounts at the cooperative and make withdrawals later in the year as needed. As a result, the savings enable them to smooth cash flows and to improve crops production management.

THE POTENTIAL OF AGRICULTURE

Agriculture contributes to maintaining the livelihoods of some 70% of the population in Ivory Coast, the largest cocoa productor worldwide. However, 72% of farmers are still below the poverty line and less than 10% have an account at a formal financial institution. Having access to financial services enables farmers to smoothen their income streams, provides financial security and stability, and gives them the capacities and tools to better manage their household finances. But farmers are geographically spread out making it too costly and complex for traditional financial service providers to serve them.

In 2018, Advans Côte d'Ivoire, launched a project under the Scale2Save programme that aims to serve this segment of the population by offering them accessible financial services through partnerships with the local cooperatives acting as agents, with the ultimate goal of boosting farmers financial resilience and wellbeing. By the end of 2021, Advans had developed partnerships with some 24 cooperatives.

THE ROLE OF THE COOPERATIVES

Cooperatives are generally well structured around a board of directors, a general assembly, a treasurer, a secretary, a supervisory commission, all supported by a director, an accountant and various committees (technical, logistics, collection, sustainable development, etc). The cooperatives are strongly linked to the farmers through the section delegates, appointed by the farmers and approved by the cooperatives themselves.

The cooperative counts on average 300 farmers divided in sections working on mono or multiple sector(s) such as cocoa, cashew nut, coffee and rubber and covers on average 2-3 hectares.

Thanks to a high trust level between the farmers and the cooperatives due to their long-standing collaboration and the key place that cooperatives occupy in farmers daily life, the cooperatives have been very successful at playing the role of third-party agent, especially to collect farmers formal savings. Even more interesting is that advice and assistance is at the top of the list of services that farmers request from local agents. These include, for example, support in processing a complaint or opening an account.

In 2019, a survey conducted by Advans confirmed that 70% of farmers were saving more thanks to the cooperative-agent model and 100% of them mentioned they would continue to use this 'easy, accessible, and secure' channel.

By the end of 2021, Advans had collected more than $US 17 million from some 86.000 famers through their cooperatives network. Now the target is to raise that amount to over $US 19 million in deposits from 120.000 farmers before the end of the Scale2Save programme in mid-2022.

THE KEY TO SUCCESS

The cooperative agent model is successful because it integrates well into the farmer's environment. It tends to capture the financial flows during the harvest period by incentivizing the farmers to deposit on an account some of their savings when they receive their income or just whenever they want to put some money aside. The cooperative allows the farmers to withdraw their money at any time.

Thanks to the longstanding relationship with the farmers, the cooperative is also able to advise Advans on the eligibility of the farmers requesting for a scholarship loan.

From the cooperatives' perspective, this partnership with Advans has many advantages: it allows them to make some direct profit through customers transactions but, perhaps more importantly, it reinforces their relationship with the farmers and their reputation and expands their farmers' network.

On the long term, thanks to their savings, the farmers would be able to diversify their sources of income by investing in a wider range of crops, for example. They would also become more and more financially autonomous from the cooperatives.

CHALLENGES ENCOUNTERED BY THE COOPERATIVES DURING THE PILOT AND RECOMMENDATIONS FOR FINANCIAL SERVICE PROVIDERS:

- Allocate all the training resources needed to ensure a 100% uptake of the cooperative to play the agent role.
- Use the most efficient tools / equipment to avoid errors or time-consuming transactions, such as USSD menu errors or SMS not delivered, through the development of an agency banking solution.
- Ensure a good network quality to keep farmers and cooperatives trust in the service.
- Understand the illiterate clients, who represent a high proportion of this segment, and develop appropriate financial and digital literacy tools.

Celine Stevens is Senior Programme Manager at the World Savings and Retail Banking Institute (WSBI). Scale2Save is the programme for financial inclusion of the WSBI in partnership with the Mastercard Foundation.

Scale 2Save

MORE INFORMATION IS AVAILABLE ON THE WSBI-ESBG WEBSITE AND ON THE SCALE2SAVE WEBPAGE.

The way forward

Despite the success of the cooperative agent model in mobilizing smallholder farmers savings, the business model is not yet viable for the financial service provider.

In 2018, a market research revealed that farmers would value the new financial services offered by the cooperative and, although many would prefer a free service, they would be willing to pay reasonable fees that do not exceed what they already pay for a Mobile Money Operator.

After 3 years of project implementation, data shows a low number of withdrawals at the cooperative suggesting that the fees are not attractive and farmers prefer to spend time and money to travel to the closest bank branch, where withdraws are free.

Advans Côte d'Ivoire is now reviewing the pricing strategy of the cooperative agent model to offer more affordable services to their customers to boost usage of its products and reach a viable business model in 2022.

Thereafter and following the success the cooperative agent model in the cocoa sector, Advans has the ambition to extend this model to other value chain players with high potential in Ivory Coast, such as the rice or the cotton sectors.

However, it will require time to build these partnerships as each cooperative needs a personalized approach according to the sector and the model of the cooperative itself (number and quality of staff, type of governance, size, age/maturity, etc.) which explains the need for a specific approach.

REVIEW

Cash no longer king?

ERPB PUBLISHES REPORT ON ACCESS TO AND ACCEPTANCE OF CASH

By Diederik Bruggink

In November 2020 the Euro Retail Payments Board (ERPB) set up a working group to prepare a report on access to and acceptance of cash and the respective conditions thereof. The ERPB is a high-level strategic body tasked with fostering the integration, innovation and competitiveness of euro retail payments in the European Union. Launched on 19 December 2013 by the ECB, the ERPB is chaired by a high-level representative of the ECB (currently Fabio Panetta) and comprises of members from the supply side of the market (notably the payment services provider community; banking representatives; representatives from payment institutions and an e-money representative) and representatives from the demand side of the market (notably consumer representatives and representatives from retailers with a physical presence; internet retailers; businesses/corporates; small and medium-sized enterprises, and national public administrations). In addition, five national central banks (NCBs) representing the Eurosystem, and one NCB representing the non-euro NCB community take part in ERPB meetings on a rotational basis. The European Commission is invited to attend these meetings as an observer. ESBG is represented in the ERPB since the inception of the latter.

Whilst the ERPB so far has been focusing on cashless payments, in November 2020 it expressed the view that access to and acceptance of cash is a relevant concern and may become a crucial issue in the light of developments driven by the coronavirus (COVID-19) pandemic. The mandate of the working group states that "In the course of the structural changes in retail banking, credit institutions continue to adjust their branch networks and strive for optimising operational costs, implying the risk that cash services would become difficult to access in some areas. Whilst consumers and companies seem to still have, by and large, adequate access to cash services of credit institutions, there is evidence that the range of cash services offered is diminishing, at least in certain areas in the euro area. At the same time, the costs associated with acquiring and depositing cash by businesses and the general public seem to be rising. The ECB invited Diederik Bruggink, Head of Innovation and Payments, to become co-chair of this working group, together with a representative from a consumer association. The ECB also asked ESBG to provide the Secretariat for this working group which has been provided by Alessia Benevelli and Janine Barten, both within Diederik's department. A variety of ESBG Member representatives participated in the working group itself.

There are growing concerns about a diminishing network of cash access points (withdrawals and lodgements of cash) – especially for coins – and the related service conditions. In order to safeguard (legal tender) cash as widely accepted and available means of payment and to promote a cooperative approach to improve the cash cycle, the working group will analyse the current cash service levels for consumers and businesses in the euro area and whether they meet customer needs. In case loopholes are identified, the working group may elaborate on them.

The working group was invited to prepare a report summarising the stock take, their analyses and key findings regarding access to and acceptance of cash and the respective conditions thereof, including the following:

1. Overview of the factors influencing the bank branch and ATM networks (credit institutions and, where applicable, Independent ATM Deployers) and description of possible future initiatives how to avoid cash supply deficits, for example in rural areas;
2. Overview of various initiatives aiming at ensuring adequate cash withdrawal and lodgement facilities, especially for smaller and medium sized enterprises (which usually do not contract CITs to take care of cash lodgements/withdrawals and need to rely on "local" cash services);
3. Overview of obstacles regarding the acceptance of cash and initiatives aiming to ensure acceptance of cash also in the future; and
4. Overview and evaluation of alternative ways where other actors (e.g. retailers, post offices) could offer services to provide access to cash (i.e. cashback, cash-in-shop etc.), including possible obstacles hindering such cash services.

The working group consisted of various ERPB members whilst the invitation to participate in the work was extended to other relevant third parties too, and as a result ATMIA, EVA and PostEurop participated to the work. The working group established four workstreams that each would tackle one of the four topics before. The workstreams drafted questionnaires that have been sent to various stakeholders.

In line with the group's mandate, the report focused on the gap analysis – based on a stocktaking exercise – on access to and acceptance of cash.

Overall, the working group found that, despite the increase in the use of digital payment means, cash continues to be broadly accessible in the euro area, mainly via traditional cash access points. Additional (alternative) cash access points have also been identified, mainly in the form of independent ATM deployers (IADs), cashback and cash-in-shop schemes. The working group further identified specific issues related to access to and acceptance of cash.

For access to cash:

- the challenges reportedly faced by consumers accessing cash in certain regions;
- the need for a sustainable cost/profit model for ATMs, notably in the context of declining cash usage
- regulatory fragmentation and unclear guidance on access and accessibility measures across EU countries while noting the contribution of the European Accessibility Act to harmonise accessibility requirements;
- the slow scaling-up of cashback and cash-in-shop as alternative ways of accessing cash; and limited alternative ways to prevent cash supply deficits.

For acceptance of cash:

- the need to maintain a minimum level of cash infrastructure and cash services,
- the lack of clarity about the implications of legal tender status for cash payments,
- the lack of clarity on how the costs of different means of payments (including cash) affect their use.

Based on this analysis, the working group suggested revisiting the evolution of cash access and acceptance in the future to ensure that cash remains an inclusive, efficient and sustainable means of payment for consumers alongside digital retail payment means. In doing so, attention could be paid to other ways to provide access to cash in the market beyond alternative cash access points (e.g. IADs, cashback and cash-in-shop) and what role they could best play in the future. The evolution of access to and acceptance of cash could be further monitored through either a new ERPB working group or a dedicated body (e.g. the European Forum for Innovation in Payments, given its membership of national payment committees, and/or the Euro Cash Advisory Group), in consultation with industry stakeholders. As part of this follow-up work, a study on post-pandemic consumer attitudes towards payments in the euro area and a study on the societal costs and benefits of different payment instruments in the euro area (provided a minimum number of participants is guaranteed) would be welcome.

The ERPB welcomed the comprehensive analysis conducted by the working group and agreed to consider the follow-up actions raised by the working group in the next update of the ERPB workplan, taking into account existing fora/workstreams.

ESBG and its Member representatives have put lots of efforts in this work and this helped strengthening ESBG's visibility, on the one hand vis-a-vis the ECB, and on the other hand as taking its responsibility on cash related matters, as for parts of the population cash is the most important means to participate in the economy.

Diederik Bruggink
is WSBI-ESBG Head of Payments and Innovation

SUSTAINABILITY

Sustainable finance: the beat goes on

Sustainable finance is undoubtedly the most important file in finance for the years to come. As things change quickly in this vast and complex area, we bring you a short overview of the most recent developments in the field of taxonomy, green bond standards and assessment of ESG risks in the EU, and the Basel Committee's holistic approach to address climate-related financial risks to the global banking system.

EU TAXONOMY

After the publication of a first delegated act on sustainable activities for climate-change adaptation and mitigation, approved on 8 December 2021, a much-awaited complementary delegated act assessing the eligibility of natural gas and nuclear energy to account as environmentally sustainable activities under the Taxonomy is yet to be adopted by the European Commission. On 31 December, the European Commission began consultations with the Member States.

In the European Commission's view, natural gas and nuclear can play a role in facilitating the transition to climate neutrality by classifying these energy sources under clear and tight conditions in the Taxonomy. The European Commission proposed to classify nuclear power plant investments as green if the project has a plan, funds and a site to safely dispose of radioactive waste. To be deemed green, new nuclear plants must receive construction permits before 2045.

Investments in natural gas power plants would also be deemed green if they produce emissions below a certain threshold, replace a more polluting fossil fuel plant, receive a construction permit by 31 December 2030 and plan to switch to low-carbon gases by the end of 2035.

Gas and nuclear power generation would be labelled green on the grounds that they are "transitional" activities – defined as those that are not fully sustainable, but which have emissions below industry average and do not lock in polluting assets. The criteria for the gas and nuclear activities will be updated as technology evolves.

Discussions by the co-legislators on this delegated act are expected to be very tense.

EUROPEAN GREEN BOND STANDARD

According to the European Commission's proposal, the EuGBS will be open to all EU and non-EU issuers, including corporates, sovereigns, financial institutions, and issuers of covered bonds and asset-backed securities. It will also be a voluntary standard setting out uniform requirements for any bond issuers that wish to call their bond an "European green bond" or "EUGBS". Moreover, the standard requires that issuers allocate 100% of the funds raised by their bond to economic activities that meet the EU Taxonomy requirements, by the time the bond matures, which will be checked by an external reviewer. External reviewers will be registered with and supervised by the European Securities and Markets Authority (ESMA). Finally, in the event of a change in the EU Taxonomy Technical Screening Criteria (TSCs) after bond issuance, issuers can make use of pre-existing criteria for five more years ('grandfathering').

In his draft report on the European Commission's proposal, the Rapporteur of the dossier, MEP Paul Tang (S&D), asks for a mandatory standard and introduces entity level requirements to issuers of European green bonds. He also excludes expenditures related to the generation of gas or nuclear energy from being financed by European green bonds regardless of the outcome of the upcoming supplementary Taxonomy delegated act on nuclear power and natural gas.

In ESBG's view, the EuGBS should be grandfathered throughout the duration of the bond, regardless of any revisions to the Taxonomy technical screening criteria. Otherwise, projects that were eligible for an allocation prior to the criteria's amendment would have to be refinanced, the issuer would have to find new "green" uses of proceeds or, in the worst-case scenario, bond proceeds would have to be repaid.

This would create uncertainty for both issuers and investors, as the EuGBS would become more unpredictable.

Also, ESBG members believe that the requirement of a pre-issuance review of the European green bond factsheet by an external reviewer should be voluntary of green bond issuers as it may be costly and time-consuming with little advantage for investors and limit issuers' ability to tap the market with flexibility. ESBG members recommend that the European Commission allows market practice to be adjusted gradually in accordance with the investors' needs.

GLOBAL DEVELOPMENTS ON ESG RISKS MANAGEMENT

Regulatory developments as well as supervisory expectations on ESG risks continue to be developed both at international and EU level.

Following the European Banking Authority (EBA)'s report on management and supervision of ESG risks for credit institutions and investment firms in June 2021 the European Commission adopted legislative proposals for a review of the EU banking rules, i.e. the Capital Requirements Regulation (CRR) and the Capital Requirements Directive (CRD), which also introduces further rules on ESG risk management.

Companies will be required to appropriately identify and manage ESG risks as part of their internal governance arrangements and capital needs. Furthermore, institutions should extend their time horizon for strategic planning to at least 10 years when incorporating ESG risk-related considerations in their business strategies.

Stressing the challenges that ESG and, in particular, climate-related risks pose to the financial system, the proposals also introduce oversight over institutions' management of these risks as well as regular climate stress tests. Institutions are required to carry out stress tests regarding their resilience to long-term negative impacts of ESG factors.

To help implement the new rules, the EBA will develop guidelines to specify the criteria for the assessment of ESG risks. The guidelines would focus on topics such as how should ESG risks be identified, measured, managed and monitored, as well as how concrete plans to address and internally stress test resilience and long-term negative impacts to the ESG risks should be drawn by credit institutions.

The revised CRD (CRD VI) foresee that the management body must develop and sign off on specific plans and quantifiable targets to monitor and address the risks arising in the short, medium and long term from the misalignment of the business model and strategy of the institutions with the relevant EU policy objectives or broader ESG transition trends. Furthermore, the management body should understand the potential impact of ESG risks on the business model. Hence, it is important that the members of the management board are, respectively, collectively and individually "suitable", that they possess sufficient knowledge and skills, and, where not already the case, develop their experience and understanding with regards to ESG factors.

Finally, the EBA is mandated to investigate the opportunity to introduce a green supporting factor and/or brown penalizing factor related to assets or activities associated substantially with environmental and/or social objectives in the EU prudential rules for banks.

In our view, it is particularly important that ESG risks are not considered separate risk categories but represent factors that match the traditional categories of financial risks. We also think that banking supervisors should not be tasked with urging institutions to adapt their business models to the EU's policy objectives. "Green" or "sustainable" investments are not per se less risky and do not necessarily generate stable earnings. Decisions on this must therefore be left to the institutions.

Regarding the prudential treatment of exposures to ESG activities, ESBG believes that the green supporting factor should be looked at in careful detail in order to ensure that it is a secure tool. ESBG welcomes that the EBA is to provide a report on this topic. However, more data is indeed needed before a decision can be made.

Regarding the brown penalising factor, ESBG is not in favour of such a tool. There are certain industries which would suffer greatly and this could result in a drastic loss of jobs in some regions of Europe. We understand and support the need to transition to a greener economy but at the same time, we need to take into account the social impact of a brown penalising factor.

Also at the international level, challenges in sustainable finance are considerable. In February, ESBG-WSBI submitted a response to the public consultation by the Basel Committee on Banking Supervision (BCBS) calling, once again, for the proportional application of regulation and supervision to ensure that savings and retail banks continue to serve millions of people globally in a responsible and sustainable manner.

The consultation was focused on the principles for the effective management and supervision of climate-related financial risks.

Integrating climate risk management in a holistic manner across all bank activities creates the need for building competence in this area and an increased need for resources. Although the Basel-standards are meant for large internationally active banks, they are often made applicable for all banks, regardless of their size, business model and risk profile. That would represent a disproportionate challenge for smaller and non-complex banks who do not have available the same resources as larger ones. Therefore, we call for standardization and simplification for them.

The BCBS paper gives the idea that ESG risks are to be treated as a risk type that could be material and embedded into different processes. Instead, banks treat ESG as a driver factor that impacts well known risk types such as credit, market and operational risk and hence call for it not to be treated separately.

In our response to the consultation, we also stressed that climate risks are associated with greater uncertainty than other types of risks, that banks have less experience assessing them and do not have the historical data that is available for other types of risks that banks are used to manage.

In addition to this, banks need to have an overview of available information internally and the missing information that must be collected from clients or third parties. Therefore, banks must be given time to build experience and increase data quantity and quality to be able to use data in the management of these risks. Banks will also need time to obtain sufficient experience with climate related risk drivers and key risk indicators.

WSBI-ESBG believes in responsible banking and therefore is keen to contribute to a sustainable and bright future for all. As we take strong steps towards increasingly sustainable financial services we must also continue offering high quality financial services for billions of people and enabling regional development at a global scale.

Fit and Proper and tried and tested

In summer 2021, the European Central Bank launched a review of its Guide to Fit and Proper Assessment. The ECB's overall aim was to try to harmonise the screening process for new appointees of boards and key function holders.

The ECB, on 9th December, published its revised guide. It also published an updated fit and proper questionnaire and the ECB feedback statement to the responses to the public consultation on these two papers.

ESBG members called on the ECB to specify a timeframe for the fit and proper consultation process so that the assessment does not take too long. We also, as in the past, would like to have national specificities taken into account.

For example, in some savings banks, in some Member States, such as Germany, the public-law institutions have no or hardly any influence on the composition of the management body in its supervisory function. They cannot ensure a level of diversity on experience or gender aspects that is different from what is predetermined by electoral outcomes or appointments.

In addition, it would require a lot of admin for these kinds of banks to carry out a fit and proper assessment for a candidate who does not become a board member. A timeframe exceeding the suggested five working days between the proposal by the Nomination Committee and the appointment by the Supervisory Board would adversely affect the functioning and the governance arrangements of the institution (for example, the nomination of a new CEO in case of supervised entities at the highest level of consolidation).

Finally, we call for an alignment with the Joint Supervisory Teams before the official appointment process to help clarify certain open suitability issues and would avoid possible reputational risks for appointees and institutions.

ANALYSIS

Consumer Credit Directive: modernisations full steam ahead

By Sebastian Stodulka

Do you remember how life was in the year 2008? Yes, you certainly do. However, the longer you think back to this period, this year, you will recall that certain things have significantly evolved since then. Did you already have a tablet computer back then? Or a powerful smartphone with a generous, maybe nearly unlimited internet package? Most probably, the vast majority among you would answer these questions with no. And that's just perfectly normal and fine.

Do you know what also dates back to the year 2008? It's the so-called Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on credit agreements for consumers – in short: Consumer Credit Directive (CCD) – which the European decision-makers passed at that time[2].

As a matter of fact, the proposal for the CCD as it is nowadays in force was adopted by the European Commission already in 2002, but it was not formally concluded by the Council and the European Parliament before spring 2008. Hence, the concepts and ideas, even if many of them are still of great relevance today, stem from a time when the technological developments, for example, were far less advanced than today.

Before getting deeper into this, let's recall the main intentions and provisions of the 2008 CCD. In a nutshell, the CCD was designed to harmonise EU rules, strengthen consumer rights, help potential customers make an informed choice when signing up to a credit agreement, and reduce national borders in the consumer credit market.

To achieve these objectives, the 2008 CCD established a ruleset that requires lenders to provide standardised information on the product at pre-contractual stages as well as in a credit agreement itself. This allows a clear comparison by the consumer among different products available to them. In addition, lenders provide detailed information on the annual percentage rate of charge, including the total cost of the credit. Mortgage lending is exempted from the CCD, by the way – another dedicated legislative piece, i.e. the Mortgage Credit Directive (Directive 2014/17/EU), deals with any home purchase plans. The 2008 CCD applies to loans between EUR 200 and EUR 75,000 (while giving Member States the possibility to apply it also to consumer credits outside of these values). What is more, lenders are under the obligation of assessing a consumer's creditworthiness before agreeing on a loan. The right of withdrawal was introduced as well, and so was the right to an early repayment. Finally, the 2008 CCD promotes out-of-court dispute resolution schemes for resolving complaints between a consumer and a lender.

In the past years, the impression began to grow that the CCD should be partially reviewed and modernised. Here is an example why: nowadays, it is, in principle, easy (and also not the most unusual thing in the world) to conclude credit agreements via a mobile device (instead of going to a bank branch). The question to which extent the information requirements, which in a bank branch could be printed and explained by a financial adviser, need to be modernised, certainly deserves some attention. Additionally, in 2022, there are many more new players in the market than 10 or 15 years ago, such as crowd-lending platforms. To which extent are they subject to the same provisions as banks, who follow a "traditional" approach to giving out credits? Finally, so-called buy-now-pay-later offers have become very popular too, and there are, justifiably, voices who urge a stricter regulation for those, as they could quickly and easily become a trap for over-indebtedness. Short-term loans are oftentimes quickly assessed and completed online. However, it is not unusual that these loans are on the higher end of the cost spectrum and they can lead to significant costs for the borrower, which are sometimes challenging to manage.

Based on these thoughts (and many others), in its work programme for the year 2020, the Commission stated that it has the intention of reviewing the 2008 CCD, after several analyses and reports on the implementation and functioning of the CCD were published in the years before, such as by ICF, which assessed the impact of the Directive on the performance of the internal market for consumer credit and consumer protection across the EU. Eventually, the review proposal was presented on 30 June 2021, and it is part of the New Consumer Agenda Strategy, referring to the protection of consumers in the digital transition as well as from over-indebtedness.

With regard to the need to look into information requirements, the Commission, when presenting the legislative proposal in June 2021, clearly pointed out that the revised legislative text would "adapt information requirements to make sure they cater for digital devices".

The Commission further explained that "digitalisation has profoundly changed the decision making process and the habits of consumers in general, who now want a smoother and faster process for obtaining credit and often do so online." Demonstrating how important digital channels meanwhile are, the Commission also made reference to the fact that approximately every third consumer nowadays concludes a credit agreement online, and it is probably a correct prediction if one assumes that this figure will keep increasing in the years to come. After all, also the recent Covid-19 pandemic gave a strong push to digital services of any kind.

Furthermore, there is the general impression that non-traditional credit providers, who have entered the market over the past years, have increasingly been using online channels, which is absolutely fine, of course. It's their right to do so. This, however, represents another cry for modernisation of the 2008 CCD. Rightly, the proposal put on the table by the Commission this summer expands the scope of the consumer credit framework to cover, for example, crowdfunding credit services. This is also very much supported by Europe's savings and retail banks, who are insisting that all lenders which conduct the same activity should be subject to the same rules and same supervision.

Drawing a quick interim conclusion, many ideas and many details of the CCD review proposal make absolute sense. They advocate for the much-needed modernisation of the Directive, linking it with the reality of the 2020ies.

However, it is debatable whether or not the Commission overshot the mark with a few other ideas and details in its legislative proposal.

One example could be the threshold, as of which the CCD should apply. In the first decade of this century, the decision-makers concluded that 200 EUR would be an appropriate threshold for the lower limit of the scope, as a smaller amount would incur high processing costs and burdensome formalism. Several stakeholders also claim that giving up this threshold would be disproportionate to the return, in particular regarding the (tolerable) low risks of such small loans. On the other hand, excluding loans below 200 EUR from the scope would give payday loan companies, who often give out loans around a few hundred Euros, the opportunity to act outside the consumer protection provisions of the CCD, which does not seem clever either. The last word is now with the European Parliament and the Council of the EU, who are discussing about the Commission's proposal of deleting the 200 EUR threshold for all Member States in the revised CCD. As so often in legislative processes, it's probably about finding the right balance. Perhaps we will see at the end of the day all consumer loans included in the CCD, but with less burdensome and more proportionate rules to comply with when it comes to small loans below a certain threshold. Let's see.

As a second example, one could mention creditworthiness assessments. According to the wording of the currently applicable CCD, they are meant to ensure that "before the conclusion of the credit agreement, the creditor assesses the consumer's creditworthiness on the basis of sufficient information, where appropriate obtained from the consumer and, where necessary, on the basis of a consultation of the relevant database" (Article 8). It is also permitted to "use information provided by the consumer not only during the preparation of the credit agreement in question, but also during a long-standing commercial relationship" (Recital 26).

In its Consumer Financial Services Action Plan from 2017, the Commission points to the varying practical differences among Member States in carrying out creditworthiness assessments. The Commission further states that a "standardised and harmonised assessment of creditworthiness would facilitate cross-border lending, which could lead to lower prices and offer more choice for consumers." Based on these considerations, the Commission announced its willingness to propose more harmonised creditworthiness assessment standards and principles in the EU.

The CCD proposal from earlier this year indeed includes some new obligations with respect to creditworthiness assessments, and these do have some merits indeed. Artificial intelligence (AI), for example, is a phenomenon that has not played a noticeable role in the loan origination processes when the CCD was finalised in 2008, but it more and more does so now. The Commission's Artificial Intelligence Act, also proposed last year, in fact, stipulates that AI systems used to evaluate the credit score or creditworthiness of natural persons should be classified as high-risk AI systems.

As a consequence, the Commission suggests that "the consumer should have a right to obtain human intervention on the part of the creditor or providers of crowdfunding credit services. The consumer should also have the right to obtain a meaningful explanation of the assessment made and of the functioning of the automated processing used, including among others the main variables, the logic and risks involved, as well as a right to express his or her point of view and to contest the assessment of the creditworthiness and the decision" (Article 18 and Recital 48).

It is certainly not a bad idea to aim to take into account new technological developments in the revised CCD (without building up any obstacles to innovation, obviously). After all, many among us are arguing that the 2008 CCD is outdated. Modernisation is what it is all about.

Generally speaking, beyond AI, finding the right balance must be the greater objective here too. It appears sensible to leave Member States some room for flexibility in the way credit-worthiness assessments are being carried out for different types of consumer loans. The creditworthiness assessment should not be the same, for example, for short-term overdrafts and a considerable loan.

There is not the slightest doubt that consumer protection is key and over-indebtedness needs to be avoided, as the latter includes lots of problems for both borrowers and lenders. It's in nobody's interest to see a large number of loans being irresponsibly granted without appropriate assessments of the creditworthiness of a consumer.

However, if the balance is not right, we may end up in the situation that new provisions, overshooting the target, will force banks to restrict credit to customers dramatically to avoid any kind of non-payment that could be blamed on the irresponsible lending of creditors. Consumers with more difficulties in accessing finance would turn to shadow banks or loan sharks who would impose much more burdensome conditions and who are at the edge of being controlled by competent authorities.

"Consumer credits play an integral part in supporting the modern economy by providing consumers and small businesses with access to finance, be it for planned projects as well the possibility of bridging larger and unforeseen expenses. Savings and retail banks all over the world have been mastering this business in a trustworthy manner for more than 200 years."

Moreover, consumer credits play a key role in both the economic recovery from the devastating impact of the COVID-19 pandemic, as well as supporting Europe's green transition as a key enabler of consumption for a wide range of purposes, from the sales of modern, energy-efficient cars and other durable consumer goods to green home investments.

In summary, the revision and modernisation of the 2008 CCD is much welcome and much needed. Many concepts and new provisions are very laudable, such as the extension of the scope to new types of lenders. Other provision, as proposed by the Commission, may need some further reflections and fine-tuning, in order not to overshoot the mark and not to lead to the opposite effects of what was intended. Let's be modern, let's be smart and let's strike the right balance.

Sebastian Stodulka
is WSBI-ESBG Head of Regulatory Affairs.

2 On a sidenote, the very first European legislation in this area actually dates back to 1987 already: Directive 87/102/EEC for the approximation of the laws, regulations and administrative provisions of the Member States concerning consumer credit.

EDUCATION

ESAP: Data is key

The regulatory developments in the context of the EU Sustainable Finance agenda have created an urgent need for publicly available ESG data as well as ways to improve their sourcing. Robust, comparable and reliable ESG data is also essential for identifying and assessing sustainability risks in lending activities. In addition, availability of ESG data is also necessary to enable financial institutions and investors to steer their portfolios towards the objectives of the Paris Agreement and of the European Green Deal much more efficiently and on a much broader scale.

Unfortunately, the availability of quality, comparable, reliable and public ESG data is currently rather limited and insufficient to meet rising expectations and new legal requirements set to take effect soon. When data are available, it is often impossible to compare, which raises doubts about its credibility. Furthermore, ESG data from third-party suppliers is often too expensive, particularly for small financial market participants, researchers, and academics. With the growing demand for ESG data, fragmentation among ESG third-party data providers risks resulting in a lack of comparable and accurate data, as well as excessive costs.

The ESAP is expected to provide easy access to a wider array of information in a timely and efficient manner. It will also help address a growing demand for sustainability-related data by investors, companies, NGOs and civil society contributing to the objectives of the European Green Deal. By making information available in an extractable format or in a machine-readable format, ESAP would also enable the use and re-use of companies' data and would also make a significant contribution to the digital transformation of finance. ESBG endorses the Commission's proposal for all of the reasons stated above. We especially value the opportunity to have access to information by non-listed companies of any size, including SMEs. The ESAP proposal enables any entity, in particular SMEs, to file relevant information voluntarily. This will enhance SMEs' visibility towards EU and international investors, and diversify their sources of funding as well as increase the availability of company and investment product information. The ESAP will also help address a growing demand for sustainability-related data by banks contributing to the objectives of the European Green Deal.

The ESAP's establishment has an impact on banks as both data providers and users. The establishment of a central European register for all corporate information that are published in the context of financial and non-financial reporting, including sustainability reporting, is positive for data users. Thanks to a comprehensive data collection built according to uniform technical standards, banks will be able to use publicly available data from corporate clients via a single interface.

We also appreciate that the current proposal for the establishment of ESAP merely regulates the structure of the central register and the reporting channels. ESAP does not provide for any changes or additions in the data that corporates are required to report. However, looking from the standpoint of data providers, we are concerned about the introduction of additional reporting requirements and costs. Until now, the publication of data on the institution's website has sufficed in certain cases, particularly in the case of disclosures in conjunction with capital market regulations (e.g. PRIIPS, SFDR).

This data must now be submitted to ESAP in a specific format via the collection points, resulting in the creation of new and additional reporting requirements. Technical implementation standards have yet to specify data formats, metadata, and reporting channels. Therefore, we expect that banks may incur additional high costs in order to provide this information. We would like to emphasize, particularly in relation to the PRIIPs Regulation (EU) 1286/2014, that the costly efforts for manufacturers to stay on track with the new reporting requirements will outweigh the benefits for ESAP users. This is due to the large number of PRIIPs in some national markets, as well as the fact that the KID, which must be submitted to the relevant collection body, must be updated on a regular basis. We, therefore, doubt whether the new requirements should be applied to the PRIIPs Regulation. Moreover, we urge the European Commission to ensure that additional efforts are kept to a minimum.

Given the need of ESG data, ESBG considers that the ESAP should first focus on ESG disclosure in line with NFRD, and EU taxonomy based information, as well as ESG data necessary to financial market participants to comply with the SFDR. The ESAP could also include relevant ESG information already collected by European and national institutions such as governments, central banks, statistical bodies, etc.

With regards to data accessibility, ESBG appreciates that data submitted to the ESAP will be made available directly, immediately, digitally and free of charge to users of financial and non-financial information, not only investors, but also lenders, academia, researchers, authorities and others. We also believe that the provided level of standardization will facilitate the collection of data. More specific, we suggest as follows:

- ESAP provide more than one tool for accessing the data – Databank, Open Data Website, Rest API.
- Enable numerous query structures – URL based, argument-based structure – country, Aggregate, Indicator, Topic, Advanced Data, Metadata, SDMX API. In so doing, users of data would not need to pay any fees when searching for very large volume of information as this would not entail an additional cost for ESMA.
- Facilitate maximum capacity and functionalities in the event of sort requests, filters and multiple indicators. For example, we note from the technical document the possibility to filter data with API but would it be possible to aggregate the same data without further costs?
- Beyond API authentication keys, ESAP should focus on how the integrity of the data and security is to be guaranteed. This is important to assure users that the data they are accessing is credible (not corrupted or outdated considering there could be a 30 day delay between updates per the information currently on https://www.api.store/preview/european-securities-and-markets-authority/) as well as to mitigate cybersecurity concerns.
- The downloadable formats should be able to be extracted both as machine-readable as well as human-readable (CVS, XML, Excel etc).

We believe that the above recommendations will enable ESAP reduce the cost to the User and contribute to the achievement of the objectives of the Strategy for Financing the Transition to a Sustainable Economy and of the European Green Deal by making easily available and useable information about the sustainability of European entities' activities. Further it will allow private stakeholders to better assess the sustainability of European entities and, more generally, the progress towards the EU's policy objectives related to sustainable development including the EU's climate strategy and targets.

ESBG also supports the appointment of ESMA as the responsible body for establishing and operating the ESAP. We also consider that the tools that the Commission proposes to ensure the integrity of the information and the credibility of the source of data, when it is made accessible in ESAP, i.e. a qualified electronic seal, etc, are sufficient.

Public funding is line with ESBG's view; however, we consider that development and maintenance costs should be covered only by EU funds without the participation of National Competent Authorities.

However, we would like the Commission to note that companies already make an important effort to comply with all reporting's required at international and national level. The ESAP should not imply new cost for companies neither financially nor in terms of staff dedicated to carrying out these tasks. Therefore, we appreciate that the Commission's is basing the design of this new tool on information that companies are already required to publish based on other rules.

Financial education: the European Commission launces the Financial Competences Framework

End of January, the European Commission launched the 'Financial competence framework for adults in the European Union' launched end of January by the European Commission (EC) and the OECD's International Network on Financial Education (INFE).

This framework provides much needed guidance to ensure citizens are prepared to make sound financial decisions that help them prosper and build resilience across all Member States.

The framework builds on the OECD's existing one, updating it to the EU context and enriching it with more detailed digital and sustainable finance competences. It is made available for voluntary uptake in the EU by public authorities, private bodies and the civil society.

CONSULT THE FRAMEWORK HERE

EVENTS

Cybersecurity a top concern for savings and retail banks around the globe

On the 28th of January 2022 The World Savings and Retail Banking Institute and The Banking Association for Central and Eastern Europe held a joint online conference about these important issues, with more than 300 participants from 50 countries.

The participants of the conference discussed about a next-gen approach to automating security awareness training and achieving compliance with ease.
In today's dynamic cyberspace, most financial institutions are prone to cyberattacks and to stay one step ahead of attackers who use various attack vectors such as ransomware, account hijacking, phishing attacks, etc., banks need to use effective threat intelligence programs that allow to track potential attacks.

Cyber security and combatting cybercrime are among the top concerns for all banks across the globe. News on identity and data theft, various cyber-attacks, security breaches resulting in large losses, make regular front-page news on a daily basis. The global pandemic has further increased cyber risks as criminals attack mobile phones, notebooks and PCs used for communication between home and main office. Banks are spending substantial amounts to prevent Information and communication technologies and cyber security breaches and improve their defences against cyber risks.

At the conference a panel of excellent speakers described the latest threats and how to deal with them, state-of-the-art solutions in malware detection, firewalling, intrusion prevention, fraud detection, incident response and other defensive techniques.

In many cases the attackers maintain access to the organization or the ability to obtain it long after the incident is over from the victim's point of view. There are usual and unusual things being overlooked during the incident response, forensics analysis and implementation of system controls. It is therefore imperative to find the proper measures to minimize such phenomena and enhance the feeling of security while performing online transactions.

NEWS

Banco Atlántida celebrates 109 years of operations reaching a historic milestone in deposits

MORE THAN 1.6 MILLION CUSTOMERS TRUST THEIR SAVINGS IN THE INSTITUTION, TURNING IT INTO THE FASTEST GROWING IN HONDURAS

WSBI member Banco Atlántida celebrated 109 years of operating in the Honduran market, exceeding USD 4 billion (100 billion lempiras) in deposits thus making it the first Honduran bank to reach this milestone.

Guillermo Bueso, the bank's CEO, highlighted that in recent years the institution has implemented a series of innovations to meet the growing demand of services from its customers making large investments in technology, and in addition to the service available through its wide network of branches throughout the country. These new services include 'Atlántida Más Fácil', the first digital savings account in Honduras offering a fully digital onboarding process to set up the account from a smartphone with total security and without visiting a branch. Products such as 'Atlántida Online' and 'Atlántida Móvil', also contributed to this success, allowing customers to carry out more than 400 transactions from their mobile phones or computers with the highest security standards.

Another key element in Banco Atlántida´s successful business model was the highly experienced human resources, including specialized work structures at management, vice-presidency and Board of Directors levels, facilitating the growth of the institution in Honduras and its expansion in the region.

Banco Atlántida, a WSBI member since 2019, also supports projects related to local businesses, supporting the development and growth of their operations and at the same time promoting sustainable employment opportunities throughout the country.

A heartfelt thank you for 47 years of service

When 18-years-old Petra Bacheberle was hired as a secretary for ESBG in Brussels, fresh from school, she could not have imagined the adventures that awaited her in the next 47 years working for the same organization.

Such adventures included exchanging with some of the most renowned leaders in banking; facing the challenges that came with the merge in the 1990s of ESBG with the WSBI previously headquartered in Geneva; and even searching through the paper bins of a hotel in New Delhi to recover irreplaceable name holders during the latest World Congress.

"The best memories I have are all about the people. It was really amazing to have the opportunity to meet so many people from all over the world", she said from her home in the Belgian region of Wallonia. "Many colleagues became also friends over the years".

She was hired after a quick typing test as that was going to be her main task for the first few years. At the time all documents had to be produced on paper and sent to members in 5 languages.

She was, and still is, proud of her 'secretary' title, which was later replaced with 'assistant'. At the entry level, she supported a whole department. In the 80s, she became assistant to the Deputy Managing Director and since 1994, until her retirement in January, she was the assistant of the Managing Director. She went from copying documents in a mechanic typewriter to being a key contact point for members and for the organization of international meetings and events.

"It might sound strange, but I never thought about changing jobs because I was happy with my career and satisfied with the work I was doing. I had challenges that I enjoyed such as helping organize large events and meetings", she said.

Petra is now enjoying a very well-deserved retirement focused on her family and on giving back to the community through volunteering.

From WSBI-ESBG we can only thank her for her exceptional 47 years of committed service for the joint office and our members.

Petra Bacheberle on her last day at work.

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