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ON SAVINGS AND RETAIL BANKING

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WSBI
WORLD SAVINGS AND RETAIL BANKING INSTITUTE

ESBG
EUROPEAN SAVINGS AND RETAIL BANKING GROUP

WSBI IS A GLOBAL NETWORK WITH MEMBERS IN FOUR CONTINENTS. 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.

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WELL SAID!

"Financial education is not about clients learning to use the bank's products. The challenge is to promote autonomous, empowered individuals who can decide on the use of money responsibly, aiming at financial well-being as a condition for progress and development."

Diego Prieto Rivera, WSBI Regional President and President of *Banco Caja Social* (Colombia)

FEATURED

WSBI gathers retail banking leaders in Colombia

By Leticia Lozano

The WSBI International Retail Banking Leaders Conference in Cartagena, Colombia, saw vivid discussions about sustainable finance, cybersecurity and digitalization, and financial education. Participants included members of the WSBI President Committee and Board of Directors, representatives from international financial organizations, regulators, the academia and regional technology companies.

The Conference, first of its kind, was opened by Peter Simon, Managing Director of WSBI-ESBG, and Diego Prieto Rivera, Regional President of WSBI for America and the Caribbean, and President of Banco Caja Social, the event's host.

"We all have the responsibility to discuss and define what is our take as socially responsible banks and as global leaders in retail banking, amid a complicated economic outlook and the advent of new technologies", said Mr. Simon.

"We have insisted on the retail, regional and responsible banking characteristics of the institutions gathered here and, in this context, financial education and capacity building are essential so that the services we offer become development levers for households and MSMEs in the region", highlighted Prieto Rivera.

The first session of the day was "Success stories on digitalization and cybersecurity". Alok Kumar Choudhary, Managing Director of the State Bank of India, a WSBI member, who participated virtually, presented the bank's digital journey that resulted in Yono, a multiple end to end digital app that currently serves 37 million people. WSBI Regional President for the African Region and CEO of Al Barid Bank, Al-Amine Nejjar, gave an overview of how the bank passed from giving only 1% of its services via digital in 2016 to 31% by the end of 2022, with focus on people with low or instable income.
The President CEO of Telefonica Movistar Colombia, Fabián Hernández, gave an outlook of the technological development of the region. Daniel Madrid, Strategic Cybersecurity and Technological Risk Director at Minsait, detailed the concrete challenges and possible solutions.

The President of the German Savings Banks Association (DSGV) and WSBI Vice-president, Helmut Schleweis, delivered a video speech to introduce the topic of "Sustainable Finance", the focus of the second session of the conference. Mr. Schleweis highlighted the lessons learned in Germany in the frame of the European Union legislation on the subject.

"The challenges we face on both sides of the Atlantic in the fight against climate change are enormous", said Mr. Schleweis. "Retail banks, with their local expertise and sustainable business models, are key to meeting this challenge."

The speech was followed by a panel discussion moderated by José María Méndez, CECA's Managing Director and CEO of Cecabank. The panelists, who presented a rich pull of perspectives on the topic, were: Marcela Ponce Pérez, Climate Finance Lead Latin America and the Caribbean at the IFC; Mariana Escobar Uribe, Head of the Sustainable Finance Hub at the Financial Superintendent of Colombia; Clemente del Valle, Director of the Regional Sustainable Finance Centre at the Andes University (Uniandes) and member of the Sustainable Development Investment Future Council del World Economic Forum; and Eugenio Solla, Chief Sustainability Officer and member of the CaixaBank management Committee, who joined virtually.

Dominique Goursolle-Nouhaud, President of the European Savings and Retail Banking Group (ESBG), the regional arm of the WSBI, introduced the third session with an insightful speech about women's financial inclusion. Thealso President of the Fédération nationale des Caisses d'Epargne (France), gave a compelling presentation about reducing the gender gap to achieve the goals of the UN's Agenda 2030.

"Ensuring that all women have access to quality education is essential to upholding their rights", Mrs Goursolle said. "A free woman should manage her own budget".

The speech was followed by a panel discussion on "Financial education as an enabler for financial inclusion" which presented the Latin American perspective. Moderated by Joan Rosás, Head of Institutional International Relations at CaixaBank, the panel was composed by three WSBI members.

The panelists were: Mr. Prieto, the WSBI Regional President, giving the Colombian perspective; Jorge Solís, President of the Peruvian Federation of Municipal Savings and Credit Banks (FEPCMAC); and Faustino Laínez, President of Banca Atlántida, from Honduras. They stated the vocation of WSBI members as socially responsible banks and the extremely important role of the financial sector in a region than carries huge inequalities.
This vocation for financial inclusion starts with financial education, which takes many forms to ensure the whole population can develop financial skills and capabilities, from the traditional school visits to developing truly client-centric financial products and services.

Kindly sponsored by Banco Caja Social, CaixaBank, CECA, DSGV, Minsait (INDRA), and Movistar Empresas, the Conference proved to be an excellent opportunity to promote knowledge exchange and good practices.

The conference ended with a keynote speech by WSBI President, Isidro Fainé, about the great power of leadership to create progress and wellbeing even in a current complex scenario.

"The managers of entities connected with the WSBI have convincingly demonstrated their capacity to act boldly and with strategic vision. Otherwise, we would never have survived so long and so successfully despite the challenges we have gone through. Let's remember that many of our members are over one hundred years old", said Mr. Fainé.

"Each one of our entities has its own circumstances and nuances, but we all share the following: respect and fraternity towards employees; the vocation of service towards customers, especially with those people and groups who are at risk of financial exclusion; loyalty to shareholders or partners; and solidarity with the most vulnerable people and with society as a whole", he added.

The words by Mr. Fainé, a particularly renowned personality in the Spanish speaking business world, were warmly welcomed by the audience.

INSTITUTIONAL NEWS

Basel III: WSBI-ESBG represents the financial sector at POLITICO Finance Summit

WSBI-ESBG Managing Director Mr Peter Simon represented the finance and banking sector at the 7th edition of POLITICO Live's Finance Summit which is one of the most prominent events of the year for the financial sector. This year's Summit brought together key policymakers and stakeholders to discuss everything from how to turn the industry greener and more digital, to the key questions bankers, insurers and asset managers face on how to transform financial services in the post-pandemic era. In this flagship event, Mr. Peter Simon was the only panellists from the financial and banking sector, thus, he was the voice of all retail and savings banks that WSBI-ESBG represents globally.

Speaking at the panel named "Basel III and the road to the Banking Union: almost there?", Mr. Simon discussed the priorities of the association on Basel IV, the Crisis Management and Deposit Insurance (CMDI) framework and the Silicon Valley Bank (SVB). The other panellists included the European Parliament Rapporteur on the Banking Package, MEP Jonás Fernández (S&D) and the EBA Chairperson, Mr José Manuel Campa.

The EBA Chair and the EP Rapporteur highlighted the importance of a timely and faithful implementation of the outstanding Basel IV reforms in the European Union. According to them, it would be essential to ensure banks can withstand future crises and a necessary condition for the proper functioning of the European and global financial systems. Looking at the ongoing trialogues, attention was drawn to the proposed deviations from Basel in the respective positions of the co-legislators, which may undermine the credibility of the EU financial system.

Stressing that the EU already applies the Basel rules to all its banks, and that EU banks are currently better capitalized with stronger liquidity ratio than 15 years ago, ESBG recalled the importance of achieving a proportionate and balanced implementation of the international standards in the EU regulatory framework.

This approach would preserve the diversity of the business models which characterises the European landscape, thus enhancing further financial stability and a global level playing field. Among others, ESBG recalled the need to apply the output floor as envisaged in the Basel text, i.e. at the highest level of consolidation, and to keep the transitional arrangements for unrated corporate and low-risk mortgages until Europe implements proper solutions to the underlying issues.

On the SVB collapse, panellists agreed that the case should be read in terms of bad management and lack of appropriate supervision. It was stressed that SVB is not a small bank (more than $200billion assets) and that its business model, characterised by a very concentrated deposit base on tech-firms and venture capital companies, cannot and should not be compared to any European bank.

Diverging views were brought to the table on the upcoming CMDI review, with ESBG calling for an evolution of the framework, not a revolution. The principle of duality under which some entities are to be resolved and some others are to be liquidated under national insolvency proceedings (NIPs) should be maintained. MEP Fernández on the other hand hopes that the Commission will move forward with the European deposit insurance scheme (EDIS) and called for harmonised rules in terms of hierarchy of claims in liquidation.

From left to right: Peter Simon, WSBI-ESBG Managing Director; Jonás Fernández, MEP (S&D Spain), José Manuel Campa, European Banking Authority Chairperson

ANTI MONEY LAUNDERING

Tracing the money: unveiling beneficial owners to fight financial crime

By Astrid Satovich

The famous saying "when there is a will, there is a way" applies to criminals who are demonstrating creative skills in finding numerous "ways" to whitewash illicit money. They constantly evolve their techniques for hiding the ultimate beneficiary of transactions and, oftentimes, use complex company structures to hide the money's origin and determination. Such cases compelled regulators worldwide to have a closer look at where the money comes from and goes, and who is supposed to ultimately benefit from its shifting within and in between entities.

In the field of anti-money laundering and countering the financing of terrorism (AML/CFT) regulation, the *beneficial owner* has levelled up to a "VIP"-status over the last 20 years and the search for it is meanwhile deeply rooted in the DNA of all investigative activities. But who is behind the term *beneficial owner*? According to the Financial Action Task Force (FATF) Glossary, the international standard-setter in the field of AML/CFT, a beneficial owner is to be understood as follows:

« In the context of legal persons, beneficial owner refers to the natural person(s) who ultimately owns or controls a customer and/or the natural person on whose behalf a transaction is being conducted. It also includes those natural persons who exercise ultimate effective control over a legal person. Only a natural person can be an ultimate beneficial owner, and more than one natural person can be the ultimate beneficial owner of a given legal person. In the context of legal arrangements, beneficial owner includes: (i) the settlor(s); (ii) the trustee(s); (iii) the protector(s) (if any); (iv) each beneficiary, or where applicable, the class of beneficiaries and objects of a power; and (v) any other natural person(s) exercising ultimate effective control over the arrangement. In the case of a legal arrangement similar to an express trust, beneficial owner refers to the natural person(s) holding an equivalent position to those referred above. When the trustee and any other party to the legal arrangement is a legal person, the beneficial owner of that legal person should be identified.[1] »

The FATF identified prioritised the work on beneficial ownership over the last years and adjusted its respective Recommendations[2]. In Recommendation 24, the FATF outlines some key considerations that shall be taken into account to comply with its standards on beneficial ownership of legal persons. The FATF states that countries should assess the risks of misuse of legal persons for money laundering or terrorist financing (ML/TF) and take preventive measures. Countries should ensure that there is adequate, accurate and up-to-date information on the beneficial ownership and control of legal persons that can be obtained or accessed rapidly and efficiently by competent authorities, either through a register of beneficial ownership or an alternative mechanism. Indeed, several states meanwhile established such a register providing information on the beneficial owners of registered entities. The access to such information may vary between states and such registers are being run and maintained by different local authorities or agencies. This fragmented situation is usually deemed as problematic in the effective fight against ML/TF, as related activities typically occur with cross-border elements. Within the European Union, a more coherent approach might be achieved in the near future as current discussions around the EU AML Regulation factor in a recent decision of the European Court of Justice[3].

Recommendation 24 furthermore entails measures on bearer sharesand nominee share-holders. With regard to the transparency and beneficial ownership of legal arrangements, the FATF outlines in Recommendation 25 similar measuresto collect information on express trusts and other similar legal arrangements, including information on the settlor(s), trustee(s) and beneficiary(ies). For both the beneficial ownership of legal persons and legal arrangements, the FATF recommends countries to facilitate access to related information by financial institutions and designated non-financial businesses and professions undertaking customer due diligence requirements.

To help countries implementing these Recommendations, the FATF published a Guidance on beneficial ownership of legal persons in March 2023[4]. The Guidance details on the FATF Recommendation 24 in multiple ways, elaborating on the adequacy and accuracy of beneficial ownership information as well as on what is deemed up-to-date. It also addresses the assessment and mitigation of ML/TF risks posed by foreign companies to countries. Compiling responses of several consultative activities over the last months, the FATF is positive that the guidance will help countries in preventing the use of anonymous shell companies and other businesses to hide underlying criminal activities. Likewise, the FATF is expected to publish a guidance on the transparency and beneficial ownership of legal arrangements, to assist countries with the implementation of the revised Recommendation 25. WSBI-ESBG is regularly engaging with the FATF and actively contributing to consultations.

Astrid Satovich is WSBI-ESBG advisor with expertise on payments, AML and digital finance

1 FATF (2012-2023), *International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation*, FATF, Paris, France, p. 120 f.
2 Ibid., p. 22.
3 Court of Justice of the European Union Judgement (22/11/2022) – *Luxembourg Business Registers, Case C-37/20 (Joined Cases C-37/20, C-601/20)*.
4 FATF (2023), *Guidance on Beneficial Ownership for Legal Persons*, FATF, Paris, http://www.fatf-gafi.org/publications/FATFrecommendations/guidance-beneficial-ownership-legalpersons.html

REGULATION

The CMU in need of a renewed political momentum and bold ideas

By Sebastian Stodulka

It has been almost a decade since the idea of creating a European Capital Markets Union (CMU) was introduced to the EU policy circles, and after some initial scepticism by some, there seems to be a consensus nowadays that a well-developed capital market is beneficial to both the private and the public sectors, as well as to EU citizens.

Frustratingly however, its completion has, for a variety of reasons, not been achieved yet. In fact, we are miles away from calling the CMU complete. Moreover, figures show that the EU capital market is far behind its US peer, and the gap is not getting any smaller.

To counteract this situation, I would argue that a new political momentum, next to a strategic perspective, is urgently needed, in order to give the CMU the push it has been longing for.

As a matter of fact, for the following two recent observations, there is plausible hope that EU decision-makers consider giving the CMU this new momentum:

- First, the European Council Conclusions of February underline that the CMU is crucial for Europe to remain a continent of production and innovation, and they call for an acceleration of the implementation of the CMU Action Plan by advancing and finalising work on the legislative proposals.
- Secondly, in March, several presidents of EU institutions published an Op-ed, which, essentially, stresses the need to complete the CMU to provide effective financing for Europe's objective to speed up its green and digital transition. Europe's long-term competitiveness also needs a solid CMU as a basis, according to the co-authors.

Let's hope that the conclusions, together with the strong commitment signalled in the Op-ed, set the ball rolling. And let's also hope that Member States are not less willing than EU leaders to contribute to the fast advancing of the CMU. After all, several key policy initiatives, for instance in the area of taxation, are within the competence of Member States in the first place.

Assuming that the political momentum is strong and durable, several measures could be implemented as "low hanging fruits" in the relatively short term. For example:

- Establishing (EU-funded or EU co-funded) programmes to help corporates prepare for market finance could be a very helpful measure for both SMEs and larger companies, who would tap the capital market for the first time. This is a major step for them, and any guidance on how to raise capital and structure further growth would not be a lost effort. The UK has already understood this necessity and supports selected SMEs through the "LSE elite programme", which helps businesses connect with capital through a combination of education, business support and mentoring, and access to expertise and funding.
- Securitisation has the potential to play a much bigger role when it comes to boosting financing capacities. Figures of the ESM show that the volume of European securitisation, despite being more transparent and simple, has severely declined relative to the US, going from 75% of the US volumes in 2008 to 20% in 2014 and only 6 % in 2020. Against this background, securitisation should be revived in Europe as a tool to help free-up capacities on banks' balance sheets as well as help finance the economy, including lending to achieve the much-needed green transition. One of the key aspects to tackle concerns the calibration of bank capital for securitisation.

These were just two examples of measures which could be initiated in the short run, and there, naturally, are many more. Apart from those, why shouldn't we also think "outside the box" and aim for some bold, unconventional ideas, which go beyond of what currently seems possible at the EU level and which EU institutions and Member States could pick up in the medium to longer run?

Here is some food for thought:

- **Most probably, we need to find ways to overcome the figurative entrance barrier and scepticism, which many citizens seem to have, to become retail investors themselves.**

  Perhaps we need to pro-actively bring the capital market closer to them and give them the opportunity to gain real life experiences, in addition to providing them with educational offers. For example, every new-born citizen in the EU could receive a "welcome package" in the form of a cash handout that must be invested in the capital market. The child's parents would have to take the investment decision and the EU could regulate the product types eligible for this purpose. The amounts invested should be administered in free-of-charge accounts and be sponsored by Member States. The investment proceeds should be tax-free, and the invested amounts would have to be held until the beneficiary turns, for example, 18 years old. To illustrate the costs: annually the EU has around 4.3 million new-born citizens, which would put the cost at 4.3 billion Euro in case of a 1000 Euro handout. In comparison with other expenses, especially in the most recent crisis-characterised years, this amount is not unjustifiably high for a community of 27 Member States.
- Creating a joint pension scheme for mobile EU citizens would be another proposal, which certainly is a long shot, but also more and more evident. It is a wonderful consequence of a united Europe that a growing number of citizens are working in more than one Member State throughout their careers. I am also one of these "mobile EU citizens". Apart from the fact that pension systems are national, another main concern lies in the diverging rules, incentives and pension levels which, in effect, discriminate mobile EU citizens against immobile ones. Therefore, it is about time that there is not only an EU framework to work in more than one country, but also a framework which ensures that mobile EU citizens are not worse off regarding their pensions. Thus, to streamline entitlements and reduce the risks of discrimination, the creation of a joint, capital-based EU pension scheme for mobile EU citizens could be created in the medium to longer run. The capital stock would be created by transferring individual entitlements of the first and second pillars into this new joint, Union-wide, pension scheme.

The abovementioned examples are also meant to demonstrate that there are plenty of building blocks left in a number of different policy areas, which need to be taken into consideration for the purpose of deepening the CMU. These examples should further emphasise the point that we need to do more than simply scratching the surface. Real and substantial progress will come alongside brave and bold ideas. It will, however, only be possible to turn these ideas into reality if we now develop the necessary political momentum, which encompasses all decision-makers at EU and national levels, and which reaches well into the next legislative cycle starting in mid-2024.

Sebastian Stodulka
Erste Group, Head of the EU Liaison Office

CYBERSECURITY

CSN kick-off meeting with experts from 20 different organisations

By Janine Barten

Cybersecurity and protecting customer's assets remain top priorities for banks all over the globe, regardless of their size, organizational structure, and business model. All banks need to have systems and methods in place to protect them against cyber-attacks, malware, phishing, data theft, and unauthorized access to networks and data, to name a few. To support banks in responding to fast-developing challenges in the cybersecurity realm, and to foster exchange among its members, WSBI-ESBG has recently taken the initiative to launch a global Cybersecurity Network (CSN). The inaugural meeting took place on 30-31 March and was kindly hosted by the German Savings Banks Association in Berlin.

The Cybersecurity Network is a platform where WSBI-ESBG experts in cybersecurity can exchange knowledge and best-practices with both each other and external speakers. In addition, experts will have the opportunity to be part of an international network and stay up to date regarding recent developments in likeminded organizations.

The first meeting of the CSN brought together WSBI-ESBG professionals from over 20 different organizations and featured various presentations from member representatives. Oliver Lauer, Chairperson of the CSN and Head of digitallabor.berlin at the German Savings Banks Association, stressed how the CSN is a unique opportunity for experts with different backgrounds to come together as part of an international network and discuss the use-cases and challenges that financial institutions are facing these days. He opened the meeting with a presentation on how digital identities can improve cybersecurity in banks.

After that, Mario Maawad Marcos, Information Security Director at CaixaBank, underlined how innovation is crucial for the banking sector, given the impact of emerging technologies, new regulations, evolving attack vectors, and new methodologies, such as security by design. "Banks need to invest in innovative security solutions that can help them protect their customers' data and maintain the trust of their stakeholders in an increasingly complex and dynamic security landscape", he said.

Following this intervention, Hendrik Hoffmann, Technology and Product Director at S-Communication Services, briefed participants on DDoS cyberattacks on Sparkasse.de, a comprehensive suite of online resources and tools to help customers navigate their financial needs. He shared insights on an analysis done on attacks aiming to overwhelm the infrastructure, thereby uncovering vulnerabilities and weaknesses in the protection, and how these attacks were repelled.

A final presentation was delivered by David Inaneishvili, Director of Global Information Security and Resilience at FINCA Impact Finance. He elaborated on the security and resilience framework from various angles and perspectives, touching upon Governance, Risk, and Compliance (GRC), security maturity, risk management, business continuity, and more. "Resilience requires both strategic thought and adequate operational capabilities", he stated. "Once a common GRC oriented framework is established, continuous exercising, assessments and validation activities are key to maturing operational and cyber resilience, while a deeper strategic approach is required for maturing organizational culture and resilience".

In addition to the presentations, the meeting also provided a platform for members to discuss various topics, including cybersecurity awareness, operational resilience, and incident responses, through a roundtable discussion. Mr Lauer thanked the meeting participants for joining the first CSN meeting and stressed in his closing remarks his enthusiasm towards future meetings and opportunities on cybersecurity for savings banks.

WSBI-ESBG looks forward to building a strong network to jointly address today's banking, payments, and financial security challenges.

Janine Barten
is WSBI-ESBG advisor with expertise on digital finance and innovation

SUSTAINABILITY REPORTING

EFRAG's pivotal role in the development of its European Sustainability Standards

By Andreea Lungu

Mandated by the European Commission to undertake its technical advisory role in the development of draft European Sustainability Reporting standards, EFRAG has obtained a pivotal role in this area, thus helping to contribute to the achievement of broader ESG ambitions. While EFRAG successfully delivered the first set of 12 draft ESRS to the European Commission in November 2022, thus demonstrating that it is the right organisation for the task, ESBG notes that there is a need for increased focus on solving conundrums relevant for the banking sector (but not only), most notably with respect to the imposition of a boundary for undertakings' value chain reporting obligations.

Published on April 2021, the legislative proposal for the Corporate Sustainability Reporting Directive (CSRD), would oblige companies under its scope to report in compliance with European sustainability reporting standards (ESRSs). According to the proposed CSRD, EFRAG would develop the drafts of these standards following the completion of its governance reform and the addition of the Sustainability Pilar within its governance structure, finalised in April 2022.

Following from this, last year in April, EFRAG launched a public consultation on the first set (Set 1) of Exposure Drafts (EDs) (sector agnostic) on the ESRSs. The consultation ended on 8 August 2022. By way of consequence, the draft ESRSs were approved in 15 November by EFRAG and transmitted to the Commission and will now be adopted by the Commission in the forms of delegated acts by June 2023.

As next steps, EFRAG will subsequently publish consultations on a set of simplified standards for listed SMEs (as well as voluntary standards for non-listed SMEs) as well as on sector-specific standards (including financial institutions standards).

Initially scheduled to be included in Set 3 (Delegated Act in June 2025, effective in 2026), opinions published by ESAs/ECB in January 2023 pushed EFRAG to reconsider this initial timing for the financial institutions standard during the SRB Board meeting of February 2023.

As a result, EFRAG will prioritise the value chain guidance issue for financial institutions for clarification as soon as possible and consider the development of sector standards as soon as additional resources are available without deprioritising the already planned sectors.

More recently, in a speech delivered on 15 March, Ursula von der Leyen, European President Commission, stated that the Commission plans to put forward concrete proposals to contribute to a reduction in reporting by 25% in the autumn of this year.

Additionally, in her speech given at the launch of the 2023 PwC CEO Report Europe, Commissioner Mairead McGuinness emphasized the need for EFRAG to focus on prioritisation of guidance for its first set of ESRSs over preparatory work for sector specific standards. This is due to the fact that it would be not a good idea to run the public consultations in parallel with the sector specific standards as they consider it might create confusion among the stakeholders. Moreover, the Commission stated that EFRAG should dedicate additional resources to provide guidance on the implementation of Set 1 ESRSs. The Commission considers sector specific standard as of priority of lower level and they need to see how to propose the postponement of the publication of these.

In terms of the next steps, the Commission will consider the EFRAG technical advice on Set 1 and then they will launch their interservice consultation, for a period of four weeks, and then finally adopt Set 1 standards in the form of delegated acts.

This workstream is a high priority for ESBG members. Last year, following the publication of the consultation on Set 1 standards, ESBG created a temporary expert group in order to work on drafting a response. This Expert Working Group selected as the focus of the ESBG response to the EFRAG consultation three first-level priority Draft ESRS Exposure Drafts, namely cross-cutting standards (ESRS1 and ESRS2), climate change (ESRS E1) and governance, risk management and internal controls (ESRS G1). Additionally, it selected two second-level priority Draft ESRS Exposure Drafts namely biodiversity and ecosystems (ESRS E4) and the social standards.

Following intense work on this topic, the ESBG submitted its final position to EFRAG on 4 August 2022. The main issues identified by ESBG pertaining consistency between ISSB standards and EFRAG ESRSs, proportionality, implementation challenges and phase-in considerations, double materiality principle, value chain information and consistency with other European Sustainability Reporting obligations i.e. CSDDD.

On 27 September 2022, the ESBG, together with other trade industry associations submitted a joint industry letter to Commissioner McGuinness regarding the EFRAG public consultation on its first set of draft ESRSs. In the letter, ESBG strongly emphasized the necessity to phase-in the submission of the disclosure requirements from EFRAG to the Commission.

Furthermore, in the beginning of this year, following the publication of the final EFRAG first of draft ESRSs and its final submission to the European Commission, ESBG worked on an analysis of the incorporation of its comments into the final EFRAG ESRSs. The analysis shows that more than half of the comments provided by ESBG were finally taken into consideration by EFRAG, most notably with respect to the issues identified as high priority by members i.e. cross-cutting issues, governance standard. However, the ESBG noted that the issue of the lack of a clear definition of value chain and boundaries for financial institutions, constituting a high priority for its members, remains unresolved.

The definition of value chain is a very important issue for ESBG members. As part of the written response to the EFRAG ESRSs consultation, ESBG members highlighted the difficulty in obtaining information from companies that are not under the control of the institution (e.g. associate companies). ESBG is concerned that the EFRAG standards do not put any limits in the value chain or do not allow at least an opening for such limitations.

Furthermore, ESBG believes that regarding the reporting boundaries, it is important that the text on reporting is operable and adequate for financial institutions, while providing meaningful and good quality data about the clients. Moreover, there should be a clear boundary line to the contractual counterparty, i.e. financial institutions' client (not the client's clients and so on).

By way of consequence, as part of its coordination group with the banking associations and the EFRAG Sustainability Reporting Board member representing the banking industry – Tanhuanpää Annina – the ESBG worked on a proposal for value chain definition for financial institutions, to be submitted to the Board for its consideration.

The proposed text agreed upon with the other banking associations in October 2022, and put forward to the EFRAG SRB, states that credit institutions shall report on the sustainability impacts, risks and opportunities (IROs) distinguishing between the two streams of their value chain, namely: own procurement and own operations and financial services.

For financial services, credit institutions shall exclusively assess and disclose the sustainability IROs related directly to their financed entities. The requirement does not extend to reporting the financed entities' up- and downstream value chain. The proposal was ultimately not taken up by the EFRAG Sustainability Reporting Board.

At that time, while EFRAG acknowledged that the issue of value chain guidance for financial institutions is important, it stated that its current focus is on sector specific standards, so there will be no immediate further guidance on this specific issue yet (the situation changed after SRB Board meeting from February 2023).

On 24 March 2023, ESBG together with the other banking associations, had a meeting with EFRAG representatives. During the meeting, EFRAG stated that they that they have asked for a confirmation from the Commission through a letter as they want to get written clarity on the postponement of sector specific standards.

Additionally, EFRAG provided additional information about the development of the EFRAG expert working groups to provide guidance on value chain definition for financial institutions by 2024. It was reported that, before EFRAG knew about the need to reprioritise its work on the ESRSs, they were also in the process of starting the call for the constitutions of the working groups and they need to assess if it is appropriate to publish the call now. Moreover, EFRAG does not wish to completely stop this workstream and, if resources allow, they will start the technical discussions on this. The idea is to have one group on banking, one on insurance and one on investment.

The understanding now is that EFRAG will create expert working groups in 2023 to provide additional guidance on the value chain definition for the financial sector, with the intention to have the guidance published by 2024. ESBG believes that the guidance will come too late, given the fact that entities will be required to apply the standards as of 2024.

The ESBG also agrees that due to CSDDD discussions (including discussions on value chain definition) there is a rationale to postpone the introduction of FI standards.

Last but not least, ESBG held a meeting on 20 April with Sven Gentner, Head of Unit for Corporate Reporting, audit and credit rating agencies (DG FISMA) to discuss the Commission's involvement in financial and non-financial reporting activities. The meeting included discussions pertaining to the endorsement process of the EFRAG Set ESRS1 as well as the re-prioritization process for the sector specific standards, in light of the remarks made by the Commission on this topic. Additionally, ESBG inquired for additional clarity on financial reporting topics, including most notably the Commission's repeal and replacement of the IFRS Regulation.

ESBG is also closely liaising with EFRAG as well as IFRS Foundation representatives and stands ready to get take action on this very important topic for its members.

Andreea Lungu
is WSBI-ESBG advisor with expertise on financial reporting and taxation

NEWS FROM SOUTH ASIA

The name 'BRAC Bank' is synonymous to financial inclusion and meaningful economic impact

By Jakirul Islam

BRAC Bank emerged in 2001 with the vision to deliver banking for the unbanked small and medium entrepreneurs (SMEs). Inspired by its parent organization BRAC, world's largest NGO, BRAC Bank innovated and implemented small ticket loans for the grassroots entrepreneurs under the umbrella of formal banking service. Presently almost 58% of the bank's total lending portfolio (BDT 370,890 million) is comprised of small and medium enterprises. BRAC Bank started its journey with a vision different from any other conventional bank in Bangladesh. Building a socially responsible financial institution towards a poverty free Bangladesh is at the core of its corporate vision.
The founding visionary leader Sir Fazle Hasan Abed KCMG realized the impacts of bringing deprived SME sector under banking umbrellas towards the national economic reinforcement.

In times of transformation, few banks have emerged with several technology driven banking solutions to fast-track the national financial inclusion effort under prudent directives and support from the central bank (Bangladesh Bank) in Bangladesh. BRAC Bank championed SME Banking and mobile financial services for rural financial inclusion under the auspices of Bangladesh Bank. Currently, the bank is extending full range of banking services to the last mile SMEs and retail customers across the country with a fast-growing network of 187 branches, 460+ SME Unit offices and more than 450 ATMs /CDMs along with 1000+ agent banking outlets.

BRAC Bank pioneered and championed in facilitating access to banking for developing a vibrant SME sector

BRAC Bank's unique SME Banking initiative caters access to market and access to finance to the cottage, micro and small enterprises that were previously ignored by the traditional commercial banking system. Bank provides capacity building supports and loans to small and medium industries for business expansion, working capital arrangement and capital machinery procurement. Being country's largest financier of unsecured loan with deep rural penetration for small business financing, BRAC Bank has created more than 1.5 million direct new employments. The bank has been contributing significantly to the socio-economic development of Bangladesh since its inception. It has disbursed more than BDT 1 trillion to more than 1 million SME entrepreneurs across the country. To be able to bring impactful outcomes, the bank built partnerships with the regulator, the Central Bank of Bangladesh, the SME Foundation, World Bank's International Development Association (IDA) and the Asian Development Bank (ADB) in relation to the repatriation fund for the development SME sector.

BRAC Bank has adopted a digital banking strategy for going beyond banking and greater digital financial inclusion

BRAC Bank has launched the country's first digital banking super app 'Astha Lifestyle' to foster digital banking landscape through an enhanced end to end digital customer experience. Over the past years of pandemic, Astha app evolved from a simple digital banking app to a digital lifestyle platform to address the increased expectation of personal finance management from its digital native customers. Number of Astha users sharply increased over the past few months. More than 50,000 SME customers out of total 300,000+ Astha users are using this digital banking super app for their daily banking needs.

BRAC Bank is committed to its rapid expansion in Agent Banking for reaching the last mile

BRAC Bank launched its agent banking Service in September 2018, with an aim to cover every corner of Bangladesh with state-of-the-art digital financial service solution and compliment BRAC Bank SME business strategy. It has accomplished the 1000 agent banking outlet milestone to mark its commitment for making the rural economy more vibrant. The growing agent banking channel now serves almost 250,000 unbanked people from rural and semi-urban geographies. As per the central bank latest report on agent banking BRAC Bank ranked top with the largest volume of lending BDT 64,589 million which represents 63% of the total loan disbursed in Agent Banking industry as a whole. BRAC Bank agent banking channel alone performs monthly 350,000 transactions of BDT 20,000 million.

Making women bankable is a priority for BRAC Bank

BRAC Bank has been working through its SME Banking across the country for the financial wellness of women entrepreneurs since inception. In 2017, it launched TARA, the first women focused sub-brand of banking service in Bangladesh.

TARA offers savings accounts with higher-than-average interest rate, savings solutions, current accounts for women entrepreneurs, business and retail loans with privileged rates, reduced processing fees and dedicated customer services. TARA also affords capacity building and business networking supports to the grassroot women entrepreneurs. It has acquired more than 270,000 women customers in the category of micro-entrepreneurs and individual retail TARA customers.

Changing the image from a lender to a banker through access to market, access to finance and capacity development for target entrepreneurs.

Commercial banking is nothing but gaining the trust of customers by providing them effective solutions for managing their money. BRAC Bank SME Banking has been working with various online platforms for cottage, micro, small and medium enterprises (CMSMEs) to facilitate access to market and industry networking. It also aims to introduce new digital lending solution 'SME e-Loan' as a means of digital financial inclusion. The purpose of BRAC Bank's movement towards digital lending for CMSMEs will be focused on:

- Access to finance for cottage, micro and small enterprises (CMSEs) and image of innovation for bank
- Reduced turn-around-time for loan processing
- Relatively lower interest rate by reducing operational cost
- Financing for income generating activities, development of livelihood and to meet working capital requirement.
- Convenient loan application process without any visit to the bank offices or branches
- Less intervention of bank's human resources and ensuring service to large number of clients

In 2022 BRAC Bank had conducted five different 3-day training programs in five non-metro areas of Bangladesh comprising 150 rural women entrepreneurs. The impact of these training resulted 37 entrepreneurs to be enrolled in banking transactional account and 13 with financing facilities. Recently the bank launched the country's first of its kind premium banking service 'Borenno' which offers a bundle of specialized banking services for SME priority customers to fulfil their needs and choices for regular day to day banking.

In conclusion, remembering a quote from Sir Fazle Hasan Abed that has been shared by others many a time:

"Most organizations are not ambitious enough. They are content with achieving small goals- serving 100 people instead of 100 million."

He founded BRAC Bank with a vision of large-scale impact by serving the deprived SMEs and unbanked population across regions.

Jakirul Islam
is a Senior Vice President in SME Banking from BRAC Bank Limited

MEMBERSHIP ENGAGEMENT

Across Borders - WSBI facilitates cooperation amongst its members

Being the umbrella institution of retail and savings banks in 67 countries and 5 continents, World Savings and Retail Banking Institute attaches utmost importance to member engagement to create bank-to-bank connections to foster the exchange of best practices, knowledge, information, and expertise amongst its members.

In this connection, with the facilitation of WSBI, in March 2023, a delegation from the Government Savings Bank of Thailand (GSB) visited PT Bank Tabungan Negara (Persero) Tbk in Indonesia. The Thai delegation was led by Mr. Vitai Ratanakorn, President and CEO of GSB and WSBI Asia Pacific Regional Group President, accompanied by ten additional Directors, Senior Executives, and Vice Presidents.

Haru Koesmahargyo, President Director of Bank BTN, along with senior executives and members of the board of directors and board of commissioners, welcomed the Thai delegation.

This courtesy visit served as a follow-up to the WSBI Asia Regional Group Meeting held in Bali, Indonesia, in December of the previous year. The two parties discussed, among other things, mortgage development and banking cooperation in Southeast Asia. WSBI will continue to facilitate bilateral exchanges between its members in the upcoming period.

NEWS FROM CENTRAL ASIA

Xalq Bank: on the wave of transformation and innovation

Interview with Mr. Sh. Atabaev – CEO of Xalq Bank Uzbekistan

Mr. Sh. Atabaev is the CEO of the Joint-Stock Commercial Xalq Bank of Uzbekistan since 2021. Before joining Xalq Bank, he has been working in the banking system in different capacities since the early 2000s. In addition to his vast experience in banking, he served as the Deputy Adviser to the President of the Republic of Uzbekistan on the development of economic sectors, investment, and foreign trade policy implementation.

What inspired you to pursue a career in the banking industry, and how did you get your start in the field?

At the time when I was choosing where to study for a bachelor's degree, these were the early years of Uzbekistan's independence, when the country's economy was just being created. Meantime, the activity of commercial banks was an innovation for the country (previously only state-owned banks existed), and the gap in this sphere not only warned but also encouraged me to contribute to the growth of the banking system. That's why I decided to build my career in the Banking sector and applied for the Tashkent Financial Institution's bachelor's degree in Banking. After graduation, we were invited to work at the Central Bank, and it became interesting for me to work for the regulator of the banking system, so I started my career in the banking system.

Xalq Bank, is one of the major banks of the country, can you briefly tell us about your bank?

Xalq bank is well-known as the first bank established in our country and has been serving clients since 1875. The Bank is demonstrating outrageous financial services in all 14 regions of the country with the widest branch network: including 187 branches, 86 banking service centers, and over 3,000 ATMs.

It has a strong retail franchise servicing about a third of Uzbekistan's population. Likewise, the only responsible bank for state pensions (about 4 million pensioners) and social payment distributions (more than 2 million people) runs an accumulated pension fund system for all working citizens of Uzbekistan.

Uzbekistan has been undergoing significant economic reforms in recent years, with a focus on liberalizing markets, attracting foreign investment, and improving the business climate. How is Xalq Bank Uzbekistan contributing to these efforts, and what role do you see the bank playing in the country's continued development?

In recent years, as a result of the reforms carried out by the President, the economy of our country, especially in the financial and banking sector, has undergone great changes and liberalization. For example, comprehensive reforms such as currency conversion, price liberalization, tax reforms, infrastructural improvements in almost all areas, ease of business registration, and digitization of public services have been implemented.

Today almost half of the legal entities and individual entrepreneurs' accounts are registered with Xalq bank. Through favorable tariffs for clients, we create conditions for the early recovery of enterprises without high costs.

The Bank actively participates in socio-economic reforms, as mentioned above, a large proportion of the state's social projects are implemented through our bank. On the one hand, Xalq bank contributes to the state development and creates an impressive client base for its perspective which in turn enables commercial benefits.

The Bank is also actively involved in investment projects, regional development, and other projects throughout the country. As SMEs are essential drivers of economic growth, the Bank is supporting SME projects by maintaining the support they need to succeed, assisting in their thriving and expansion. In the past 3 years, only SMEs financed projects accounted for more than 1.5 billion US dollars meantime over 225 thousand jobs have been created as a part of these projects.

Xalq Bank Uzbekistan has been making some strides in recent years, including improving financial stability and introducing new products and services. Can you talk about some of the challenges and opportunities you've faced in achieving this growth?

Apart from some financial issues, Xalq bank had some problems related to services. In particular, branches were overwhelmed per day with a large flow of customers with not profitable transactions, affecting the quality of service. Together with our team, we have been working to bring clients to alternative service channels as much as possible. We have developed and implemented new convenient mobile banking for individuals, extended the network of ATMs and cash recycling machines, and developed online money transfer products.

On the other hand, the bank has shown that by having a wide branch network and an enormous customer base, a significant increase in sales of banking products can be achieved. As we have seen in the example of products such as mortgage loans and educational loans, the bank has become a sales leader in a short period.

Financial inclusion is a key priority for Xalq Bank Uzbekistan, as evidenced by your efforts to expand access to banking services in underserved areas. Can you discuss some of the specific initiatives you've undertaken in this area?

The Bank has been working on several CSR initiatives that aim to support the communities where it operates. In particular, the Bank has allocated 1,2 billion US dollars under social programs such as "Every family is an entrepreneur", "Women entrepreneurs", "Youth is our future", "Handicraft support", "Employment support" and other social loans to more than 550 thousand customers over the last 3 years. To be more precise, 175 thousand customers were allocated loans in the sum of 350 million US dollars under the aforementioned programs just only within 2022.

According to the strategy, the Bank intends to continue serving the population, especially the unbanked and underbanked people and areas where carrying out bank operations is almost impossible. The Bank intends to expand the financial availability of banking services by boosting agent banking and inclusive banking projects throughout the country.

The Bank conducts ongoing training and mentoring for clients involving SME owners, and periodical explanatory programs to the population to improve financial literacy with the support of local media.

Xalq Bank Uzbekistan has a rich and long history. Looking back on the bank's history, what are some of the key milestones and accomplishments, and how do you see the bank evolving in the years to come?

Xalq bank has a long history, and almost every citizen is familiar with the name of our Bank. We serve every single person throughout their entire life, from the moment of his birth to the last days of old age. As an agent of the state, the bank carries out social and pension payments. Therefore, the bank was perceived more as a social bank.

We have developed a "Bank development strategy for 2023-2025" in collaboration with Asian Development Bank, according to which we will develop commercial lending using our client base. The calculations of capabilities have already seen results of certain products of the retail business, by segmenting business and customers, as well as properly aligned sales, we can become a leader in various banking products.

As the population's needs for all financial services have not been met yet, facilitating our efforts to meet them enhances inclusive banking, and agent banking projects as well as the increase in alternative channels popularity.

As technology continues to transform the banking industry, how do you see the future of retail banking evolving? What qualities do you think will be most important for banks to succeed in this space, and how is Xalq Bank Uzbekistan positioning itself to meet the changing needs of its retail customers?

The retail banking market in developed countries has changed in comparison with 10-15 years ago, and it is already going beyond banking services. Developed banks create large eco-systems to meet all customer demands, banks study customer needs in advance and offer them a suitable product. They have mobile companies, robots, their clouds, IT companies, entertainment, health services, marketplaces, logistics, their universities, and much more. Other successful countries are also modifying their businesses towards this form. I presume the future that clients will receive all the necessary goods and services in one platform, and banking products will only accompany them.

Now the market of banking and payment services in Uzbekistan is gaining momentum, foreign banks, and digital banks have entered the market, eco-systems are being created, and fintech companies are opening, which strengthens competition in the market. I believe the future of retail banking belongs to those who quickly react to customer needs, and not only predict them in advance, but also deliver fast quality service, develop their ecosystem, and ensure the safety of funds through customer identification and authentication.

We have over 9 million individual clients, and there is potential to grow. First of all, we want to meet the needs of our customers as much as possible and at the same time, work with customers who have not yet used banking services. To achieve these goals, we try to keep up with the times, digitalize our services as much as possible, provide remote service, create a platform for other merchants, and automate processes.

As a member of the World Savings and Retail Banking Institute, what are your main expectations from this vast network of savings and retail banks?

We know that the goal of WSBI is to achieve sustainable, inclusive, and balanced growth and job creation, which matches with the goal of our bank. WSBI advocates an inclusive form of globalization and supports international efforts to increase access to and use of finance for all. In the period of globalization and integration into the global world, these relations are also very vital for our bank.

Today, WSBI represents over 6,400 savings and retail banks, playing an additional role in bringing members together to share knowledge through international meetings and technology platforms. Participation in such events provides our Bank with up-to-date information, integration opportunities, and an additional impetus for business development.

NEWS FROM MIDDLE EAST

Our overarching mission is to act as enablers of a lasting positive change

Interview with Mr. Ibrahim Al Rashid

Mr. Ibrahim Al Rashid is the CEO and Board member of Social Development Bank (SDB). Having +20 years of experience in the finance and banking sector, Mr. Al Rashid was the CEO of Rawafid before joining SDB in 2017 as vice president for MSME financing.

We know that the focus of the activities conducted by SDB is to enable SMEs, promote social services provided to families, foster financial planning through savings programs and empower non-profits. In that sense, could you please provide us with an overview of the specifics of your programs and activities?

At its core, SDB promotes social and economic development across Saudi Arabia through the provision of services and financing programs that are aligned with international best practice.

In essence, our mission is to act as enablers of lasting positive change. Our programs and services are geared towards increasing the participation of low-income individuals and families – as well as that of MSMEs – in the Kingdom's economy by providing suitable financial and non-financial services.

Having seen the positive impact of our social lending, we increased it from $533 million to over $1 billion in recent years. We have a diverse range of products that benefit society – from family loans to marriage loans and residential home restoration loans, among others.

MSMEs are a backbone of any economy and particularly in Saudi Arabia, and SDB been financing MSMEs and entrepreneurs since 2002. With this mission, we have provided funding to around 180,000 MSMEs, with loans totalling more than $2.4 billion. This has created sustainable employment opportunities in the Kingdom, placing approximately 60,000 people in full-time work, and generating over 100,000 freelance jobs. Very recently, we allocated $6.3 billion to finance local entrepreneurs and SMEs, and this will be key in providing more Saudi citizens with opportunities for self-employment and sustainable success.

Moreover, SDB empowers non-profits and NGOs through an apex funding model, which allocates financial portfolios to transform these entities into micro-finance institutions.

In an era of digitalisation, how do you digitalize the solutions and products offered to your customers?

Digitalization has played a major role in SDB's evolution and transformation over the years, and we believe that digitalization and FinTechs are quite instrumental in enhancing financial inclusion.

SDB was one of the Pioneering government organizations that provide fully digitized products and services, and sought to create alternative financial solutions, increase the reach and affordability of our services.

At SDB we take pride in our internal achievements in the space of digital transformation. Our digital transformation journey recently included digitalizing around 50 million documents in 2022, through an integrated e-portal, facilitating access to our services. This was evidenced through our performance in the Digital Transformation Measurement (Qiyas) report in 2021. Issued by the Kingdom's Digital Government Authority, it evaluated the progress of government entities in implementing digital transformation according to best practices and standards, and in alignment with Saudi Vision 2030.

We recently received the "National Enterprise Architecture Accreditation Certificate from the Digital Government Authority" as a recognition to our efforts in the field of digitization.

To achieve this certificate, we automated 21 services, and 72% of these were done to the highest level of maturity, raising the efficiency of processing banking operations by 60%.

Underlining how successful this was, the percentage of beneficiaries' satisfaction with the bank's services increased to 85%. Additionally, we recently signed an agreement with "Elm" company, which aims to achieve integration with government agencies, and serve beneficiaries through the digital transformation of services that are both accessible and of the highest quality.

All of SDB's products and programs are aligned with the United Nations Sustainable Development Goals (SDG's). In this context, how do you transform ESG into products and services for retail customers?

As part of our commitment toward SDG goals, the Social Development Bank (SDB) has issued an ESG report, in cooperation with OXFORD BUSINESS GROUP, which has measured social development in the Kingdom through the use of advanced analytical tools. As part of its key findings, the report highlighted Saudi Arabia's efforts and achievements in empowering its citizens, and the entrepreneurship sector, through the launch of new business projects that have high social standards –- including environmental sustainability and governance standards.

The report used advanced data and infographics to demonstrate the contributions of SDB towards achieving 9 United Nations Sustainable Development Goals (SDGs), as well as Vision 2030's objectives.

Based on its ESG report, SDB has contributed towards the realization of a number of SDGs that revolve around financial inclusion, equal opportunities, support for innovation, industry and infrastructure development, and promoting social welfare by supporting low-income groups and people with special needs. In addition to all of this, important work has been done to empower women and support sustainability and the availability of vital services destined for cities and governorates.

You are working on encouraging thrift and savings among individuals and institutions in the Kingdom of Saudi Arabia. You also create specific programs and schemes to help people reach this goal. Could you share which programs receive the highest demand?

One of SDB strategic objective is to, "Encourage savings among individuals and institutions in the Kingdom, and create instruments that can fulfil this goal," To achieve this objective, in 2018, we launched the first savings product "Zood Savings Program" and became the primary governmental entity in the Kingdom that promotes micro savings. The program is an opt-in program designed for SDB loan clients to allow them to save small monthly amounts through clients' respective no-fee no-minimum accounts.

It was designed using some behavioural economics principles including nudging and choice architects which led to building an attractive program with an incentives system that rewards those who maintain a steady and incremental increase in their savings throughout the program duration, this program has enabled more than 148,000 of low-income citizens to save a total amount of SR 365 Mn.

In 2021, we have expanded our savings services to a new segment (young Saudis between the age 6 to 18) leveraging fintech best practices and becoming the first FinTech solution in the Kingdom that enable young people to have a full banking experience that combine knowledge with practice and encourage good financial management skills. The program has reached mor than 27K child all over the country and aims to help all children acquire basic financial concepts and savings habits through a system of financial and non-financial incentives to help the new generations acquire the necessary financial skills for a healthy financial future.

These savings programs have spared widely all over the kingdom and attracted more and more partners from the financial sector over the years.

What are your achievements in the social development sector?

At SDB, we provide concessional development financing programs for citizens, in addition to supporting small and emerging projects. Our overarching mission is to act as enablers of a lasting positive change; pioneers in empowering social development tools and enhancing the financial independence of individuals and families towards a vital and productive society.

As the main government pillar for economic and social development, we aim to provide social financing products and business solutions to those in need. As part of this mission, we have outlined a set of objectives to support Saudi citizens and residents, as well as fund freelancers, startups, and micro and small enterprises.

Furthermore, SDB is linked to several Vision 2030 programs that play a role in improving the overall competitive edge of the local content, and seeks to empower citizens through social development programs. One of our primary goals is to provide social loans – free of interest – to low-income citizens. There are many great success stories of what we have achieved in terms of encouraging and promoting greater social development in the Kingdom – and many of our initiatives have been recognized.

SDB also contribute to MSME sustainability through a wide range of non-financial support services provided through a specialized centre (Dulani), that led SDB to win a Global Award of Women's Empowerment in 2022. Additionally, SDB has been awarded the best national transformation project (Jaadah 30) in 2022, by Project Management Institute (PMI), the world's leading project management organization.

Ultimately, our journey continues and we are always committed to provide the necessary products and services that help a wide-range segments of beneficiaries meet their funding, savings, and non-financial needs, to catalysing social progress and economic development further in the Kingdom.

WORKING GROUPS

WSBI kicks off three new sub-working groups

Following the African Regional Meeting held in Cabo Verde last October, African members requested WSBI to facilitate the creation of sub working groups at a regional level. The sub-working group concept would involve only few members having the same priorities who could share information, knowledge and experience around one specific topic. This new concept will allow each group to focus on a single theme that will contribute to the implementation of concrete plans and solutions for daily tasks.

In this connection, WSBI reached out to members to learn their subjects of interest for the creation of the sub-working groups. In order to attain the best possible outreach, WSBI included a question in relation to the preferred subject within its WSBI general survey, sent out annually to WSBI members not only to reach the threshold but also to increase the chances of a response from members who were not present at the African regional group event in Cabo Verde last year.

Based on members' feedback, the IIR-Manager for Africa created three working groups on i) Transformation of postal bank ii) Financial inclusion and iii) Digital transformation

These topics are not exclusive, a member belonging to one sub-group may, upon request, also take part in another sub-group. Moreover, the three subjects cited above are not exhaustive, and upon members' request, other group(s) could be created to respond to new priority topics.

The plan for 2023 is to establish, for each working group, three virtual meetings. This concept could lead to a study visit hosted by one of the members.

TRANSFORMATION OF POSTAL BANK

The first meeting was organized on the transformation of postal bank. Indeed, Al Barid Bank, who currently holds the presidency of the African region, was committed to lead this subgroup as they have successfully completed their postal transformation over ten years ago.

During the first meeting, M. Hicham Es Sounaini, Director of Digital & e-Payments at Al Barid Bank made an excellent presentation on a step-by-step process on the implementation of a successful strategy on the digitalisation of postal products. The meeting saw participation of a quite many of attendees from Al Barid Bank, La Poste Burkina Faso and Poste Finance Senegal. The session that was initially scheduled to last 1.30 hour ended more than 2 hours as the audience was very engaged in the topic. Indeed, for our members from Senegal and from Burkina Faso, postal transformation has been for few years now one of their main priorities.

During the Q&A session, the participants raised two main concerns. The first concern involved the launch of the online banking and all obstacles that financial institutions are facing especially when it comes to the electronic signature of the contract that involve a high level of cybersecurity control. The second concern questioned the main prioritization in order to ensure the success of a complete transformation as postal transformation is a long term work that necessitates change in each and every department.

FINANCIAL INCLUSION

With more than 30 participants from 11 financial institutions based in 7 different African countries, the first virtual meeting on financial inclusion turned out to be a great success.

During the session, participants were able to tackle the financial inclusion strategies that allow the speakers to elaborate on their initiatives to financially include the refugees of the region, the disabled community and finally to highlight all the benefits of great partnership for a better inclusion.

At the end of the session, members expressed their interest in focusing on financial inclusion for women and youth specifically in rural places but also on innovative solution that permit financial inclusion for informal business.

DIGITALISATION

Our first meeting on digitalization is targeting 10 financial institutions located in 10 different African countries and the session will focus on 'The role of digitalization in improving communication and customer loyalty'. In line with the newly created working groups and also with our cross regional approach, WSBI held the first thematic webinar of the year on "The Role of Fintech in Financial Inclusion for Women" that combined digitalisation with financial education. Hosting speakers from Germany, Niger and Vietnam, the webinar witnessed vivid discussions on innovative fintech solutions for a better financial inclusion for women with +50 participants. WSBI team stands ready to organize similar events during the Q3 and Q4 of the year to serve our members to the best of its capacity.

Stephanie Yeze is international & institutional relations advisor of WSBI-ESBG with expertise on Africa

NEWS FROM AFRICA

BSB Cultivates Inclusive Culture of Savings

Bomolemo Selaledi, Head of Marketing and Corporate Affairs at Botswana Savings Bank (BSB), highlights how the bank is committed to cultivating a culture of saving among the public including women.

To assert its commitment to savings, Bomolemo Selaledi said BSB is a member of the World Savings and Retail Banking Institute and to mark this partnership, the Bank commemorates the World Savings Day, a day originally created by the founders of WSBI back in 1924, annually on 31 October to sensitise the nation about the importance of savings.

"The BSB World Savings Day commemoration is geared towards educating the nation about the importance of savings and encouraging Batswana to diversify their savings portfolio beyond traditional forms of investment. Financial inclusion remains a priority area and it is consistent with the BSB's core mandate of inculcating a culture of savings amongst all Batswana, as well as providing affordable financial banking solutions," Selaledi buttressed.

The BSB was chosen the winner of the 2021 Best Savings Bank in Botswana Award honoured by the Global Banking and Finance Review 2021 which is a clear indication of the Bank's unwavering commitment in cultivating the culture of savings.

DRIVING CULTURE OF SAVINGS

She said BSB has played an important role in taking banking services to the unbanked population. Under the Ministry of Finance Financial Inclusion Strategy, BSB has been appointed to champion the priority area focusing on "Facilitation of Low Cost, Accessible Savings Products in Botswana".

"The Bank developed low cost, accessible, flexible savings products for the lower income segment of the population, who are currently excluded. The Bank is a committed partner and a strategic stakeholder that contributed significantly towards financial education and financial inclusion," she said.

SAVINGS PRODUCTS

In terms of the savings products, Selaledi said BSB's efforts are well represented in the diverse, affordable, and attractive savings products that cater for different customer segments. "The Bank offers various savings products such as Sesigo Savings Account, Save As you Earn, Ordinary Savings Account and Fixed Deposit Account. All of which have been tailored to suit various needs and remain affordable across segment of clients, with the lowest having a minimum balance of P50.00 or any affordable amount."

"BSB's core mandate is to encourage savings among Batswana, hence, in a bid to drive the savings culture, the Bank offers customers an opportunity to turn their savings into investments by rolling out an array of campaigns with attractive interest rates and an opportunity for customers to earn interest on a yearly basis".

INNOVATION

BSB continues to explore innovative and new savings opportunities for its clients, noting that new realities offered by Covid19 created an opportunity to re-think the always evolving business needs. For a Bank that is on an expansion drive, to both grow its customer base and provide financial services in areas where the Bank is not represented, BSB recognizes that, there is a need for a provision of accessible financial solutions.

"This will be your internet banking, cell phone banking, point-of-sale machines (POS) and mobile app. Moreover, the digitalised system will ensure even smoother banking, faster turnaround times and better services harnessing the greatest potentials of technology," she said.

SAVINGS KEY FOR WOMEN

To push savings among women, Humana People to People (HHP) Botswana embarked on the project to cultivate culture of savings to transform lives of women in the rural communities.

With the support from Project Concern Internationals GROW programme, the Empowerment of Non-State Actors (European Union) and Ministry of Local Government including the Ministry of Agriculture, HPP has been able to start-up 98 savings groups with more than 1100 members.

The HPP employees encourage low income bracket and vulnerable women to be part of the development of savings groups in the communities.

According to HHP, Savings groups work through fixed contributions of between UD$1-5 (P10-P50) per week. Members are able to borrow small amounts from the group to start their own income generation activities, to solve urgent lack of cash in the family or to improve their homestead.

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