

Newsletter

2017 Summer Edition

IBFED Board Meeting in Berlin, 18-19 May 2017



The board discussed the challenges of Basel 4 and Fintech – First meeting with the WG Chairs

On 18th and 19th May 2017 the 50th Board meeting (see picture above) was hosted in Berlin by the Association of German Banks. It was the last meeting for Terry Campbell and Anthony Browne who will be replaced by Neil Parmenter, the new CEO of the Canadian Bankers Association and Stephen Jones, the CEO of UK Finance (newly created after the merger of the BBA and 5 other Trade Association).

This Board was also special as for the first time the IBFed Working Groups (see picture at the right) had the opportunity to present their activities to the Board and to discuss the priorities for the coming year

Sabine Lautenschläger, member of the Executive Board of the ECB, was invited as one of the 3 special guests. She shared some comments on the ongoing discussions regarding Basel 3 (and 4).

IBFed Board Meeting

- May 2017 in Berlin

WG meetings

- Financial Markets WG
- Tax WG
- Consumer Affairs WG
- Value Transfer Network WG

Renewed appointments as WG Chair

Upcoming meetings

Letter on Step-in-Risks

Letter to the G20

The Consumer Affairs WG on Ageing Society and



Meeting of the Financial Markets WG with IOSCO on 27 March 2017 in Madrid



The International Organization of Securities Commissions (IOSCO) was represented by Secretary General Paul Andrews, Deputy Secretary General Tajinder Singh and Head of Enforcement Isabel Pastor. The IBFed was represented by Hedwige Nuyens (IBFed Managing Director) and FMWG members Timothy Keehan (see picture at the left, United States), Patricia Rodriguez (Spain), Gary Haylett (South Africa), Simon Pettinger (EU), Tetsuya Hasegawa (Japan), and Sam Mannion (United Kingdom). IOSCO and IBFed agreed to the high-level meeting to discuss a range of issues and priorities for both organizations. The two-hour session involved an opportunity for extensive dialogue, discussion, and exchange on matters impacting the global financial markets and bank regulation. Both sides came away pleased with the substance and results of the meeting.

Meeting of the Value Transfer Network WG in Berlin on 16 May 2017

WG Representatives from the U.S., Japan, the European Banking Federation, Germany, and South Africa travelled to Berlin to exchange ideas and share information on current payments issues.

The group reviewed the IBFed FinTech Survey that was recently completed. The results confirmed that there is a very level of interest in the role that non-banks are playing in the banking marketplace, but there has not been as much regulatory action as may have been expected. Most jurisdictions are relying on existing regulatory models while closely monitoring FinTech developments to determine if other action is needed.

The group was joined by Sabrina Small and Nat Scheer from Lipis Advisors, a consulting firm based in Berlin that focuses on payments issues. The pair led a discussion about developments in payments from across the world. Members of the VTNWG shared their views and perspectives from their own experiences.

The VTNWG also addressed how blockchain technology and the Open Application Program Interfaces (APIs) brought about through Payment Services Directive 2 (PSD2) would affect banks in Europe and around the world. While mandated in Europe, it appears that open banking is poised to spread beyond the boundaries of PSD2. Special thank you to Ingo Beyritz from the Association of German Banks for hosting our meeting!



Meeting of the Tax WG with the OECD on 19 May 2017 in Paris

The members of the Tax Working Group had very constructive discussions on the Organisation for Economic Co-operation and Development (OECD) BEPs agenda.

Topics of most interest and concern to the Group included OCED recommendations on interest limitation rules and specific country approaches to these, particularly in the United Kingdom, New Zealand, South Africa and possibly the United States.

Also discussed were the taxation treatment of hybrid regulatory capital and reporting of customer data to Governments under the Common Reporting Standard. Of particular concern to members is the security of customer information and this will be an ongoing focus for the Group.

Final point was the increasing trend for additional taxes and levies to be imposed on banks and agreed that this should be raised with the G20.

The forward work program of the Tax WG will include a program of engagement with the OECD and a policy paper on Good Tax Policy Design.

Renewed appointments of WG Chairs

The mandate of Dirk Jäger as Chair of the Accounting WG was extended till Spring 2018.

The mandate of Michael Barbour as Chair of the Tax WG was extended till Spring 2020.

Upcoming meetings

IBFed Board by call	7 September 2017
Prudential Supervision WG	5-6 October 2017 (Frankfurt)
IBFed in person Board meeting	23-24 October 2017 (Tokyo)

Letter to the BCBS on step-in risks, 15 May 2017

Step-in risk is the risk that a bank might support 'shadow bank' entities beyond its contractual obligations in order to protect itself from any adverse reputational risk stemming from its connection to the entities. If not appropriately anticipated, the materialisation of step-in risk could affect a bank's capital and liquidity positions.

The International Banking Federation acknowledges the importance of mitigating the potential spillover effects from the shadow banking system to banks. However, we believe that the ties between prudentially regulated banks and shadow banks have already been severed to such an extent that it is highly unlikely for banks to provide uncommitted liquidity support to a failing entity from the shadow banking sector. The Guidelines proposed by the Basel Committee could impose significant operational burdens on banks, be mostly redundant in the context of other regulatory frameworks, and ultimately be difficult to apply consistently, even among banks within the same jurisdiction.

Letter to the G20, 21 June 2017

As the regulatory architecture has been revised over the past few years, the IBFed has been an active participant in the various consultation processes and has recently observed the challenges in the finalization of the Basel III standards. While banks are committed to financing the economy, there is increasing concern that excessive regulations will make it very difficult to do so. There has been so much regulatory change and there are so many additional increases to regulatory capital requirements being considered, that we believe this could unbalance the position of internationally active banks in the near future and impede their ability to support robust global growth. As the Basel Committee is now trying to finalise its package of reforms we believe it is equally important to determine the economic impact of these regulations. And once the new standardized approaches are finalised banks can decide what business they wish to participate in and price more accurately for the full impact to their consumers.

The Consumer Affairs WG on Ageing society and the risk of more financial abuse



Financial abuse of seniors is a problem recognized by several countries. Due to an ageing society, banks experience an increasing demand for policy to discourage the financial abuse of seniors. In order to meet these needs, several banking associations have started proactive projects. Arthur Reitsma, Chair of the Consumer Affairs WG (picture at the left) shares the good practices of the United States of America and Canada.

USA

In January, 2016, the American Banking Association (ABA) launched its "[*Safe Banking for Seniors*](#)" campaign, which, along with examples of banks helping their customers, is described in the [*ABA Banking Journal*](#). The "Safe Banking For Senior" campaign provides free online educational resources to assist banks in educating their staff, their customers, and their communities about elderly abuse. It encourages a pro-active approach of going to customers directly to help them protect themselves. ABA's partner state bank associations have also pledged to promote the "Safe Banking For Seniors" campaign. In addition, ABA also offers to its members a free online course on elder financial abuse as part of its suite of educational for bank staff.

Canada

The Canadian Bankers Association (CBA) successfully implemented changes to Canadian privacy legislation. Privacy legislation now allows banks that suspect financial abuse of their client to disclose enough personal information about their client's situation to next of kin or another authorized representative to enable them to help the client.

Banks worked together to develop financial abuse "red flags and common scenarios", information that the involved banks have added to their training materials for front-line staff to help them spot and deal with suspected financial abuse.

The CBA website contains information to help consumers recognize [*financial abuse*](#) and [*scams against seniors*](#), how to avoid it and where to get help.

The CBA offers [*Your Money – Seniors*](#) seminars, delivered free to seniors' groups across Canada by volunteer bankers, to help seniors manage retirement finances, recognize financial abuse and where to get help to avoid it, and avoid financial fraud scams.

Banks have also voluntarily committed in the CBA [*Commitment on Power of Attorney and Joint Deposit Accounts*](#) to providing clients with information and staff with training about joint deposit accounts and powers of attorney that will assist clients to avoid abusive situations that can arise when using them.