

## 15<sup>TH</sup> ANNIVERSARY CONFERENCE OF BSCEE COUNTRIES

*The National Bank of Slovakia as the country chairing the group Banking Supervisors of Central and Eastern Europe for 2002 was the organiser of the annual conference, which was held on 6 – 9 October 2002 in the Carlton Hotel, Bratislava. The conference was attended by representatives of all member countries of the BSCEE and also by observer representatives of Cyprus and Malta.*

### The BSCEE's activities

The group of Banking Supervisors of Central and Eastern Europe (BSCEE) was founded in 1990 in Stockholm and began operating actively in 1991. Its founders, sponsors and organisers are the following six countries: Bulgaria, the Czech Republic, Hungary, Poland, Romania, the Slovak Republic and Russia. Up until 1996 the BSCEE operated without any written principles.

On 11 June 1996 the Accord on the Organisation and Principles of the BSCEE was signed. The purpose of the accord was to define the purpose and cooperation between banking supervisory bodies of the BSCEE on the basis of working experience gained over the course of the preceding five years. The BSCEE is an open organisation and therefore other banking supervisory bodies of the Central and Eastern European countries can through adopting this accord join the group at any time. Member countries through joining the BSCEE can freely participate in the activity of other banking supervisory organisations and adopt other bilateral or multilateral agreements between themselves or outside banking supervisory organisations.

At present the BSCEE works as a non registered organisational group, established for an indefinite period. The seat of the BSCEE and the group secretariat located in Budapest.

The basic mission of the organisation is the interdepartmental cooperation of the region's supervisory authorities. Its aim is to support research, educational programmes and in general all activities connected with the functions of its members, to support and maintain close co-operation and communication between banking supervisors in Central and Eastern Europe. The BSCEE enables banking supervisory bodies of Central and Eastern Europe to improve the efficiency of their supervisory activities and to ensure the exchange of experience, information and know-how. It serves as a forum for professional discussions and conferences at a high level. An important role of the BSCEE is to assist in the integration of the European system of banking supervision and to represent the regional group in the framework of the Basle Committee for banking supervision.

The highest body of the BSCEE is the member confe-

rence, comprising all banking supervisory members from the Central and Eastern European countries. The organisation's members are: Albania, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Moldavia, Poland, Romania, the Russian Federation, Slovakia, Slovenia and the Ukraine. The organisation is chaired on a yearly rotational basis. The BSCEE organises at least once a year a conference of its members in the member country chairing the organisation for the given year.

In 2002 the country chairing the organisation has been the Slovak Republic. The chairman of the BSCEE is Milan Horváth, Chief Director of the banking supervision division of the National Bank of Slovakia.

### Conference Discussions

The conference began with an informal meeting of the attendees with representatives of the NBS management on 6 October 2002. The professional part of the conference was opened by the chief director of the banking supervision division of the National Bank of Slovakia, Milan Horváth, who chaired the discussions of the whole conference. Those present were also welcomed by the vice-governor of the National Bank of Slovakia, Ivan Šramko.

The first day of the conference was devoted to the topic: "Internal rating of banks and its use in banking supervision". The main presentations were given by Mr Nolan, adviser to the banking supervision division, USA, Ms Musilová from the Czech National Bank, Mr Pancorbo from the Bank for International Settlements, Switzerland, Mr Szöke from the Hungarian Financial Supervisory Authority, Hungary. In their talks they focused mainly on new methods and trends in the creation and application of internal ratings by supervisory authorities. Specific attention was in connection with this given also to the issue of the new Basel Capital Accord (Basel II).

The second half of the day was taken up by a panel discussion, where representatives of each of the BSCEE member countries presented their opinions regarding the main topic. Subsequently Mr Bednarski from Poland gave a presentation on the project "Training initiative for ban-



king supervision". The Polish National Bank has in the framework of this project created a special training centre for banking supervision and Mr Bednarski offered representatives of all the BSCEE member countries the possibility to use the services of this centre in the full extent.

The conclusion of the conference's first day was devoted to a meeting of the representatives of the 10 pre-accession countries – the Czech Republic, Hungary, Poland, Slovenia, Slovakia, Estonia, Latvia,



*NBS Vice-Governor I. Šramko during his welcoming speech (centre). On the left the Chief Director of the banking supervision division of the NBS and current chairman of the BSCEE group for 2002, M. Horváth. On the right, adviser of the banking supervision division from the USA, E. Nolan.*



*View of the podium and attendees at the discussions.*

Lithuania, Cyprus and Malta with Mr Pooley, chairman of the EEA Groupe de Contact, which covers supervision of the Western European countries. The meeting was focused on issues concerning the expected accession of these countries to European Union in 2004, as well as the expansion of contacts and co-operation between the supervisory bodies of the pre-accession countries and supervisory representatives of Western European countries.

The second day of the conference was devoted to the topic "The current role of supervisory bodies in the field of measures against money laundering". The main presentations were given by Mr Crisanto of the Financial Stability Institute, Switzerland, Mr Balogh of the Hungarian Financial Supervisory Authority, Hungary, Mr Aspden of the Financial Supervision Commission – Isle of Man, Great Britain, Mr Prosdij of the De Nederlandsche Bank, Holland and Ms Fendeková of the National Bank of Slovakia.

From the talks given it was clear how great is the attention being given by supervisory bodies to the issue of money laundering, as well as the fight against insider activities and the financing of terrorism. The presentation by Mr Crisanto gave an overview of current international standards, norms and measures being prepared by various multinational institutions dealing with the introduction of measures against money laundering and restricting the financing of terrorism in the financial sector. The talk also emphasised the position of supervisory bodies in the effort to apply the main principles of the fight against money laundering via the financial sector and against the possible abuse of banks in financing terrorism.



Mr Balogh offered in his presentation his experience in implementing basic standards against money laundering in the Hungarian legal environment, where he highlighted possible stumbling blocks in their implementation in practice in performing supervision. He emphasised also the necessity of co-operation of all institutions involved, without which it is impossible to implement an effective scheme of measures against money laundering in any country.

Mr Aspden in his presentation focused on the experiences of a country generally considered to be a tax haven. He pointed out the fact that despite tax advantages for investors it is still possible to enforce basic measures aimed at preventing the misuse of banks for money laundering purposes.

Mr Prosdij gave an interesting presentation on the activities of the Dutch supervisory body in this field. With regard to the fact that Dutch supervision is carried out by inspections in banks aimed at uncovering possible risks connected with inappropriate procedures in applying measures leading towards the effective discovery of suspicious



ous transactions, his presentation of an actual case was highly stimulating for the audience.

The main aim of all the presentations as well as that of the panel discussion on the given topic, during which representatives of all BSCEE member countries expressed their opinion, was tight co-operation between domestic supervisory authorities and other state bodies (tax and financial police, customs office), as well as bodies active in criminal proceedings and also cross-border co-operation between supervisory authorities on a mutual basis.

The last part of the second day of the conference was devoted to the acceptance of the Federal Republic of Bosnia Herzegovina as a full BSCEE member.

The 15th conference of the BSCEE in Bratislava again confirmed the usefulness of this type of undertaking, where those attending can exchange experiences and tips gained in their work. The country to chair the group of Banking Supervisors of Countries of Central and Eastern Europe for 2003 will be Estonia, which is also to be the organiser of the upcoming 16th conference of the BSCEE countries.

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