

EBRD's Support of transformation process

Jana Sivcova

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Many forms of transformation process

- NGO, foundations → shareholder owned institution
- non-deposit taking institution → deposit taking institution
- transformations into fully fledged banks

1. EBRD support of transformation of legal or planning process

- transformation and banking consultants
- assistance of specialist legal counsel advising on regulatory aspects
- legal experts handling the licensing process
- management consultants preparing business plans including financial projections

2. EBRD support of transformation/ upgrade of operations (a)

- overall strengthening of risk management framework; development of policies and procedures
- internal audit and internal controls development
- AML policies
- asset and liability management procedures, including liquidity, FX and interest rate management
- development of IT strategy and MIS, research on suitable banking softwares

2. EBRD support of transformation/ upgrade of operations (b)

- market research and product diversification
- specialist MSE credit scoring technologies
- assessment/establishment of HR policies
- finance and banking training courses
- development of centralised accounting systems
- financial audits
- marketing strategy development

3. Other important support of any change process

- development / strengthening of corporate governance (including establishment of supervisory boards)
- attraction of commercial equity investors and “what do the institution wants” from new investors

Lessons learned

- market changes **very** fast and with transformation the competition usually increases significantly
- risk management frameworks often underestimated and insufficiently developed
- ALM insufficient – FX gaps, client often lock themselves unnecessarily into high fixed rates
- equity investors – they need to be tested and understood what they can offer as institutions
- very importantly, long-term funding strategy must be thought through
- client led TA: insufficiently details in TORs without specific deadlines and deliverables may lead to misunderstandings and underperformance of TA assignments