

On November 30, an open meeting of the International Banking Council (IBC) was held in in Lotte Hotel Moscow, within the framework of the Fifth Moscow International Financial and Economic Forum.



Opening the meeting, **Alexander Murychev** (the photo on the left), the Chairman of IBC, invited its participants to greet the new member of the council – the Association of Bosnia and Herzegovina Banks, noting the active growth of the organization over the past few years. “In this fact there are at least two aspects. On the one hand, after a long period of all divisions and fights for independence, banking associations (as, indeed, countries) understood that there are areas where it is much more reasonable to combine the efforts. On the other hand, the political and economic situation itself makes one to get out of some kind of self-isolation which is often mistaken for sovereignty”, began his presentation, **Bakhytbek Baiseitov**, (the photo on the right), President of FBA EAC, President of the Association of Banks of

Kazakhstan. As the President of FBA EAC, he noted that he was pleased that FBA acted as the host country of this pre-anniversary IBC meeting and would do everything to ensure that this meeting was held at a high professional level, and that the participants remembered it for a long time.

Later in his statement, he noted that all banking systems solve similar problems: they introduce new technologies, structure relations between commercial credit organizations and the regulator, have the “adventure” of national currencies and so on. Certainly, the link “commercial bank-regulator” is one of the most troublesome because nobody knows what other innovations the Central Bank will offer. “Perhaps, affected by Basel, soon we all will be obliged to assess not only the financial condition of a client, but its ethic condition too”, - Mr. Baiseitov joked. In general “the charm of international standards” is passing off. First of all due to the fact that strict rules of Basel and international reporting requirements are not always for good with private banks with little foreign capital. “If we look to them all the time, - pointed the speaker – it may lead to the failure to do the main work of a bank – helping its clients”. However, very few private independent banks are left.

After that the meeting returned to its main topic “Regulation and development of financial technologies: problems, risks and security”.

Alexander Murychev offered **Tatyana Zharkova**, Managing Director of the Association “Fintech” to open the discussion. Introducing the speaker he mentioned that the structure she represented was quite new and had existed since the beginning of 2017 having already become name however. “Today everyone, not only in Russia, speaks about the digital transformation, so it’s quite time for “Fintech”, - said A. Murychev.





According to Zharkova the Association focuses mainly on financial and banking sector which is prepared for digitalization more than other sectors. However there are a lot of unsolved (or partly solved) tasks in the banking system as well. The speaker pointed out some of them: remote identification, instant payments and security, of course. All of them are closely connected and each position is just a link in the chain of digital economy.

“In fact, recently the problem of security comes first more often”, - continued the speaker. “Obviously it can’t be solved just my technical means – hackers and frauds are always half-step ahead and react to all the traps at once”. “Probably the best effect can be achieved by uniting technical and regulating efforts” – summarized T. Zharkova.

Andrey Melnikov, Vice-President of the Association “Russia” went on with the issue of information security. Some figures in his report raise hackles. Thus according to the World Economic Forum total losses after cyber-attacks in 2017 amounted to trillion dollars! “Considering previous experience the forecast is unnerving, - warned the speaker. – If we don’t meet this challenge the loss might exceed 8 trillion in a couple of years”. He also provided another fact: “The world community is aware of only 20% of cyber-crimes while about 80% of companies-victims hide this information to keep confidence of their clients and market position”. “Perhaps such ostrich policy lead to the situation where our IT specialists either lag behind the criminals or are reluctant to mobilize their search for information security”, - added the speaker.

“Specialists believe that information security is the area where it is crucial to unite all efforts. And such steps are already being taken”, - continued Andrey Melnikov, speaking about the launch of a platform for data exchange which allows to get the most updated and verified data about the threats including those based on cyber-intelligence data. The platform has been working for five months in a pilot mode, and now the development of the projects depends only on the activity of the banks ready to join those 28 credit organizations already working on the platform.

Another look on digital transformation was introduced by **Samvel Chzmachian**, the representative of the Union of Banks of Armenia. First of all he reminded the meeting that according to the prognoses of the “Banking 2020 report” non-banking players will win no less than one third of income from the classical credit organizations by 2020. In addition “technical giants, social networks and online platforms are able to replace the whole range of banking services”. One can rejoice or grieve about this fact but according to the speaker, “banks have to build up their own model of a hybrid of finance and the latest digital technologies”. Samvel Chzmachian complained that in his country “a lot of banks, especially the small ones, haven’t woken up yet, strongly believing in the invincibility of their business model”. Nevertheless, one of the leading banks of the Republic – Ameriabank has recently launched a powerful center for data processing, necessary to any banking system aimed at development. His colleague, Evocabank, has parlayed into different applications. “In other words the leaders of the banking sector are trying to

keep up with the times and entrain those who lag a little”, - said S.Chzmachian, remembering the Armenian proverb “Adjust or die”.

The banks of Serbia and Montenegro are quite successful. The heads of their banking associations *Veroljub Dugalić* and *Bratislav Pejaković* spoke about it.

The ways of integration into the new realities of Azerbaijan banks were presented by *Narmin Ganieva* – representative of the Azerbaijan Banks Association, where people are also concerned about the creation of a system of instant payments and remote identification, supervision and information security.

Of great interest was the speech of *Andrey Lisitsyn* who represented the National Payment Council. He informed about information security of financial technologies on the territory of Eurasian Economic Union in general.

In the second part of the meeting only IBC members remained to discuss the current issues of the Council. In particular there was a unanimous decision to rename the IBC. Now the full name is *International Coordination Council of Banking Associations*, the short name is *IBC*. With this regard it was offered to make changes to all fundamental documents of the Council. Besides the IBC members decided to organize the next meeting in Kirgizstan at the end of May, 2019 with the discussion of the future topic in absentia. The IBC Meeting also established a new award of the organization – for charity.

Summing up the IBC open meeting one wants to repeat after the speakers – in our days it is more important than ever to consolidate the efforts of all interested parties. Together it is easier to solve serious and similar problems.



Members of International Banking Council.