

# Collective Intelligence

MAGAZINE MARCH 2014

SPECIAL EDITION

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## The Good Bank

A CONCEPT FOR IMPROVING THE  
GLOBAL FINANCIAL INDUSTRY

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## Meetings of Minds

INSPIRATIONAL THOUGHTS AND CONTRIBUTIONS

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## Mazars in Action

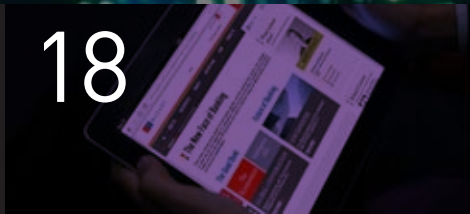
EFFECTIVENESS, INNOVATION AND TRUST



08



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24



# Trust. Innovation. Efficiency.

What lies at the foundation of a Good Bank? For the last several months, Mazars has partnered with the Economist Intelligence Unit to partake in a global discussion of what makes a socially engaged bank a successful business. Mazars participated heavily in the conversation by writing industry points of view, interviewing academic and business experts, hosting debates on a web-based platform and organizing local events in several countries. Discover all of the contributions given by Mazars to the Good Bank debate in this issue of Collective Intelligence magazine.

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Read the full report on  
[http://www.economistinsights.com/  
financial-services/analysis/good-bank](http://www.economistinsights.com/financial-services/analysis/good-bank)

# What does it take?

## TO BE A GOOD BANK

**O**n September 15th 2008 Lehman Brothers became the largest bankruptcy in history.

In the same year, hundreds of billions were spent on taxpayer bailouts. It marked a global recession that markets are still recovering from today. It was clear that banks needed to change.

In response, The Economist Group decided to bring together experts to ask the critical question: “**What does it take to be a Good Bank?**”

Rather than provide a blueprint, the Good Bank initiative has provoked debate with the hope of finding common ground for change.

The discussions revolved around what are seen to be the pillars of a Good Bank:

### **EFFECTIVENESS**

An effective bank delivers value to its shareholders by bringing value to its customers. It is run efficiently, holds down costs, takes the informed risks needed to steadily increase earnings over time, and operates within

the letter and spirit of law. The effective bank balances such competing priorities to prosper as a business today while building a franchise for the future.

### **TRUSTWORTHINESS**

But the most important quality of the good bank is not effectiveness. It is trust. In the public mind, the overextension of banks and their subsequent collapse is inextricably linked with the slowdown in European economies and attendant social and economic tensions. Given the harm wrought by

the crisis, the onus is on banks to win back public trust — and regain their position as trusted financial advisors.

### **INNOVATION**

A majority (52%) of those polled during the live webcast debate believes that the most valuable innovations in banking are coming from outside the banks themselves. Good banks can get by in the short term without adopting innovations, but those that do not adapt will fail to attract new customers and may eventually wither away.

## PROFILE:

**Brian Gardner**

Senior Editor

## COMPANY:

Economist Intelligence Unit

*“The Good Bank provided an excellent forum for open debate and meaningful analysis from all parties involved. Financial services are vital to economic growth and opportunity. Globally, we need banks to play a positive, involved and responsible role. This programme brought together leading figures in the banking sector, experts and academics, bankers and regulators. The good news is that there are some surprising areas of agreement as well as lingering conflicts. Significant steps have been taken in the last five years; both from internal realignments and due to reforms imposed by tighter regulation, but it will likely still be a long path for banking to fully regain a place of trust.”*

# THE GOOD BANK

A concept for improving the global financial industry. The Good Bank is a unique project which examines how banking can better serve the needs of society.

## INTRODUCTION

The Good Bank is an Economist Intelligence Unit research programme sponsored by Credit Suisse, Mazars and SAP and supported by Capgemini. This programme brought together dozens of experts to discuss the best ways to improve banking and what that would mean to a wider variety of stakeholders.

It was fuelled by an online debate and culminated in a live webcast. This was informed by contributions from the online forum, desk research and further in-depth interviews with banking executives and industry experts.

The report was written by Dan Armstrong and edited by Brian Gardner from the Economist Intelligence Unit.

## THE EFFECTIVE BANK

Banks have many stakeholders: investors, regulators, employees, society at large. But there is one group without whom banks would instantly cease to exist: customers. An effective bank should be able to offer customers reasons to come and reasons to stay. But there is a contradiction here. In a highly regulated industry environment dominated by a handful of giants, it is not always clear that there are sufficient incentives to provide the kind of service that keeps customers happy. In a competitive marketplace, holding on to customers requires a customer-centered way of thinking - an "outside-in" perspective.

# 10%

**OF CUSTOMERS  
SAY THEY ARE  
LIKELY TO SWITCH  
BANKS IN THE  
NEXT SIX MONTHS.**

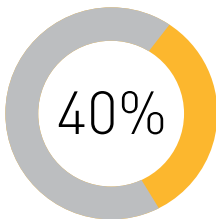
(CAPGEMINI'S WORLD RETAIL  
BANKING REPORT 2013)

## THE TRUSTWORTHY BANK

At their core, banks link savers and investors, and society looks to bankers to perform this role admirably. Facilitating growth-and ultimately increased prosperity - across the wider economy should be central to the value of financial services.

Ultimately, the most respected institutions have found ways to reconcile social goals with the pursuit of profit. They do so by changing the definition of return.

*Banks need to restore trust - especially among the younger generations. Is localism an option? asks @SharonBowlesMEP #TheGoodBank*



**MORE THAN 40% OF  
BANKS ARE WORKING TO  
BOOST THEIR STRATEGIES  
FOR BIG DATA, ANALYTIC  
AND DATA COLLECTION.**

(IDC FINANCIAL INSIGHTS)

recognition of cheques. These innovations have become a new baseline. The vast majority of banking innovations involve servicing precise groups of inadequately served depositors, borrowers or customers in need of transaction services. Any business that understands its customer segment sufficiently well enough to come up with a highly targeted offering, can peel away a sliver of customers.

## THE INNOVATIVE BANK

Over time, the good bank has found myriad new and better ways to deliver value, whether through technology, analytics, or other forms of invention. If products and services fail to improve over time in a market economy, incumbents are replaced by competitors. For instance, no bank can survive today without offering online account management, mobile payments, e-signatures, or image

*// Competition ultimately is going to be the best force here. It won't be governments; it won't be regulators; it won't be politicians. It will be competition that drives the standards and improvements. //*

JONATHAN MCMAHON,  
GLOBAL HEAD OF REGULATION  
AND BANK RESTRUCTURING  
AT MAZARS.

## THE CONCLUSION

All three characteristics of the good bank are important. But are all equally critical? No. One quality clearly stands above the rest.

When we look for a bank or financial institution, trustworthiness is the top attribute. But while trust is necessary, it is not sufficient.

Trust is about sincerity and honesty; effectiveness is about delivering on promises and commitments. Innovation is more important in the intermediate to long term, but trust is always the foundation.

## The Good Bank Interviews

*We asked three experts, what is your definition of a good bank?*



**PROFILE:**  
**Geoffrey P. Miller**

**COMPANY:**  
Stuyvesant P. Comfort  
Professor of Law  
Director, Center for  
Financial Institutions  
New York University  
School of Law

A good bank contributes to the efficiency of financial markets by distributing liquidity to socially desirable uses, complies faithfully with its legal obligations, and if a commercial bank, facilitates the operation of a safe and reliable payments system. A bad bank on the contrary distributes liquidity to uses that are not socially desirable, fails to comply faithfully with legal obligations, including obligations to regulators, shareholders, creditors, and borrowers, or fails to facilitate the operation of a safe and reliable payments system.

To read the full interview, please visit: [www.weisermazars.com/thegoodbank](http://www.weisermazars.com/thegoodbank)



**PROFILE:**  
**Ronan Le Moal**

**COMPANY:**  
Managing Director,  
Crédit Mutuel Arkéa

A bank today has to be simple. It has to avoid using models which have been too complex in the past. It was sometimes organisational models but also products sold to the customers which were too complicated. Simplicity, legibility of the bank's model is reassuring for investors, for shareholders, for customers who ask today more for advice than complexity in what the bank can offer to them. The most important factor is therefore simplicity and legibility of the model the bank is defending. This will build trust that we need to have from people who will invest in a bank, bring capital or buy products.

To read the full interview, please visit: [www.mazars.com/thegoodbank](http://www.mazars.com/thegoodbank)



**PROFILE:**  
**Michele Rutigliano**

**COMPANY:**  
Full Professor of Banking  
and Finance, University  
of Verona, SDA Bocconi  
School of Management

A bank that respects laws and rules - not only from a formal point of view, but who above all cares about sound and prudent management just as much as the interests of their clients. However there are no rules, no matter how precise or detailed, that can actually prevent 'deviant' behaviour. Therefore it is necessary for banks to show respect and support for the 'spirit' of 'a good bank' - a change in thinking and a greater severity of punishment for bad management.

To read the full interview, please visit: [www.mazars.com/thegoodbank](http://www.mazars.com/thegoodbank)

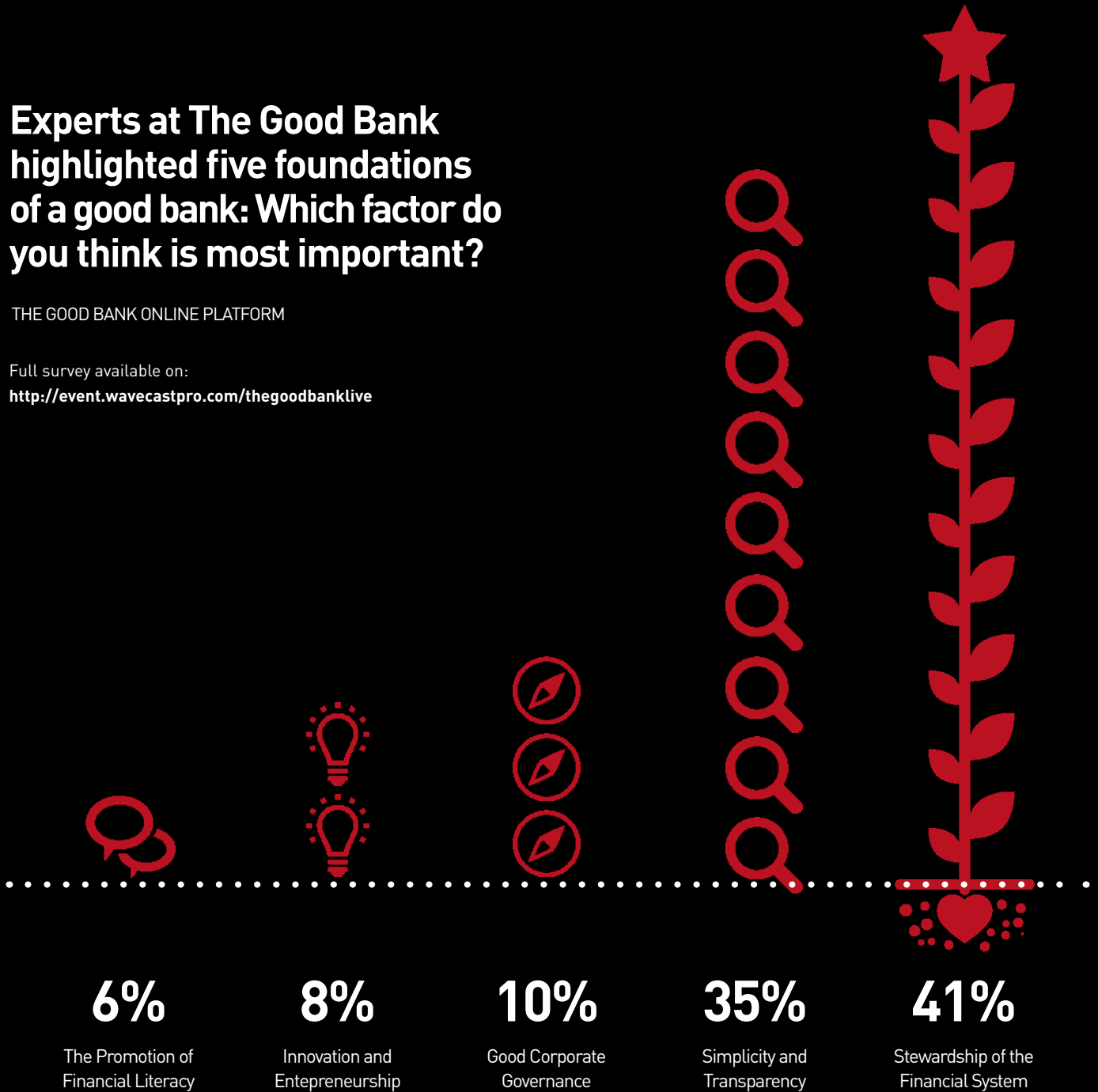


# Online Survey

**Experts at The Good Bank highlighted five foundations of a good bank: Which factor do you think is most important?**

THE GOOD BANK ONLINE PLATFORM

Full survey available on:  
<http://event.wavecastpro.com/thegoodbanklive>



# SIMPLICITY IS A COMPLEX ISSUE.

**///** *In the past, complexity has been a classic component of globalization and the economic needs of stakeholders, but going forward it sits uncomfortably with the principles of how a 'Good Bank' should operate in terms of efficiency, innovation and trustworthiness. Monolithic banking organisations selling complex products are no longer seen as the future of banking. ///*

## **Over concentration**

With the European banking industry experiencing an intense phase of concentration in the last 20 years, size remains an influential factor. It's a factor that has become more pronounced in recent years as a result of the financial crisis, particularly in some countries such as Belgium, Ireland and Spain. Even if regulators take other factors into account the size of a banking institution and its interaction with other players has become a key element in the definition of symmetrical risk.

While this concentration of banking services through acquisitions, issuer services or asset management roles has led to significant synergies between related trades and core activities such as deposits and loans, the evolution of such financial conglomerates has introduced

structural complexity to how banks operate.

## **Product Complexity**

But complexity not only exists in the operational structure of banks, it also exists in the innovation of banking products and services. Indeed it can be argued that much of the increase in banking performance up to 2007 was due to such financial innovation.

And while levels of product innovation have been supported by deregulation and a favourable monetary policy, there is a further argument that demand played a large role in increasing the level of innovation and complexity of products offered.

## **Regulatory Tsunami**

Yet as banks simplify operations, there is a question mark over what impact the regulatory landscape will have. The



regulatory tsunami faced by the banking industry since the outbreak of the sub-prime crisis was an attempt by politicians and regulators to ensure such a crisis does not occur again.

But is a regulatory system that relies on taxpayer buy-in and involves complex financial instruments to underpin guarantees of non-failure an adequate answer? The new regulations implemented, particularly in Europe and the United States have introduced an extraordinary amount of complexity into the banking sector.

*This article was published in Banking & Finance Magazine in the Netherlands (sep13 issue)*

**CHARLES DE BOISRIOU,  
GLOBAL HEAD OF BANKING**

Read full article at:  
[www.mazars.com/  
thegoodbank](http://www.mazars.com/thegoodbank)





## A GOOD BANK REQUIRES GOOD SUPERVISION

*“The treatment of impairments during the restructuring of Greek debt in 2011 highlighted how, based on principles, the same event could lead to different treatments while remaining compliant with the regulations.”*

Given its central role at the heart of the economy and financial system and the risks associated with fulfilling its role, banks have to operate within an environment subject to laws, regulations and directives. Outcomes can often be subject to the constraints of such supervision, but not entirely. In fact, apart from the regulation that sets out the rules of the game, supervision should naturally complement activities, offering degrees of regulatory freedom within the constraints of stated standards in order to help banks achieve the best outcome possible from a business and economic perspective.

**EMMANUEL DOOSEMAN, PARTNER**

Read full article at: [www.mazars.com/thegoodbank](http://www.mazars.com/thegoodbank)

*“Our good bank does not forget that business and moral ethics are the result of deliberate and sustained effort.”*

Good business requires a sense of proportion and an understanding of the environment in which the bank operates. We are reminded that, whenever it needs to ask itself, our Good Bank will not confuse the ends with the means whereby money is no longer understood for its value, but as the ultimate purpose. It is only under these conditions that efficiency and banking innovation make sense and that trust is possible.

**BERTRAND DESPORTES, MANAGER**

Read full article at: [www.mazars.com/thegoodbank](http://www.mazars.com/thegoodbank)

### WHAT IS A GOOD BANK?

# GOOD OR BAD

# 900

## BILATERAL AGREEMENTS

### *A Paradigm Shift: Seeking Transparency in Global Tax Law*

**“Policy has taken a strong step  
in the direction of eliminating secrecy  
and the tax evasion it supports.”**

After an era of banking secrecy defined by unreported offshore accounts and abusive transactions, a tangible shift in policy is rapidly taking shape. Spearheaded by the Organization for Economic Cooperation and Development (OECD) and supported by the U.S. Foreign Account Tax Compliance Act (FATCA), nations and international financial centers alike are being left with little choice but to join the tide of tax transparency, as new international standards and agreements are forged.

Leading the charge is the OECD with its Global Forum on Transparency and Exchange of Information for Tax Purposes.

The Global Forum, in which 120 countries are participating, has extracted a commitment from all involved to exchange bank information upon request in a bid to end bank secrecy. Pursuant to this commitment, over 900 bilateral agreements have been signed, and the OECD has acknowledged its intent to push for the implementation of automatic information exchange. Such cooperation between nations is fundamental to effectively combating tax evasion and rolling back the secrecy that has pervaded international finance for too long.

**STEPHEN M. BRECHER, PARTNER / SUSAN GRBIC, PARTNER**  
Read full article at: [www.weisermazars.com/thegoodbank](http://www.weisermazars.com/thegoodbank)

**///** *The question facing Europe is not which of its banks are weak: it is how this situation can be changed and how it will be paid for. **///***



# The European de-stress test

Fearing a repeat of turbulence in financial markets, indeed a collapse in the financial system, since 2008 policymakers have sought to eliminate doubts about the solvency of individual banks through capital injections or other guarantees.

This has led governments to bail-out banks, and regulators to insist on ever greater stocks of capital and liquidity to shock-proof the financial system.

Europe's weak growth prospects are now testing the limits to this approach.

There is a growing recognition that unless banks extend sufficient credit, the European economy could stagnate for a prolonged period. In this environment, Europe's banks will remain fragile as impairments increase and

capital generation through profit growth is limited.

Low growth is also likely to mean a sustained period of low interest rates in most of the EU. This is bad news for banks as it compresses interest margins, their principal source of revenue.

And if a bank tries to pass on its own interest costs to its borrowers, this can affect the credit quality of its loan book, leading to higher capital requirements and impairment charges.

Policymakers now have an opportunity to address these issues, and in particular to decide what to do about the suggested procyclical effects of the new capital and liquidity rules. The announcement that Basel rules will be

eased is a first sign that the approach might be changing.

There is a danger that this adjustment is too slow, and that policymakers remain too focused on stability in the here and now. Given the uncertainties about Europe's economy, there are good reasons to preserve the Basel III status quo. It would take a courageous bank supervisor to ease capital and liquidity standards in support of growth and future bank profitability. Yet this needs to happen.

Another issue to be addressed concerns the large stock of impaired loans sitting on the balance sheets of Europe's banks. In Spain, Ireland and Greece, a decision was taken to capitalise banks for the losses which could arise if

enough of these loans default. This has been its own costly orthodoxy. The ECB will need decide whether to adopt the same aggressive stance, or to give banks the time to work through their loan books. This second option works in a growth scenario, but it is unclear this will happen if growth fails to lift borrowers' credit quality.

These challenges are likely to be debated hotly as the next EU-wide stress test is constructed.

Read full article at:  
[www.mazars.com/  
thegoodbank](http://www.mazars.com/thegoodbank)

**JONATHAN MCMAHON,  
GLOBAL HEAD OF BANK  
REGULATION AND  
RESTRUCTURING**

## Can Banks Be Good?

*“For the Good Bank to demonstrate corporate social responsibility it would need to consider the environmental sustainability of its actions and that of its clients.”*

A good bank might refrain from conducting business with companies and individuals not socially conscious or limit its portfolio to investments to companies who have committed to being socially responsible. It would examine its contractual relationships to ensure its counterparties acknowledge their corporate social responsibility within their center(s) of influence. As banks and their

counterparties eliminate geographical boundaries and gain increased power and impact, their social responsibility increases exponentially; so too must their awareness of this responsibility.

To that end, what is a socially responsible company? Corporate Social Responsibility (“CSR”) takes the position that a corporation’s

obligation to shareholders cannot take precedence over responsibility to society in general. Said differently, while profits are important, human rights are more so.

**BRIDGET DAY, PARTNER**

Read full article at: [www.weisermazars.com/thegoodbank](http://www.weisermazars.com/thegoodbank)

## The Good Bank model already exists, doesn't it?

*“Micro finance is no longer a marginal sector of banking restricted to a few emerging countries.”*

The French National Assembly’s review of the Banking Bill reveals overarching structural measures in virtually all areas of banking. Yet this commendable piece of legislation designed to uphold the moral practices of our cherished banks does not necessarily reflect the realities of a global banking system that aspires to financial inclusion of the poorest in our society - something Micro Finance has been doing for several years.

**MAX DONGAR, PARTNER**

Read full article at: [www.mazars.com/thegoodbank](http://www.mazars.com/thegoodbank)



## BANKING’S IMPORTANT FACTORS OF

# TRUST & COMPLIANCE

How does a bank rebuild trust with the public? For customers, that means doing what you say you will do, when you say you will do it and being up front about costs and conditions. The same holds for other stakeholders. Regulators are looking for banks to be compliant all of the time, good at managing risk and straightforward in their dealings. How do you balance the need to motivate bankers to be efficient and at the same time encourage them to focus on sustainability, which may mean forsaking long-term profit? Perhaps the answer lies in building reward systems that recognise both the up and down in profit cycles so bankers do not receive all of their bonuses until profits have been sustained over a period.

**MARK KENNEDY, PARTNER**

Read full article: [www.mazars.ie/Home/News/Latest-news/Banking-s-Important-Factors-of-Trust-Compliance](http://www.mazars.ie/Home/News/Latest-news/Banking-s-Important-Factors-of-Trust-Compliance)





## EMIR: A ROAD PAVED WITH GOOD INTENTIONS?

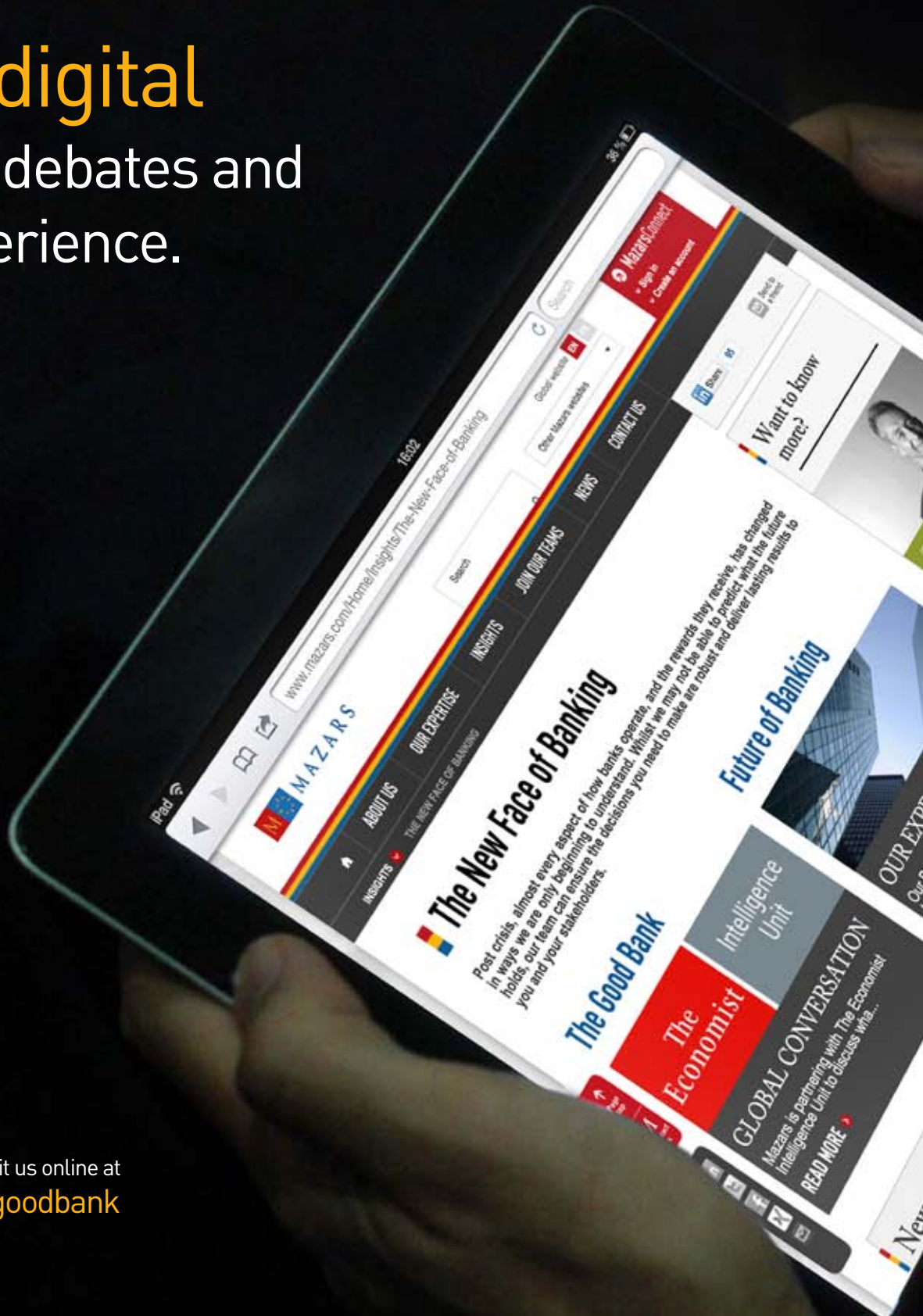
*“Despite the fact that EMIR is a road paved with good intentions, impact studies by market participants report that the vast majority remain to be convinced of the merits of reform.”*

EMIR has been designed by both EU Member States and institutions to prevent a repeat of the dysfunctions and lack of transparency in the OTC derivative market recorded during the 2008 financial crisis. The vast range of new regulations applicable to the OTC derivative market since March 15, 2013 undeniably creates major operational difficulties. Electronic reporting, portfolio monitoring, daily clearing means so many more of those participating in OTC derivatives now need to review back-office capabilities in order to meet these new requirements. Both from a business and technological aspect, EMIR is a challenge.

**CLAIRE GUEYDAN-BRUN, PARTNER**  
**JEAN-LUC MENDIELA, SENIOR MANAGER**

Read full article at: [www.mazars.com/thegoodbank](http://www.mazars.com/thegoodbank)

## Going digital to enrich debates and user experience.



To learn more, please visit us online at [mazars.com/thegoodbank](http://mazars.com/thegoodbank)

## ONLINE COMMENTARY

David Herbinet  
Partner, Mazars UK

[Login to add comment](#)

Each bank needs to define its own purpose in society and reassess its business activities against this purpose. This will make them innovative, trustworthy and effective in a way that adds value to society rather than cost society.

Stephen Brecher  
Partner, Mazars USA

[Login to add comment](#)

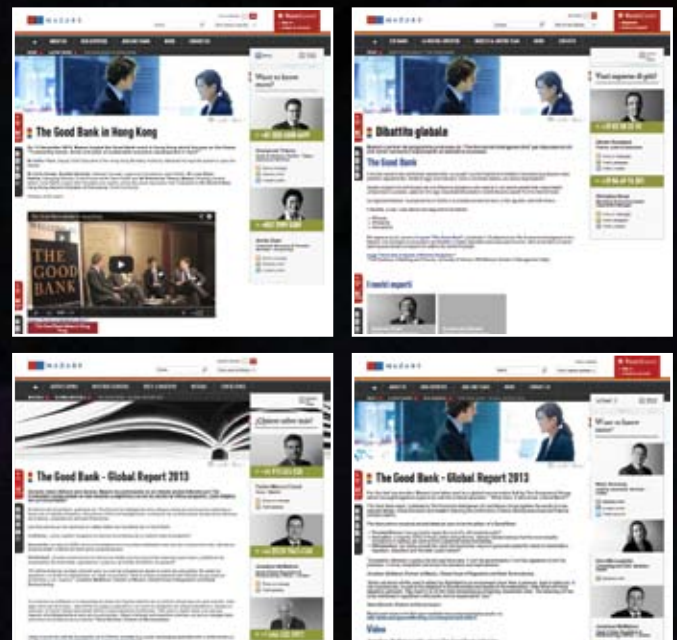
Financial institutions are faced today with restoring confidence in the industry and re-gaining the trust of their clients/customers. At the same time they are faced with: - the need to attract top flight executive talent in an environment where that pressure, legal or commercial, to cap executive pay: - provide lending/liquidity to the marketplace, while faced with regulatory pressures and: - simultaneously provide shareholder value. What is the right balance?

Danish Ali Malik  
Consultant, Mazars Pakistan

[Login to add comment](#)

is there an ideal banking model, a one for all!!!! and is the market of Islamic banks and other specialized banks gaining market as where i live every bank is opening an Islamic bank being a Muslim country.

## More than 15 countries connected online



A global meeting of minds with over **500** participants, including **39** industry speakers and **65** banks all taking effect across **6** key cities.



## NEW YORK

On October 1, 2013, WeiserMazars co-hosted the Good Bank Debate with the New York University School of Law and Center for Financial Institutions. The panelists discussed the role of regulation, risk tolerance, and economic growth in today's changing bank landscape.

## LONDON

Mazars sponsored the Good Bank debate devised by the Economist Intelligence Unit in London on June 4, 2013. The panel debate was streamed live to audiences globally and used an online platform to encourage rich conversation and content. Fifteen speakers offered collective opinions and visions for what makes a good bank.



## PARIS

Mazars presented the results of the Good Bank report in Paris on September 24, 2013. The event took place in affiliation with Sciences Po Paris University. The panelists discussed and shared ideas on what defines a Good Bank and participated in a conversation about the future of financial services.

## LUXEMBOURG

Mazars organized a seminar on the theme of "the Good Fund" on September 26, 2013 in Luxembourg. The event focused on corporate governance issues, such as the role and responsibilities of the custodian bank, organizational requirements, remuneration policy and risk management systems.

## ALGIERS

Mazars Hadj Ali organised a Good bank conference on September 2, 2013 in the company's headquarters in Algeria. It was an opportunity for the panelists to discuss the societal and economical role of a bank and encourage new and innovative academic contributions.

## HONG KONG

Mazars organized a Good Bank debate in Hong Kong on November 13, 2013 based on the theme of "Trustworthy banks: driver and pillar of sustainable economic development in Asia?" The event took place at The Hong Kong Bankers Club.

A special thank you to the 39 industry speakers across the world, whose insights proved to be invaluable.



## LUXEMBOURG

**Shoqat Bunglawala**  
Managing Director, Product Strategy & Development, Goldman Sachs Asset Management

**Frédéric Hizette**  
Director, Mazars

**Mohammed Hossen**  
Managing Partner, Mazars

**Brian McMahon**  
Managing Director, Alternative Investment Services, BNY Mellon

**Sven Rein**  
Managing Director, BNP Paribas Real Estate Investment Management

**Jérôme Wigny**  
Partner, Investment Funds and Asset Management Practice, Elvinger, Hoss & Prussen

**Marco Zwick**  
Global Head of Compliance and Continental European Head of Risk, Schroders

## PARIS

**Patrick de Cambourg**  
Chairman, Mazars

**Philippe Dupont**  
Founding President of Isodev, Member of the Supervisory Board of BPCE

**Pierre Fleuriot**  
CEO, Credit Suisse

**Alfred Galichon**  
Professor, Economy Department Sciences Po

## ALGIERS

**Charles de Boisriou**  
Partner, Global Head of Banking Mazars

**Hocine Mouffok**  
Partner, Cabinet Conseil Aux Entreprises Paris

## NEW YORK

**Stephen M. Brecher**  
Partner, WeiserMazars

**Robert Cohen**  
Managing Partner, Joranel LLC

**Joe Kolman**  
Managing Editor, Economist Intelligence Unit

**Donald N. Lamson**  
Partner, Shearman & Sterling

**Geoffrey Parsons Miller**  
Stuyvesant P. Comfort Law Professor, Director of the Center for Financial Institutions NYU School of Law

**Mark W. Olson**  
Co-Chair, Trelia Risk Advisors



**LONDON**

**Martin Andersson**  
Director General, Finansinspektionen

**Giles Andrews**  
Founder and CEO, Zopa

**Philip Augar**  
Visiting Fellow, Institute of Historical Research

**Sharon Bowles**  
Chair, Economic and Monetary Affairs Committee, European Parliament

**Ann Cairns**  
President, International Markets, MasterCard Worldwide

**Peter Hahn**  
Faculty of Finance, Cass Business School

**Jason Karaian**  
Financial Services Editor, Economist Intelligence Unit

**John Kay**  
Visiting Professor of Economics, London School of Economics

**Giles Keating**  
Managing Director, Head of Research for Private Banking and Wealth Management, Credit Suisse

**Jean Lassignardie**  
Corporate Vice-President, Cppgemini

**Sir Callum McCarthy**  
Chairman, Castle Trust

**Jonathan McMahon**  
Global Head of Regulation and Bank Restructuring, Mazars

**Steve Pateman**  
Executive Director, Head of UK Banking, Santander

**Jonathan Rosenthal**  
Banking Editor, The Economist

**Don Trotta**  
Global Head of Banking Industry Development, SAP

*Invited by The Economist.*

**HONG KONG**

**Chris Davies**  
General Counsel, Legal and Compliance, Société Générale

**David O'Rear**  
Chief Economist, Hong Kong General Chamber of Commerce

**Luca Silipo**  
Managing Director, Chief Economist for Asia-Pacific, Natixis

**Emmanuel Thierry**  
Banking Practice Leader, Asia-Pacific, Mazars

**Arthur Yuen**  
Deputy Chief Executive, Hong Kong Monetary Authority

At **Mazars** we believe the best possible answers to the current regulations and reputational challenges will emerge from “collective intelligence” - shared values serving the common good, a public spirited and reformist dynamic.

## HELPING G20 REFORM THE FINANCIAL SYSTEM

In 2013, the Presidential Administration of Russia selected the issue of fostering economic growth and job creation as a primary focus of its Presidency, and structured the agenda around three priorities: growth through quality



jobs and investment, growth through trust and transparency, and growth through effective regulation. Patrick de Cambourg, Chairman of the Group Mazars and Fabrice Demarigny, Global Head of Financial Advisory Services, have regularly participated in the on-going discussion, effectively contributing to the B20 recommendations about the reform of the Financial System.

The White Book represents the final recommendations from the Business 20 to the G20 Leaders. [http://www.b20russia.com/B20\\_WhiteBook\\_web.pdf](http://www.b20russia.com/B20_WhiteBook_web.pdf)

LOCATION: RUSSIA

## THE GOOD BANK: A GLOBAL CONCEPT

Over a five-month period, Mazars combined forces with the Economist Intelligence Unit, Credit Suisse and SAP to gather and present informed opinions and arguments from regulators, NGOs, banks, academics and concerned experts to help define what a good bank looks like. Three key themes underpinned the global conversation: the effective bank, the innovative bank, and the trustworthy bank. This program involved curated expert essays, independent Economist Intelligence Unit research and online engagement culminating in a conference live streamed from London and the publication of a global white paper.



To learn more about the program, visit our website at <http://www.mazars.com/thegoodbank>

LOCATION: WORLDWIDE

## ENGAGEMENT WITH LIBYAN NCCLHR

In November, Mazars signed a non-binding MOU with the Libyan National Council for Civil Liberties and Human Rights (NCCLHR) to provide assistance and technical support to help them develop a Human Rights and Anti-Corruption framework. Following the signing of this agreement, the Mazars UK team travelled to Tripoli to further develop our plans for working with them. As a result of our discussions, Mazars formally joined the Libyan National Council for Civil Liberties and Human Rights Partner Project, contributing to the Anti-Bribery and Corruption development and training, and human rights in business mentoring and knowledge development.



LOCATION: LIBYA



## STATE BANK OF PAKISTAN – “PROJECT OF THE YEAR”

In 2011, the State Bank of Pakistan received an endowment from the Asian Development Bank for a major project aimed at teaching basic finance and banking to Pakistan’s most underprivileged adults, enabling them to make better economic decisions and ultimately contribute to the country’s development. The State Bank turned to Mazars for the design and implementation of this programme.

Having defined the curriculum content, Mazars’ teams made a careful study of local contexts in order to create teaching tools and materials adapted to suit various audiences. Launched in January 2011, the programme was rolled out through numerous different channels during the year: classroom training, workshops, plays, radio and newspapers.

*“We have taught around 30,000 people directly, and reached another 15,000 through street theatre but our long term goal is to bring this knowledge to 500,000 people in Pakistan. It’s a very stimulating mission, as it involves a lot of different people at every level. It has allowed us to demonstrate what we can offer, both in terms of high-level strategic thinking and our operational knowledge and experience on the ground.”*

**Rodney Rahman**  
Managing Partner, Mazars Pakistan

## STUDY ON THE REVIEW OF THE EUROPEAN SUPERVISORY AUTHORITIES ON BEHALF OF THE EUROPEAN PARLIAMENT

Mazars was commissioned in early 2013 by the European Parliament to assess the performance of the European Supervisory Authorities – ESAs (EBA, EIOPA and ESMA) – part of the new EU architecture responsible for financial supervision created in the wake of the global financial crisis.

The Mazars study concludes that the ESAs have been established successfully but need a stronger foundation, in particular enhanced governance for decisions on EU-wide supervisory consistency issues. A key conclusion is that the benefits of

legal and regulatory harmonisation (Single Rulebook) will be lost without consistent implementation and application. Finally, the report contains several recommendations to improve the ESAs' effectiveness and efficiency. The study was published on November 21, 2013, prior to which Mazars made a presentation to the Parliament's Economic and Monetary Affairs Committee on November 5.

*The opinions expressed in this study are the sole responsibility of the authors and do not necessarily represent the official position of the European Parliament.*

It is part of **Mazars'** responsibilities to independently advocate an operating model that will increase quality, transparency and confidence in capital markets and, in this way, promote financial stability and the return of sustainable growth.



### ACTING AS A MONITORING TRUSTEE

Mazars acts as monitoring trustee on large state-aid and anti-trust cases across Europe and North America. These cases are some of the largest and most complex cases in each territory. We ensure commitment deadlines



are met, and risks and issues are identified quickly, with sufficient resources to avoid delays. As monitoring trustee to the European Commission with respect to Lloyds Banking Group, our responsibilities include monitoring the €181 billion asset reduction required by the Commission. We are also the Commission's monitoring trustee for Alpha Bank, one of the largest banks in Greece, who asked us to supervise the implementation of the Bank's restructuring plan.

More information: <http://www.mazars.com/Home/Insights/The-New-Face-of-Banking/Our-Expertise>

LOCATION: EUROPE

### HELPING WITH THE ASSET QUALITY REVIEW PROCESS

In October 2013, the EBA issued a recommendation requiring competent authorities of all EU Member States to complete asset quality reviews (AQRs) of all relevant credit institutions by October 31, 2014. The ECB will be going through the balance sheets of 130 of the biggest banks in the euro area to make sure they do not contain hidden losses. The reviews will be undertaken between March and October 2014, so that they can support the EU-wide stress test that will be carried out that year. Mazars is a trusted partner to regulatory agencies in reviewing the asset quality of some of Europe's most significant credit institutions and we firmly believe we can help banks and their supervisors through the crucial AQR process in 2014.

More information: <http://www.mazars.com/Home/Insights/The-New-Face-of-Banking/Our-Expertise>

LOCATION: EUROPE

### MONITORING COVERED BONDS PROGRAMMES

Since the origin of covered bond issuance, Mazars has played a key role in this industry with Regulators and Issuers. We act as Asset Monitor in a large number of Covered Bonds issued by the major banking groups in Europe. Covered bonds provide an important contribution to the enhancement of a bank's funding profile and to the management of its liquidity. In most countries, National Banking Supervisors or Financial Market Regulators provide the regulation and exercise special supervision of covered bonds system. In this context, our clients benefit from our asset monitor service, a comprehensive information for investors, regulators and other stakeholders, based on Mazars' International experience with issuers of Covered Bonds in a number of European countries (France, Germany, Ireland, Italy and other jurisdictions) and a recognised methodology.



More information: <http://eng.mazars.it/Home/Our-expertise/Business-oriented-publications/Brochures/Covered-bonds-practice>

LOCATION: EUROPE

**Mazars** is an international, integrated and independent organization specializing in audit, advisory, accounting, tax and legal services. As of September 1, 2013, the Group operates in 72 countries and draws on the expertise of 13,800 professionals to assist companies – major international groups, SMEs, private investors – and public bodies at every stage of their development.