

OECD-EBRD Conference on Corporate Governance of Banks in Eurasia

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and

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Ladies and Gentlemen,

First of all, I am happy to welcome you here, in London, at our meeting, which is an opportunity to exchange views, discuss and complete the Policy Brief.

In this regard, it would be important to mention the role of Tbilisi meeting last May, where the first draft of the Policy Brief was presented. I am glad that the meeting proved successful and many of the points and ideas expressed there have been reflected in the final paper.

I would like to underline the objective and backgrounds of the Policy Brief. Together with Principles and Guidelines of Corporate Governance developed by OECD and the Basel Committee on Banking Supervision our document can be used by banks of Eurasia.

Policymakers, banking supervisors and others may use these documents for developing the legal, regulatory frameworks for banks in the Eurasian region.

It is a common knowledge that bank failure might involve systemic risks and have a huge negative impact on depositors, other shareholders and sector of economy. Bank failure might also undermine people's confidence in banks.

The Policy brief does not go into details about such arguments however underlines the difference between bank governance from that of general corporate governance. The policy brief recognizes that the modernized banking sectors can be used as role models for other companies in the emerging markets of Eurasia. These are some of the specifics of the corporate governance of banks that make it extremely important in the Eurasian context.

It is significant that the Policy Brief underlines such subjects as structure of supervisory and management boards, necessity of independent directors, importance of internal and external audit, subjects of transparency and disclosure

of information in terms of corporate governance, clarifies the all system of responsibilities and accountability in banks.

In this regard, the EBRD assistance to create relevant procedures for commercial banks in the end of 90-es was timely and essential. It must be mentioned OECD also closely worked with Central bank of Georgia, which was very important.

Currently, the framework of our Task-Force is really helpful as it gives us opportunity to share our knowledge to find better solutions. With the Policy Brief recommendations it becomes much easier to implement international banking standards in national legislation of transitional countries.

I would like to recognize once again the benefits of the Policy Brief. I am also happy to recommend it to Eurasian bankers present here and all other our colleagues.

Finally I would like to thank my colleagues from Armenia, Azerbaijan, Kazakhstan, Kyrgyzstan, Moldova, Ukraine, Uzbekistan, Tajikistan and Mongolia, also experts from the OECD member countries. Their dedication and professionalism have been crucial for the overall success of the process.

Special thanks to Mr. Motoyuki YUFU and Mr Gian Piero Cigna and entire secretariat whose technical assistance and support was of great importance. As a chairman, let me express my sincere gratitude to all this people.

Thank you for your attention