



ASSOCIATION
OF BANKS
OF RUSSIA

30 YEARS
TOGETHER

The Principal Activities of the
Association of Banks of Russia
for the period 2020-2022

The principal activities of the Association of Banks of Russia for the period of 2020 to 2022 provide insight into the updated mission of the Association and determine its goals as well as the priority objectives of its activities for the three-year period.

During their preparation, we have taken into account the conceptual and strategic documents released by the Government of the Russian Federation and the Bank of Russia over the recent years which determine the priorities of the development of the economy, financial market, and banking system of the country, directions of the governmental monetary policy, primary areas of the development of financial technologies and information security, strategies for the development of the payment system and enhancement of accessibility of financial resources, action plans aimed at the development of the competition in the financial market as well as other documents and reports.

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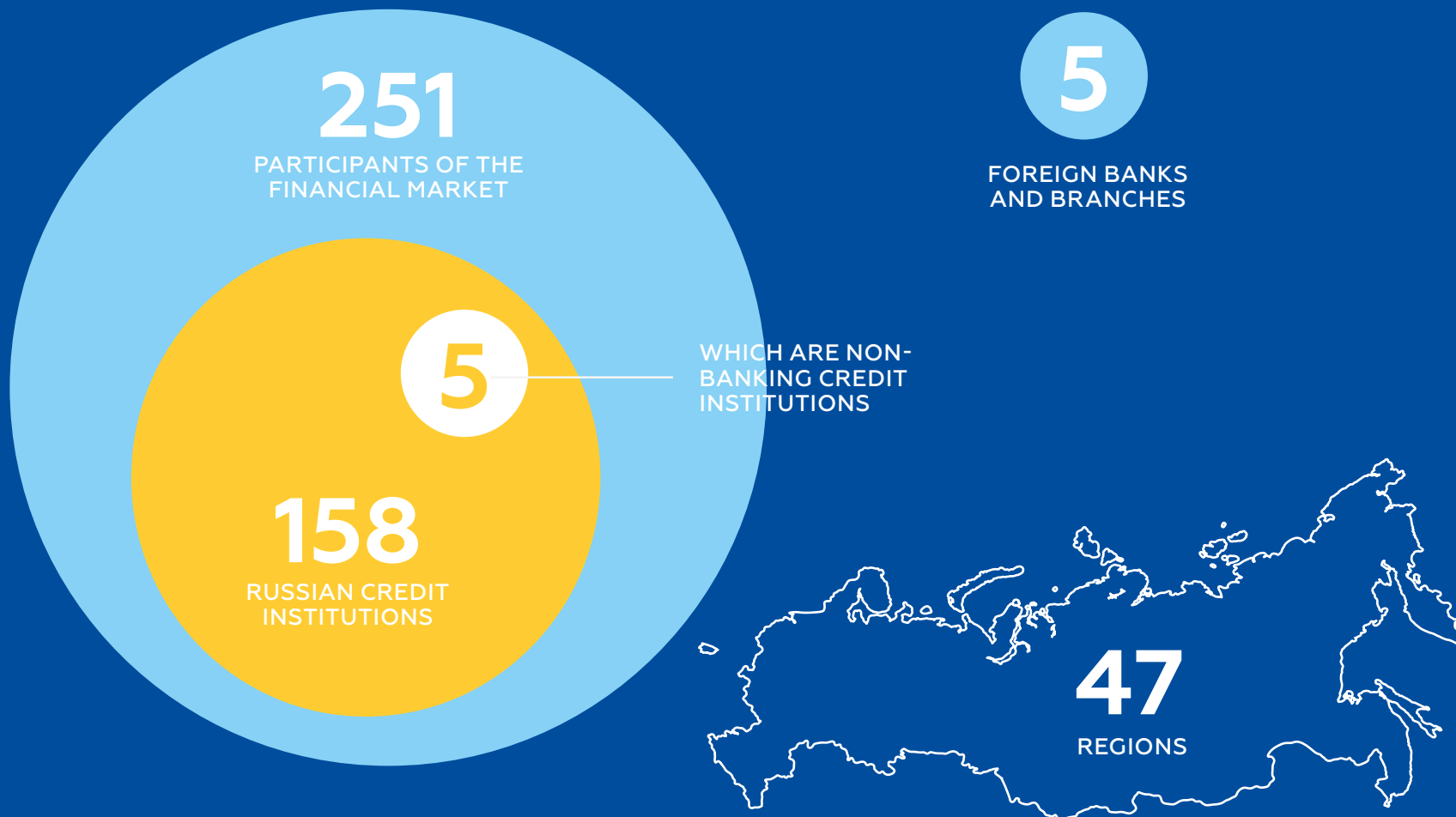
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Improvement of
Association activities

ASSOCIATION TODAY

UNITES A WIDE RANGE OF ORGANIZATIONS OF THE FINANCIAL MARKET



* Data as at August 01, 2020.



approximately 50% of banks-members of the Association are regional banks



banks-members of the Association hold more than 90% of assets

23

PUBLIC, NONPROFIT,
MASS MEDIA ENTITIES,
SROS

2

MICROFINANCE AND
DEBT COLLECTION
COMPANIES

1

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COMPANIES

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COMPANIES

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RATING AGENCIES AND
CREDIT REFERENCE
AGENCIES

4

INVESTMENT AND
REGISTRATION
COMPANIES

MISSION AND GOALS

The Association of Banks of Russia is a professional voice of banks in their dialog with authorities, society, and business.

MISSION



Represent and protect interests of the banking community



Be a professional voice of the market



Be a partner with the Bank of Russia while determining the banking sector development strategy



Initiate and support researches in the field of finance, law and technologies



IMPROVE CONDITIONS FOR BANKING BUSINESS



DEVELOP FAIR COMPETITION



CREATE A TRUSTED ENVIRONMENT





Strategic projects

Development of standards

Researches and analytics

Financial awareness

Arrangement of forums
and conferences

Efforts to improve
the relevant fields
of the law

Development of the
professional agenda

PRINCIPAL ACTIVITY AREAS

Development of the financial market

Improvement of ways to secure the performance of obligations

Securitization of mortgage and consumer loans, loans for small and middle-sized companies, as well as project loans

Elaboration of requirements with respect to qualified / non-qualified investors in the financial market

Financial instruments with the negative interest rate

Development of the national payment system

Cashless Payment Development

Implementation of Salary Projects and Eradication of Salary Slavery

Cash circulation development



Financial technologies, big data, and information security

Remote identification

Digital notary services

Subscriber information check

Electronic provision of government services

Digital profile, personal data regulation

Big data

Information security

Risk management, financial stability of the banking system and ESG-banking

Incentive-based regulation

Implementation of the approach based on internal ratings

Implementation of Basel requirements

Operating risk management

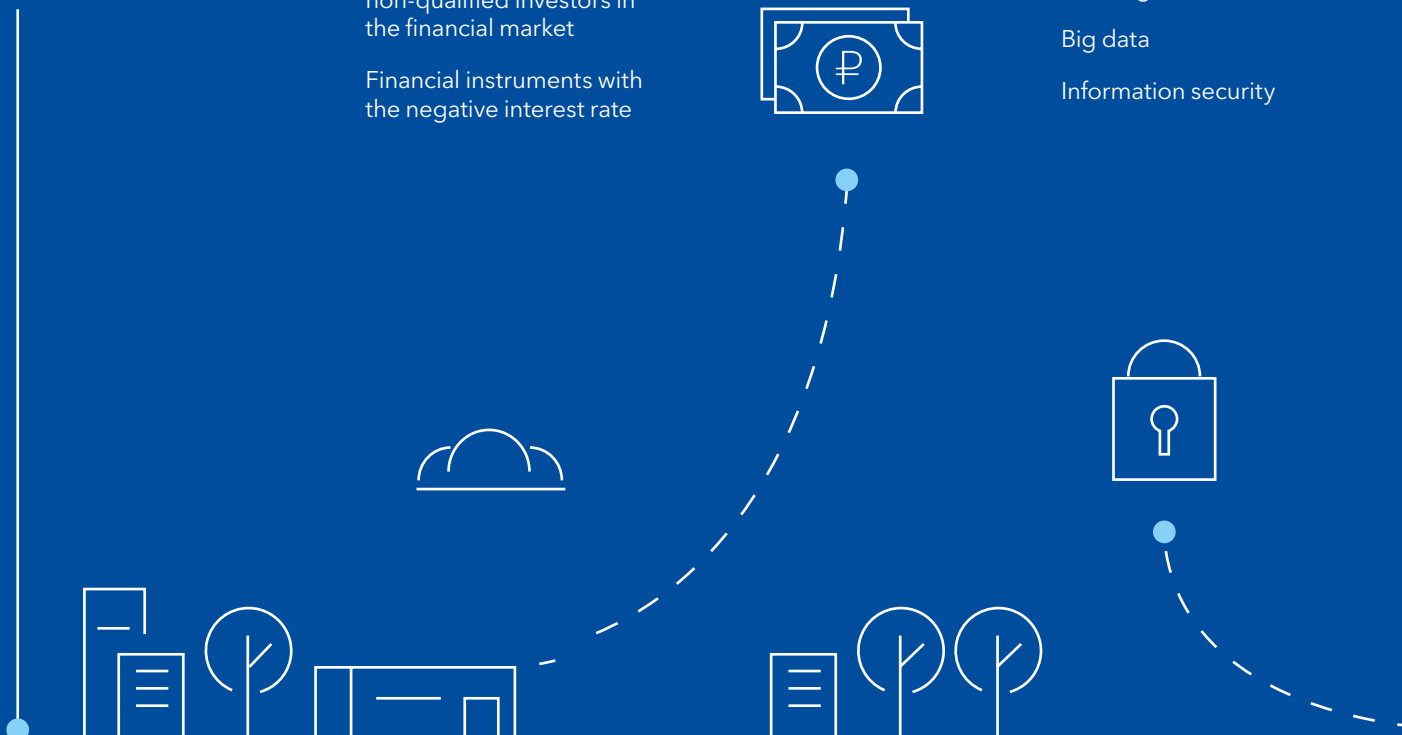
Market risk management

Internal appraisal procedures

Access to state information systems

Financial stability of the banking system

Management of environmental, social and administrative risks (ESG-banking)



Retail lending and other private banking services

- Financial market behavior surveillance and consumer rights protection
- Mortgage lending development
- Consumer lending
- Bad debt settlement
- Enforcement proceedings
- Extra-judicial and simplified private bankruptcy
- Expansion of the list of saving bank products for population and introduction of housing saving products
- Regulation of issues related to personal data and banking secrecy of individuals
- Deposit insurance

Corporate lending and other corporate banking services

- Removal of structural constraints of the lending market
- Standardization of the market of syndicated lending
- Project financing and home loans
- Lending to small and medium-sized businesses
- Liquidity and pledge appraisal
- Development of the market of derivative financial instruments and hedging instruments

Reduction of the regulatory burden

- Implementation of international financial reporting standards
- Optimization and collection of reports via data centers
- "Regulatory guillotine"

Compliance risks, AML/CFT, and business ethics

- Regulation improvement
- Development of compliance function in credit institutions
- Risk assessment coordination
- Enhancement of knowledge quality in credit institutions
- Unification of practical application of current rules
- Optimization of expenses for managing compliance risk

Support of banks with basic licenses (BBL), small regional banks (SRB), and non-banking credit institutions (NCI)

- Improvement of proportional regulation of BBLs, SRBs, and NCIs
- Support of competitiveness of BBLs, SRBs, and NCIs

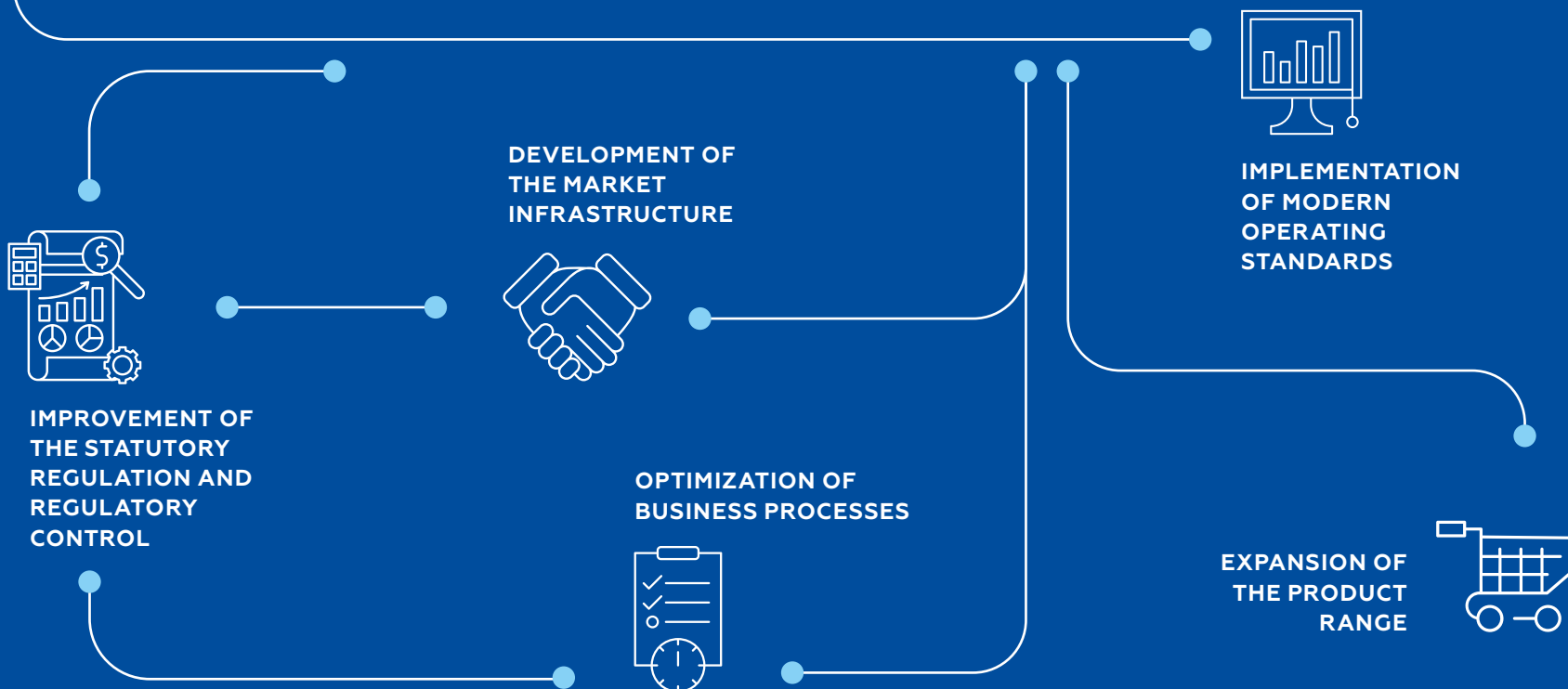


FINANCIAL MARKET DEVELOPMENT

One of the conditions for enhancing the efficiency of the banking business is to develop financial market infrastructure.

Assets of the bank sector account for **87.8%** of the GDP

THE ASSOCIATION WILL PROMOTE:





The volume of the market of mortgage-related securities exceeded **500 billion rubles**



The number of individual investment accounts (IIAs) opened by individuals at the Moscow Exchange exceeded **2 million**

Improvement of Ways to Secure the Performance of Obligations

The challenge remains for the Association to improve the legislation of suretyship, including the statutory regulation of the pledge account and independent guarantee. It will keep discussing issues on the implementation of the guarantee issue mechanism with the participation of the instructing party. The Association is going to pose a question on the expediency of the standardization of the said banking products.

Securitization of Mortgage and Consumer Loans, Loans for Small and Medium-sized Companies, as well as Project Loans

The primary objective of the Association is to support and to develop the securitization market as well as the standardization of market practices related to it. Furthermore, the underlying assets for such transactions shall include both mortgage loans, and unsecured consumer loans, auto loans, loans for small and medium-sized companies as well as loans for developers.

Elaboration of Requirements with Respect to Qualified/Non-qualified Investors in the Financial Market

The Association will focus on the protection of rights of investors acquiring financial assets in the Russian market. The Association is scrupulous about the restriction of a set of financial instruments for non-qualified investors and does not allow any unjustified restriction of rights of individuals and/or the reduction of the investor base.

Financial Instruments with the Negative Interest Rate

The Association will continue the discussion of the problem related to the implementation of financial instruments (deposits) with negative interest rates in the Russian market, and will consider potential amendments to regulatory legal acts in order to make possible the recognition of the negative deposit income as expenses incurred by corporate customers.

NATIONAL PAYMENT SYSTEM DEVELOPMENT

Global international IT companies enter the market of payment services, creating new services at the intersection of information technologies and payments.

The objective of the Association under such conditions is to monitor and ensure the creation of equal arm's length terms and regulatory conditions for all the participants.

FOCUS

The Association is intended to actively participate in the development of the new National Payment System Development Strategy for the period till 2023.

ASSOCIATION & THE BANK OF RUSSIA



**DEVELOPMENT OF THE
LEGAL FRAMEWORK FOR
SALES OF NEW PRODUCTS
AND SERVICES**



**DEVELOPMENT AND
APPLICATION OF
PAYMENT STANDARDS**



**ESTABLISHMENT OF REASONABLE
PRICES FOR CONSUMERS OF
PAYMENT SERVICES**



**EXPANSION OF THE
COMPOSITION AND
FUNCTIONALITIES
OF PAYMENT
SERVICES**



Early in 2020, the share of cashless transactions made using payment cards accounted for **more than 90%** in the total number of transactions



As of August 1, 2020, **85 credit institutions** were members of the Faster Payments System



As at July 1, 2020, the cash money stock reached **12.4 trillion rubles**

Cashless Payment Development

The Association plans to participate in improving the operation of the promising payment system of the Bank of Russia. The top priority is given by the Association to the support of the Faster Payments System (FPS), National Payment Card System, and Financial Messaging System. The Association is focused on issues connected with the pricing in the cashless payment market, information protection during the performance of payment transactions, support of the distribution of new standards of open interfaces (Open API) as well as the creation of a favorable regulatory environment in the contactless payment segment.

Implementation of Salary Projects and Eradication of Salary Slavery

The Association was involved in the development of the salary payment model via the FPS. The Association will support the implementation of the pilot project for the salary payment via the FPS with the participation of member banks. In the future, such a model may be extended over the whole market of salary projects.

Currency System Development

Special attention is given by the Association to the issues of digitalization and innovatization of cash turnover, creation of an efficient model for cash supply to regions, reduction of the cash turnover accounting costs, transformation of regulatory requirements of the Bank of Russia along with the enhancement of the level of automation and robotic application in cash, collection, and value transportation services as well as the interaction of participants of the special-purpose banking equipment market.

FINANCIAL TECHNOLOGIES, BIG DATA AND INFORMATION SECURITY

The Association will facilitate the implementation of various innovative products in banking processes, enhancement of the efficiency of the information security and of the infrastructure cyber-resilience as well as the improvement of the legal regulation.

Remote Identification

The Association will continue its work to eliminate reasons preventing the wide application of biometrics, in particular, it will keep discussions of the application of cloud technologies, the creation of motivation for customers to have their biometrics taken, and the imposition of the obligation on governmental organizations to collect biometrics.

Digital Notary Services

The Association intends to participate in the elaboration of the issue related to the changeover to digital notary services in order to optimize notary activities and to simplify the interaction of banks with notarial bodies.

Subscriber Information Check

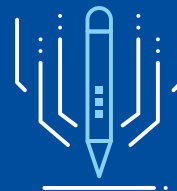
The Association will continue to investigate the opportunities for the creation and operation of the Unified Information System for checking the information about the subscriber which will provide credit institutions with reliable information about their clients.

Electronic Provision of Government Services

The Association will focus on the improvement of the regulation of the electronic interaction in the banking industry and will support the development of mechanisms for providing government and municipal services not only via the Unified Portal for State and Municipal Services (Functions) but also via remote banking service systems.

Digital Profile, Personal Data Regulation

The Association purports to actively participate in the creation of the digital profile platform to cut operating expenses of banks, to enhance the efficiency of their business process as well as to make banking products more affordable to specific groups of customers.



The concept and architecture of digital profile **ESIA 2.0** are approved

Big Data

The Association is going to interact with organizations concerned in order to develop the business-oriented strategy for the development of the big data market, to enhance the technical and operational efficiency of interaction of participants of the industry, and to develop the code of ethics applicable to the use of big data in order to protect users' interests.



By 2022 the total damages caused to the world economy by cybercrime may exceed **8 trillion U.S. dollars**

Information Security

The Association sets itself a task to support the efficient exchange of information about cyber threats with the involvement of all the parties concerned. In order to combat the embezzlement of customers' funds, the Association of Banks of Russia intends to facilitate the required amendments to be made to the laws and regulations. The Association will work to mitigate the requirements related to the security of critical information infrastructure facilities, without sacrificing the level of protection of data and funds of customers.

ACTIVE COOPERATION IN THE FIELD OF FINANCIAL TECHNOLOGIES DEVELOPMENT:

ASSOCIATION OF BANKS OF RUSSIA

- BANK OF RUSSIA
- MINISTRY OF INTERNAL AFFAIRS OF RUSSIA
- FEDERAL SECURITY SERVICE (FSS) OF RUSSIA
- FEDERAL SERVICE FOR TECHNICAL AND EXPORT CONTROL (FSTEC) OF RUSSIA
- MINISTRY OF ECONOMIC DEVELOPMENT AND TRADE OF RUSSIA
- MINISTRY OF FINANCE OF RUSSIA
- MINISTRY OF JUSTICE OF RUSSIA
- FINTECH ASSOCIATION
- MINISTRY OF DIGITAL DEVELOPMENT, COMMUNICATIONS AND MASS MEDIA OF THE RUSSIAN FEDERATION

RISK MANAGEMENT, FINANCIAL SUSTAINABILITY OF THE BANKING SYSTEM, AND ESG-BANKING

The Association supports the development of the banking sector in the part related to the phased implementation of new regulatory approaches, improvement of supervisory practices of the Bank of Russia, as well as the evolution of the incentive-based and proportional regulation.

ELABORATION OF RISK MANAGEMENT APPROACHES



Incentive-based regulation

The Association will facilitate the efforts of the Bank of Russia aimed at the incentive-based credit support of the economy, phased change of the procedure for the calculation of the bank's capital adequacy ratios by rejecting the simplified standardized approach and implementing a new standardized approach to the credit risk assessment.

The Association will continue its work aimed at the improvement of the banking regulation, further practical implementation of the incentive-based and proportional regulation elements.



Introduction of Basel requirements

The Association will participate in discussions of the implementation of Basel approaches to the assessment of credit, market, and operating risks, as well as to the preparation for the introduction of a new maximum rate of the cumulative risk per borrower or group of related borrowers for banking groups created by systemically important credit institutions.



Implementation of the Internal Ratings-Based Approach

The Association will take part in the discussion of the extension of the application of the internal ratings-based (IRB) approach to the measurement of credit risks, including in the part related to the compulsory application of the IRB-approach by all the systemically important credit institutions in order to calculate the capital adequacy ratios.



Operating Risk Management

The Association will keep discussing, with the regulator, forms of collection of the information about operating risk, the methodology of the supervisory assessment of the operating risk management as well as approaches to the calculation of the capital adequacy to cover operating risk based on the standardized measurement approach (SMA).



Market Risk Management

The Association purports to render assistance to the Bank of Russia and its members in the implementation of the new Basel market risk measurement standard. The Association will participate in the elaboration of the list of instruments to be taken into account for the credit risk assessment as well as of the procedure for the calculation of the open foreign exchange position (OFP).



Internal Measurement Procedures

The Association will continue its work for improving requirements to risk and capital management systems of credit institutions and banking groups, methodology of supervisory assessment of the adequacy of their capital and quality of internal procedures used for capital adequacy assessment, as well as stress testing requirements.



Access to State Information Systems

In order to enhance the accuracy of risk measurement, the Association will oblige operators and aggregators of state information systems to keep personal data updated. The access of banks to such resources is still considered.

Financial Sustainability of the Banking System

The Association will keep rendering assistance to the Bank of Russia in pursuing the time-sensitive macroprudential policy aimed at ensuring the systematic sustainability of the financial market, restricting foreign exchange lending risks, as well as ensuring the financial stability in the field of consumer and mortgage lending. The Association is ready to participate in the implementation of the macroprudential stress testing concept allowing the prompt detection of potential systemic risks at the macro level.

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As at January 01, 2020, loss provisions of banks reached **almost 7 trillion rubles**

KEY DRIVERS OF THE ESG INCLUSION IN THE INVESTMENT PROCESS IN RUSSIA

56% RISK MANAGEMENT

41% CUSTOMERS' REQUEST (LP)

41% REQUIREMENTS OF THE LAW

15% TOP MANAGEMENT SUPPORT

15% N/A DO NOT INCLUDE ESG

Management of Environmental, Social and Governance-Related Risks (ESG - Banking)

The Association is ready to facilitate the "greening" process of the financial system and to elaborate issues related to the development of the national system of financial instruments for the sustainable development, organization of methodological and verification system for responsible financing instruments. The Association intends to participate in the development of relevant economic incentives and regulatory requirements to banks.



The first priority task of the Association for the foreseeable future is to **promote the bank sector** to overcome the **pandemic consequences**

RETAIL LENDING AND OTHER PRIVATE BANKING SERVICES

Protection of rights of consumers and investors is one of the main priority trends in the Development of the Financial Market of the Russian Federation for 2019 to 2021. The objective of the Association under such conditions is to consistently follow the principle of the balance between interests of lenders and borrowers, to prevent the possibility of creation of any incentives for borrowers' debt negativism and the abuse of rights.

Consumer Lending

The consumer lending market is one of the drivers of the banking system growth in the near term. The Association intends to actively participate in the improvement of the consumer lending law, including in the part related to the calculation of the full loan value.

Mortgage Lending Development

The Association will facilitate the implementation of approaches to the regulation providing the reduced risk coefficient for loans secured by the ready residential real estate properties as well as the mitigation of requirements to mortgage loans with the initial contribution of less than 20% of the residence cost. The Association will continue to advocate the interests of banks with respect to the restriction of the debt burden on mortgage borrowers. The Association purports to facilitate the development of the market of mortgage-related securities and the changeover to the electronic format of interaction with respect to mortgage issues.

Expansion of the List of Saving Banking Products for Population and Introduction of Housing Saving Products

The Association will use its endeavors to improve the regulation of saving transactions of banks and to implement the system of the special-purpose housing savings.

Deposit Insurance

The Association is going to ensure the real-time monitoring and analysis of the deposit market in order to be sure of the expediency of the phased extension of the deposit insurance system to legal entities.



Private funds constitute **more than 30%** of the liabilities of the banking system

Financial Market Behavior Surveillance and Consumer Rights Protection

The Association will continue to advocate the idea of consolidation of controlling and supervisory authorities for protection of rights of consumers of financial services and the competition protection in one body. The Association will improve the methodology of the performance of supervisory actions during the reactive behavior surveillance, including for reducing the scope of the information requested from banks.

Regulation of Issues Related to Personal Data and Banking Privacy

The Association will actively participate in projects aimed at efficient turnover and processing of data of individuals. The Association plans to improve the statutory regulation in this field, including in the part related to the transmission of personal data inside the banking group, legality of the use of various sources of information about the customer in order to assess his/her financial standing, as well as the regulation of issues connected with the consent given for the personal data processing.

Bad Debt Settlement

The Association will carefully analyze the proposed legal amendments related to the settlement of bad debts in order to keep the balance between interests of lenders and borrowers in connection with the repayment of overdue debts, to exclude the excessive regulatory burden on credit institutions. The Association will consistently uphold the idea that the Federal Bailiffs Service of Russia should not exercise their authorities with respect to credit institutions.

Enforcement Proceedings

The Association will continue to analyze initiatives aimed at expanding the list of income types having the immunity against the enforcement during enforcement proceedings since they may infringe the rights of lenders and result in the lending reduction.

Extra-judicial and Simplified Private Bankruptcy

The Association is going to propose measures aimed at eliminating risks of the fictitious use by dishonest individuals of rights by their abusing in order to unjustifiably initiate bankruptcy proceedings without any actual reasons for this as well as risks of misbehavior of bankruptcy commissioners.



For seven years in a row, Russia takes the **second position in the world** in terms of the volume of data leakages

CORPORATE LENDING AND OTHER CORPORATE BANKING SERVICES

The key objective of the Association is to develop the best practices in the Russian lending market.

Removal of Structural Constraints in the Lending Market

The Association intends to keep using its endeavors to eliminate structural constraints existing in the lending market. The Association will facilitate the standardization and implementation of the best practices for the application of floating interest rates and interest swaps.

Standardization of the Syndicated Lending Market

The Association is going to facilitate the development of the syndicated lending market, in particular, to improve the regulatory legal framework, the standard syndicated lending agreement. One of the objectives of the Association is to disseminate knowledge and experience of lending already accumulated by the leading Russian banks and consultants.

Project Financing and Home Loans

The priority is given by the Association to the support and standardization of the basic documentation used in transactions related to project financing of lodgment construction, creation of conditions for making transactions for the securitization of assets of such type in the Russian market.



The amount of syndicated loans granted to Russian borrowers is estimated to be equal at least **to 100 to 150 billion U.S. dollars**



The list of authorized banks under the Program of Favorable Credit Facilities for small and medium-sized companies contains **91 banks**, including banks with basic licenses

Lending to Small and Medium-sized Businesses

The Association will keep focusing on the optimization of procedures for getting governmental support for small and medium-sized businesses and banks financing them under preferential conditions and on the improvement of programs for subsidizing and enhancing the quality of services rendered to SMBs, development of the National Guarantee System. The Association will continue its work for improving regulatory requirements applicable to the measurement of credit risk inherent with small and medium-sized businesses.

Liquidity and Pledge Appraisal

The Association will keep working on harmonization of requirements to the assessment of the value and liquidity of mortgages in the federal laws, evaluation standards and documents of the Bank of Russia, as well as on the preparation of methodical recommendations in the part related to approaches to the definition of liquidity and assessment of terms of the market exposition of mortgaged properties.

Development of the Market of Derivative Financial Instruments and Hedging Instruments

The Association intends to render assistance to its members and to the Bank of Russia in the development of OTC financial derivatives. The Association will uphold the idea of the introduction, in the Russian legislation, of a notion of a hedging transaction meeting the international practice.

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In accordance with the plans of the Government, within the next five years, the volume of bank loans to developers is to grow almost tenfold, reaching **6.4 trillion rubles by 2024**

REDUCTION OF REGULATORY BURDEN ON BANKS

An important endeavor for the Association is the development of measures to reduce the regulatory burden on banks, including by optimizing their costs.

Implementation of International Financial Reporting Standards

The Association is intended to participate in the implementation of the Program for Developing the Federal Accounting Standards for 2019 to 2021.

As part of its work in this area, the Association will continue its interaction with regulatory bodies to implement the international financial reporting standards (IFRSs), to revise obsolete accounting standards in the specific areas of operation of credit institutions, to address issues connected with complicated and unusual transactions within the framework of the IFRSs, to bring out convergence of the RASs and the IFRSs, to develop priorities in application and elimination of differences in bookkeeping in accordance with the IFRSs and RASs.

1 900

More than **1,900 regulatory reports** based on 100 forms are submitted to the Bank of Russia by one institution within a year

THE OPTIMIZATION OF SUBMITTALS REQUIRES:

1

CANCELLATION OF
OUTDATED /
SUPERFLUOUS
REPORTS

2

REDUCTION OF
THE SCOPE
OF REPORTS

3

REDUCTION OF
FREQUENCY
OF REPORTING

4

CHANGEOVER TO
REPORT COLLECTION
VIA DATA CENTERS

Optimization and Collection of Reports via Data Centers

The Association consistently promotes for cutting costs for the report preparation and for ensuring transparency and clarity with respect to the objective of the use of the reported information.

Switch to the report collection via data centers will allow the optimization of reported indicators and consistency of data, ensuring the transparency of business processes for information collection, as well as the analysis of detailed data. The Association together with the Bank of Russia will keep working at the phased development of the unified data model for credit institutions and the phased switch from report forms to the list of indicators.

> 130



In 2019, the Association prepared **more than 130 proposals** in this field

"Regulatory Guillotine"

The Association intends on focusing the attention of governmental bodies to the need of reduction of hard-copy paperwork in coordination with credit institutions, including during audits.

The Association continues its participation in the work arranged by the Government of the Russian Federation and the Bank of Russia for large-scale revision and cancellation of regulatory legal acts negatively affecting the general business climate and the regulatory environment, in addition, it supports the initiative of the Bank of Russia aimed at analyzing the current financial market regulatory and legal framework in order to reveal outdated or superfluous regulations.

COMPLIANCE RISKS, AML/CFT, AND BUSINESS ETHICS

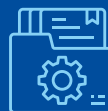
Regulation Improvement

The Association will continue its work in the field of compliance risks as well as anti-money laundering and combating the financing of terrorism. The overlap between compliance risk and other risks to which credit institutions are exposed requires standard approaches to the implementation of the compliance function by financial institutions.

**63 500
000 000**

In 2019, the amount of funds transferred abroad due to dubious grounds decreased to the historical minimum — **63.5 billion rubles**

IN ORDER TO SUPPORT ACTIVITIES OF BANKS AIMED AT CONTINUOUS MONITORING OF COMPLIANCE RISK, IT IS PLANNED:



TO DEVELOP RECOMMENDATIONS FOR ASSESSMENT AND MANAGEMENT OF COMPLIANCE RISKS



TO MAKE EXPERT OPINIONS ON RULE-MAKING INITIATIVES



TO DEVELOP RECOMMENDATIONS IN OTHER AREAS OF EXPERTISE

Development of Compliance Function in Credit Institutions

In the context of the regulation development and the economy digitalization, the Association anticipates preparing reviews of technological trends as well as of the best international practices in the field of compliance control and compliance risk management and facilitating the exchange of the best practices.

Risk Assessment Coordination

To elaborate the risk management policy and to practically apply results of the national assessment of risks of legalization (laundering) of proceeds from crimes and the national assessment of risks of terrorism financing during the assessment of risks of clients, products, and services, the Association is intended to coordinate the participation of the banking sector in the national assessment of AML/CFT risks as well as to analyze new trends, typologies, schemes, and methods of money laundering/terrorism financing, etc.

Enhancement of Knowledge Quality in Credit Institutions

In order to improve professional knowledge of compliance teams of credit institutions in the relevant areas of expertise, the Association is set to arrange topical round tables, to participate in conferences, including those on business ethics, and to interact with certifying organizations, experts and associations as well as with the Council on Professional Qualifications in the Financial Market.

Unification of Practical Application of Current Rules

The Association plans to develop unified rules and methodological standards within the framework of the work aimed at unifying the practical application of Law No. 115-FZ , elaborating instruments available to credit institutions for counteraction of money laundering/financing of terrorism and involvement of banks in the performance of dubious transactions, as well as implementing efficient sanction control based on resolution No. 1300.

Optimization of Expenses for Managing Compliance Risk

In order to optimize expenses, the Association is going to initiate a waiver of notices of transactions, to optimize the procedure for submitting the information to Rosfinmonitoring, to facilitate the reduction of the scope of identification information of customers delivered together with other reports to governmental bodies, to participate in the improvement of "Know Your Customer" (KYC) procedures what will allow the reduction of expenses caused by inaccurate identification of counterparties by market participants and the significant simplification of processes.

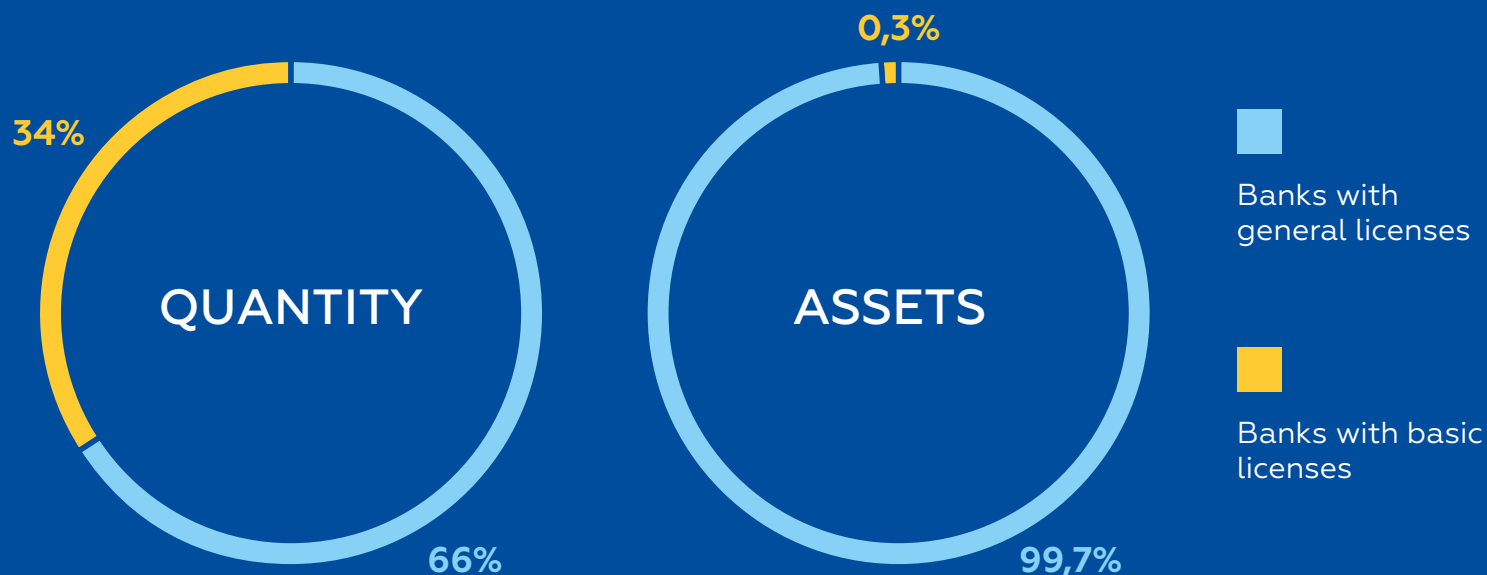


During 2019, the scope of cash conversion transactions in the banking sector reduced **1.9 times**

SUPPORT OF BANKS WITH BASIC LICENSES, SMALL REGIONAL BANKS, AND NONBANK CREDIT INSTITUTIONS

Within the framework of the proportional regulation, the Association is going to focus on the improvement of requirements to small regional banks (SRBs) and banks with basic licenses (BBLs). The Association will remain the principal forum for meetings of top managers from such banks and the Bank of Russia.

The Association will keep working on improving the proportional regulation of BBLs, including the optimization of regulatory and non-regulatory burden, improvement of the methodology of determination of ratings and approaches to the application of ratings, development of services and technologies required to ensure fair competition and equal access to information or resources, including in the cyber-financial space.



131

According to data as at July 1, 2020, there are **131 banks** with basic licenses, with regional banks accounting for **70%** of them



Almost 50% of regional banks are banks with basic licenses

Improvement of Proportional Regulation of BBLs, SRBs, and NCIs

Advocating the interests of BBLs, SRBs, and NCIs, the Association pays special attention to the following issues:

- ✓ implementation of the principal of the proportional supervision of BBLs,
- ✓ macroprudential regulation (including requirements to the calculation of the ultimate debt burden),
- ✓ implementation of the information security requirements,
- ✓ possibility of the phased creation of additional reserves in the event of the bank business model transparency.

The Association will consistently uphold the principles:

Compliance with new regulatory requirements for BBLs



The loss of the customer base or the **reduction of the ability** to conduct operations

Intensiveness and **scope of supervisory actions** with respect to banks



Scales of bank operations

Support of Competitiveness of BBLs, SRBs, and NCIs

In order to equalize the competition conditions in the financial market, the Association purports to discuss with the Bank of Russia and governmental authorities potential actions to support BBLs (including BBLs being small and medium-sized companies), including a possibility of temporary introduction of special conditions for the participation in programs providing

for the refinancing of credit institutions, requirements to banks able to make transactions with budgetary funds and to participate in governmental programs. The interaction with the Bank of Russia will be continued to render assistance to credit institutions in their work with software vendors to reduce its cost and to ensure its quick follow-up revision.

IMPROVE- MENT OF ASSOCIA- TION ACTIV- ITIES:

Improvement of the expert work quality

Activation of cooperation with reputable experts of the financial market, Russian and foreign companies

Intensification of interaction with member banks on urgent issues

Development of analytical and research activities

Implementation of the project approach

Implementation of priority tasks based on the principles of the project work

Interaction with the Bank of Russia, governmental authorities, and development institutions

Active participation in the activity of working groups of the Bank of Russia, governmental authorities and development institutions

Work on the Concept for assessing the actual impact made by statutory acts of the Bank of Russia

Improvement of the budgetary policy

Implementation of the budgetary policy based on the principles of the efficiency and project approach

Increase of the share of special-purpose project expenses aimed at addressing pressing issues of the banking community

Creation of the development fund for supporting priority projects

Strengthening of the coordination of activities with other banking unions in order to ensure budget savings



Improvement of the structure of the governing bodies

Enhancement of the quality of coordination of the governing bodies

Active involvement of banks' representatives by means of cooperation in committees and commissions of the Association

Public positioning of the Association

Promotion of the image of the Association as a spokesman of the banking community

Notification of mass media regarding initiatives of the Association, arrangement of educational and information venues for journalists

Arrangement of the annual awarding ceremony for journalists covering financial topics

Arrangement of annual events

Use of forums and conferences for expressing the consolidated position of the banking community

Involvement of leading experts and heads of regulatory bodies as speakers

Development of international interaction

Development of cooperation with professional banking unions and regulators of other banks

Organization of direct meetings of representatives of Association's member banks and foreign banks

Activation of participation in working groups of the Bank of Russia and central banks, regulators of foreign countries

Self-regulation and consolidation of bank unions

Coordination of the activity with other professional associations including banks and other financial institutions

Elaboration of the issue on unification of forces of existing bank unions under the aegis of the Association



The principal activities of the Association of banks of Russia for the period 2020 – 2022 will be implemented in cooperation with Association's committees.



ASSOCIATION
OF BANKS
OF RUSSIA

**30 YEARS
TOGETHER**



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