

## TECHNICAL FINANCIAL KNOWLEDGE TRANSFERRED SUCCESSFULLY TO COUNTRIES WITH ECONOMIES IN TRANSITION AND IN DEVELOPMENT

### Key questions related to the subject:

Since when, towards which countries and finally why?

How is this financial transfer of knowledge provided?

Why are these actions useful for Luxembourg?

What kind of transfer of knowledge?

A concrete example of promotion through training activities

Outlook on the future

### SINCE WHEN, TOWARDS WHICH COUNTRIES AND FINALLY WHY?

Since the early nineties, the Luxembourg Government has been increasingly cooperating with Central Europe and Eastern countries providing technical assistance to these countries. Indeed, the Luxembourg Financial Centre has always supported the knowledge development demands with regard to financial matters from countries with economies in transition and in development.

Initially this assistance was provided through the Luxembourg Institute for Training in Banking (the IFBL). In October 1999 however, a special agency for this support has been established by the Luxembourg Government: the Financial Technology Transfer Agency (ATTF). Today, international training and consultancy programmes are being offered through the ATTF to nearly 40<sup>1</sup> partner countries.

The Luxembourg Government, through different Ministries, provides the funding for these programs to a great extent and they are playing a key role in selecting the partner countries.

The main elements of the ATTF mission are

- To help various countries on behalf of the Luxembourg foreign development aid – which ranks among the top providers of public development aid – contributing to the stabilisation and development of the financial sector in the supported countries

and as an underlying consequence

- To promote the Financial Centre of Luxembourg – developing contacts and links between the various countries and the Luxembourg financial service industry which is a proven element of promotion.

The private and public sector committed themselves to this mission by becoming shareholders of the ATTF<sup>2</sup>. The ATTF jointly with the support of the Luxembourg financial service industry and its professionals, is capable to supply a part of the worldwide demand for the know-how necessary to build up and maintain the financial infrastructures requested by a modern economy.

### HOW IS THIS FINANCIAL TRANSFER OF KNOWLEDGE PROVIDED?

The main guiding principles applied by ATTF and its experts are professionalism, deep respect for the values, aims and dignity of the partner countries and a sincere empathy towards its beneficiaries.

Within the ATTF we are convinced that no lessons should be given. Indeed, sharing knowledge with regard to the Luxembourg best practises and the way the Luxembourg financial services industry is organised on a basis of equality rather than applying classical teaching concepts, is the preferred way to establish a strong relationship between the Luxembourg financial service industry and the partner

countries. This approach and state of mind have been a proven concept and one of the key success factors over the past years.

Intensive multinational seminars (up to 2 weeks) and study visits for the participants coming from one given country are organised in Luxembourg. Thus the participants are provided with a balanced, professionalized training supervision from the devoted ATTF staff and an adequate training by high level experts coming mainly from either the partners/shareholders of ATTF, from local professional associations and from the Luxembourg banking sector. The bankers and civil servants from the various countries are considered and treated not only as participants of a seminar but also as guests in Luxembourg. Personally, I am convinced that these participants will keep in mind the positive impressions of their stay in Luxembourg, having improved their professional knowledge. The country and its specific aspects are being shown to them, implicitly confirming the reputation of a professional, well connected financial centre and open minded, hospitable country.

In the partner countries, numerous short term seminars, workshops, conferences and consultancies are organised allowing a larger number of participants to benefit from the cooperation due to a lower cost impact. Here as well, the ATTF can rely on devoted experts of the Luxembourg financial sector who are willing to develop these programs and travel to our partner countries.

Nowadays, a little less than 200 seminars and consultancies are organised per year covering nearly 900 days. About 170 are taking place in the partner countries whereas a little over 20 are organised in Luxembourg.

## WHY ARE THESE ACTIONS USEFUL FOR LUXEMBOURG?

Depending on the partner countries, the assistance is either addressed to the beneficiaries of the Luxembourg foreign development aid or these actions, and by consequence the financial efforts of Luxembourg in this area, are clearly contributing to the visibility of the Luxembourg Financial Centre in these partner countries acting as non-official promoters. Indeed, they reflect the reliability and the professionalism of the Luxembourg Financial Centre, achieved also thanks to the stable regulatory framework established by the CSSF<sup>3</sup>.

This being said, I am convinced that they have a greater benefit and impact than the investment in time and money of the implicated partners/shareholders, professional associations, experts and, last but not least, the staff of the ATTF.

## WHAT KIND OF TRANSFER OF KNOWLEDGE?

An ATTF training catalogue has been developed over the past years covering a wide range of common subjects, varying from technical banking subjects such as risk management to more soft skills as human resources management in order to assist the partner countries in shaping their support request. Tailor-made programs are sometimes developed in order to address specific needs of a partner country subject to the condition that the required expertise/professionalism can be provided by the professionals of the Financial Centre. Occasionally, ATTF relies on expertise from abroad, mainly from our neighbouring countries.

ATTF puts efforts in providing training sessions preparing to international certifications in the banking area and give the participants the opportunity to take the respective exams whenever it is possible (such as for example the "Certified Anti-Money Laundering Specialists-CAMS" certification, the Financial Risk Manager-FRM certification of GARP or preparing the ACI Dealing Certificate).

## A CONCRETE EXAMPLE OF PROMOTION THROUGH TRAINING ACTIVITIES

The ongoing bilateral collaboration between China and Luxembourg can be a relevant example of clear promotion aspects.

Bearing in mind that in countries like China, the financial sector is mainly made up by actors and institutions which are still in the possession, to one extent or the other, of the State. In that respect, building up trust at various levels with the regulators is of importance to promote products and services of an international financial centre. The further opening up of the financial sector in some emerging countries will depend also on the presence of competent professionals. Therefore, the transfer of know-how is an essential part to help those emerging economies to get ready for our products and services.

The recent opening of the European headquarters of the Industrial and Commercial Bank of China Luxembourg (ICBC) in Luxembourg shows the potential for the Luxembourg Financial Centre getting engaged on all levels with the financial institutions and regulators of these new, important emerging international markets. Transfer of technology and know-how, as well as the high level training based on the quality of the human capital available in Luxembourg creates trust and trust is at the basis of banking business.

Concretely, ATTF has been providing for nearly 10 years now training sessions to the Chinese banking world, among others to the People's Bank of China and to the banking sector in Shanghai. The past has shown that a consequent promotion can be significantly obtained by providing high level trainings to Chinese bankers, in different regions in China or in Luxembourg. There is a strong demand from China and Luxembourg to increase the training activities in favour of China; the Chinese banking community is willing to financially contribute to the latter.

## OUTLOOK ON THE FUTURE

ATTF will continue to provide assistance to the countries selected by the Luxembourg Government in order to contribute, in its specific and unique way, to the establishment of relations with partner countries and to promote the Luxembourg financial industry in emerging countries and countries in transition. We believe that for our future activities, we can continue to rely on the expertise available in Luxembourg.

Empathy towards the beneficiaries of the partner countries, a clear understanding and identification of their needs, delivering an effective training offer will be more than ever the focus without losing the underlying promotion aspects of its mission. ■

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<sup>1</sup> in 2011: Azerbaijan, Bosnia and Herzegovina, Bulgaria, Cambodia, Capo Verde Islands, China, Croatia, Cyprus, the Czech Republic, Egypt, El Salvador, Estonia, Georgia, Hungary, Kazakhstan, Kosovo, Laos, Latvia, Lebanon, Lithuania, Macedonia, Namibia, Malta, Moldova, Mongolia, Montenegro, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Tunisia, Turkey, Ukraine and Uzbekistan

<sup>2</sup> ATTF shareholders: The State of the Grand-Duchy of Luxembourg (52%), Central Bank of Luxembourg (BCL), Chamber of Commerce of the Grand Duchy of Luxembourg, Federation of the Professionals of the Financial Sector (PROFIL), Financial Sector Supervisory Commission (CSSF), Institute for Training in Banking, Luxembourg (IFBL), University of Luxembourg

<sup>3</sup> Commission de Surveillance du Secteur Financier: the Luxembourg Supervisory Authority of the Financial Sector (CSSF)