



**Le role et fonctions de  
The Institute for  
International Finance**

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ESC-Sfax International Finance  
Michel Henry BOUCHET

M.H. Bouchet-SKEMA-Global Finance 2015

**The IIF**  
What kind of Organization ?

**Chairman Douglas FLINT, HSBC**



**Timothy D. Adams**  
President and CEO

Timothy Adams is currently President and CEO of the IIF. As the Institute's Chief Executive Officer, Mr. Adams is responsible for developing and executing the Institute's programs under the guidance of the Board of Directors.

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**What kind of Institution ?**

- ▣ Global association of financial institutions
- ▣ 1983 : in response to international debt crisis
- ▣ 2010: spokesman of banking industry for macroprudential regulation

[www.iif.com](http://www.iif.com)

**Members:**

- commercial banks
- investment banks
- insurance companies
- investment management firms
- export credit agencies
- multilateral agencies
- Law firms



**375 members**  
**70 countries**

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**Purpose**

"Being the most influential global association of financial institutions"

- To support the financial industry in prudently managing risks
- Developing best practices and standards
- Advocating regulatory, financial, and economic policies
- To Foster global financial stability

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## How ?

### Providing:

- ▣ Reports
- ▣ Outlooks
- ▣ Briefings
- ▣ Overviews
- ▣ Bulletins

### Topics:

- ▣ Country risk assessment
- ▣ Emerging Markets
- ▣ Issues in Global Finance

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## About IIF

- ▣ The world's only global association of financial institutions
- ▣ Created in 1983
- ▣ Headquartered in Washington D.C.
- ▣ 2014: 450 members from 70 countries

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## Institute of International Finance (IIF)

### Membership and organization:

- Board of Directors is composed of 30 members
- Chairman Mr. Josef Ackermann (Swiss- CEO Deutsche Bank)
- Includes commercial banks, investment banks, insurance companies, multinational corporations, trading companies, export credit agencies...
- Approx. half of the IIF's members are Euro-based financial institutions
- Representation from the leading financial institutions in emerging market countries is also increasing steadily (ex: U.A.E)
- More than 375 members headquartered in more than 70 countries.

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## Institute of International Finance (IIF)

### Main roles:

- ▣ Providing analysis and research to its members on emerging markets and other central issues in global finance.
- ▣ Developing representative views and proposals that influence the public debate on particular policy proposals and broad themes of common interest to participants in global financial markets.
- ▣ Coordinating a network for members to exchange views for effective dialogue among policymakers, regulators, and private sector financial institutions.

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## Mission

- ▣ Support the financial industry in prudently managing risks, including sovereign risk.
- ▣ Advocating regulatory, financial, and economic policies that are in the broad interest of its members
- ▣ Foster global financial stability

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## Main Activities

- ▣ Systematically identify, analyze, and shape regulatory, financial, and economic **policy issues** of relevance
- ▣ Providing **analysis and research** to its members on emerging markets and other central issues in global finance.
- ▣ Developing representative views and proposals that **influence** the public debate on particular policy proposals and broad themes of common interest to participants in global financial markets.
- ▣ Coordinating a network for members to exchange views for **effective dialogue** among policymakers, regulators, and private sector financial institutions.

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## Guiding Principles

- ▣ It is guided by the following principles:
  - Commitment to its members
  - Sound, Sustainable Finance
  - Focus and Relevance
  - Professional Excellence and Impartiality

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## IIF Board of Directors

- Board of Directors is composed of 30 members

- **Chairman** Mr. Josef Ackermann (Swiss- CEO Deutsche Bank)
- **First Vice Chairman** William R. Rhodes (Senior Vice Chairman, Citi)
- **Vice Chairman** Roberto E. Setúbal (CEO Banco Itaú S.A.)
- **Vice Chairman** Francisco González (CEO BBVA)

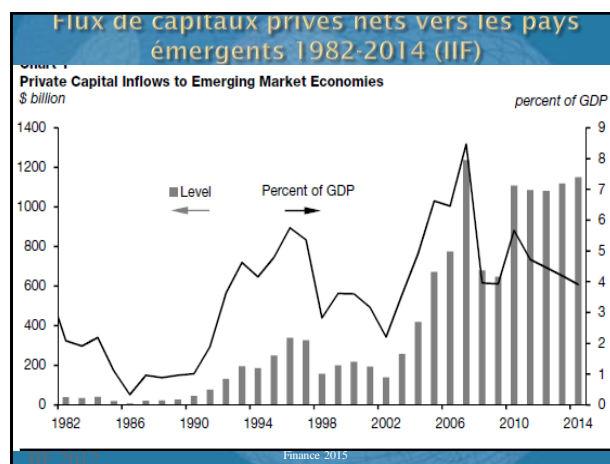


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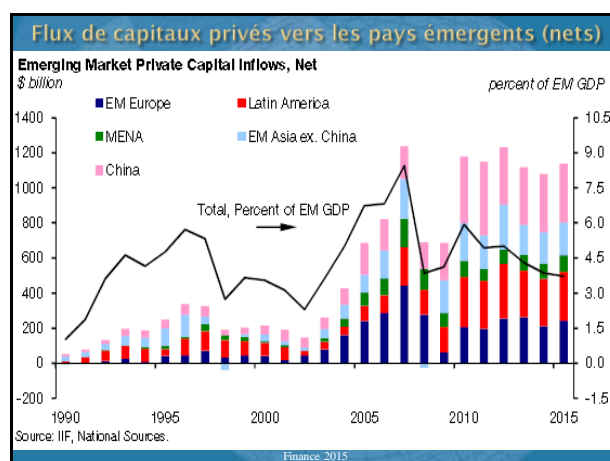
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- More than 350 members headquartered in more than 60 countries.

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<b>Emerging Market Economies: Capital Flows</b>				
\$ billion				
	2011	2012e	2013f	2014f
<b>Capital Inflows</b>				
<b>Total Inflows, Net:</b>	<b>1145</b>	<b>1113</b>	<b>1173</b>	<b>1209</b>
Private Inflows, Net	1084	1080	1118	1150
Equity Investment, Net	528	572	616	646
Direct Investment, Net	524	499	517	536
Portfolio Investment, Net	4	73	99	110
Private Creditors, Net	556	508	502	504
Commercial Banks, Net	177	143	152	175
Nonbanks, Net	379	365	351	329
Official Inflows, Net	61	33	55	59
International Financial Institutions	17	0	18	22
Bilateral Creditors	44	33	37	37
<b>Capital Outflows</b>				
<b>Total Outflows, Net:</b>	<b>-1445</b>	<b>-1427</b>	<b>-1390</b>	<b>-1359</b>
Private Outflows, Net	-721	-975	-1016	-1026
Equity Investment Abroad, Net	-221	-314	-342	-371
Resident Lending/Other, Net	-499	-661	-675	-655
Reserves (= Increase)	-666	-378	-374	-333
<b>Memo:</b>				
<u>Net Errors and Omissions</u>	-58	-74	0	0
<u>Current Account Balance</u>	<u>300</u>	<u>314</u>	<u>217</u>	<u>150</u>

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## Global Regulation of Financial Services

- ▣ Institute's Regulatory Affairs Department, in 2006, initiated dialogues on:

- Capital adequacy (including Basel II implementation)
- Effective regulation
- Liquidity risk management
- International accounting and audit standards

- ▣ The main goal of the dialogue:

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**Develop more effective and efficient approaches to regulation.**

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## Emerging Markets Policy Issues

- ▣ Main goal:

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**Implementation of Principles for Stable Capital Flows and Fair Debt Restructuring in Emerging Markets**

- ▣ Monitoring the application of principles in emerging markets:

- Policy progress and positive market sentiment
- Mixed policy performance and market concerns
- Restructuring.

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## Basel II-III & the IIF

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## Basel II

### Purpose:

Create an international standard that banking regulators can use when creating regulations about how much capital banks need to put aside to guard against types of financial and operational risks banks face

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## Basel II

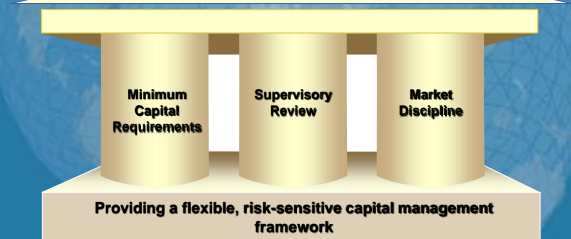
### Final Objectives:

- ▣ Ensuring that capital allocation is more risk sensitive
- ▣ Separating operational risk from credit risk, and quantifying both
- ▣ Attempting to align economic and regulatory capital more closely to reduce the scope for regulatory arbitrage.

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## Basel II

### Three Pillars



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## Steering Committee on Regulatory Capital

### Main objective:

- ▣ To implement the Basel Accord
- ▣ To continue the evolution of regulatory capital standards toward modern risk management practices.
- ▣ To implement the models for risk parameters' calculation and establish the supervisory conditions

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