

PRESS RELEASE

**Banks: ABI calls for tighter control over risk management and prevention**

*Banks, authorities and banking experts will meet to discuss compliance issues at the two-day conference promoted by ABI on this issue. Zadra stated: "Italian banks are ready to discuss the management models, operating practices and tools necessary to ensure compliance with rules and regulations and effective risk detection. In the current environment, banks must comply with rules and regulations in order to be competitive in the market".*

The key issues that the two-day conference organized by ABI will address are the following: defining the regulatory framework and the duties entrusted to the compliance function also in the ongoing crisis, practices and models implemented to spread compliance culture across the banking system as well as GRC-Governance-Risk-Compliance integrated approach's potential. The 2008 "Compliance in banks – effectively managing the compliance process" conference, held on an annual basis, is being held today and tomorrow at Palazzo Altieri; banks, supervisory authorities and banking experts will have the opportunity to discuss the various complex issues pertaining to the compliance function's organization and methodologies as well as results achieved to date and areas for improvement.

Italian banks have launched projects aimed at implementing and consolidating the new compliance function, entirely dedicated to protecting and monitoring that rules and regulations are complied with. "Today more than ever – notes Giuseppe Zadra, General Manager of ABI, during his opening speech – it is necessary that banks comply with relevant rules and regulations, therefore they must be responsible and able to implement the standards agreed upon with the authorities. Compliance's underlying philosophy entails that a new approach to addressing rules and regulations be adopted; this approach has already been endorsed by banks and is especially important at times of crisis such as the one we are facing today."

In August 2008, the Basel Committee on Banking Supervision issued its 'Report on the implementation of compliance principles'. This analysis, based on a survey conducted in 2007 to which various national regulators responded, revealed that the most relevant and most frequently occurring problems regarding compliance result from various factors. Amongst the major factors were the following: the absence of a 'control board' guaranteeing that banks properly and fully implement applicable rules and regulations; insufficient recognition of the importance of compliance as a key factor for market success; failure to detect compliance risks and/or difficulty in tackling these risks.

The 'White Paper on the Compliance Function' was presented at the conference; this paper is a reference framework with regard to the key issues pertaining to the implementation of this new component of modern banks' control systems. The white paper is the result of joint working between ABI's Scientific-Technical Committee on Compliance and an inter-bank working group and is divided into 6 subject matters. It analyzes, among other issues, the following: the reference regulatory framework on compliance in banks; the issue pertaining to the compliance function's role within banks' organization; approaches to measuring compliance risk; and promoting compliance culture. An online updated 'encyclopedia' regarding EU and national regulations and the standard banking procedures which are affected by these regulations (ABICS - ABI Compliance System), as well as a series of training courses for employees are examples of the initiatives undertaken.

Rome, Palazzo Altieri, October 29, 2008