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The International Chamber of Commerce (ICC) Banking Commission supports and endorses the important remarks of IMF Managing Director Christine Lagarde, calling for collective and collaborative action on the critical issue of correspondent banking (<https://www.imf.org/en/News/Articles/2016/07/15/13/45/SP071816-Relations-in-Banking-Making-It-Work-For-Everyone>).

Daniel Schmand, Chair of the ICC Banking Commission, notes, “The recent speech by Managing Director Lagarde is balanced, extremely well informed and clearly aimed at advancing the dialogue between regulatory authorities, policymakers and banks, in an even more constructive, substantive direction. The ICC is fully prepared to work with Madame Lagarde and our industry partners to take these important observations toward concrete action.”

Correspondent Banking, which refers to a longstanding ecosystem of bank-to-bank trusted relationships, enables a wide range of commercial and trade activity, and facilitates the engagement of emerging markets in cross-border activity through this network of banking linkages. Post-crisis commercial, risk and regulatory considerations have combined to put significant pressure on this dimension of banking, with the net result that there has been a global redistribution and reduction in the number and the reach of correspondent relationships.

This has been to the detriment of the global financial and economic system, to trade activity, and to trade-based economic development and poverty reduction, including in small states, developing economies and frontier markets.

The ICC Banking Commission has sought, through its annual G20 Consultation Session in Singapore in 2015, and through its participation in the WTO Trade Finance Experts Group Meetings in Geneva, to bring this issue to the attention of political leaders, policymakers and regulatory authorities (http://iccwbo.org/Data/Documents/Banking/General-PDFs/BIS_Consultation_ICC_Response_to_CPMI_Report_on_Correspondent_Banking_Dec_2015/). The ICC Banking Commission applauds the clear and unequivocal message brought forward on this matter by the IMF.

“The ICC, through the annual B20/G20 process, and by engagement with a range of industry, policy and international institution stakeholders has been working to highlight the importance of a robust, secure global correspondent banking network, recognizing full well, the importance of appropriately stringent regulation and oversight. The remarks by Managing Director Lagarde are compelling, persuasive and rooted in a strategic perspective on the issue: a view which industry leaders and regulatory authorities alike must embrace to arrive at a viable, sustainable solution,” observes John Danilovich, Secretary General of the ICC.

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