

X National Conference

New Decade, New Challenges: Regulation as a Driver of Development

November 16-18, 2011, Moscow
Hotel Renaissance Moscow Monarch Centre

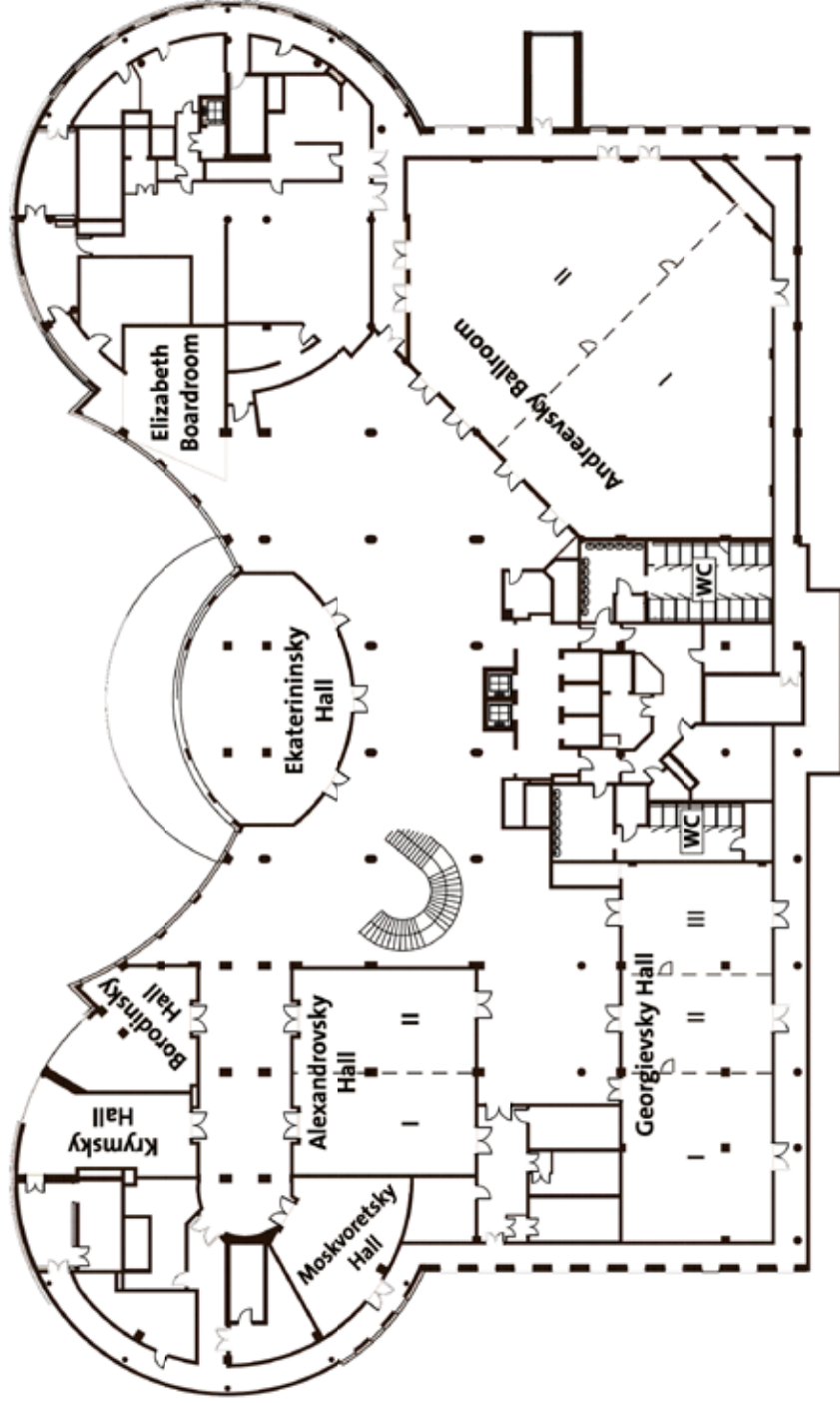
Working languages: Russian, English

Conference Agenda

(may be subject to changes and additions)

16 November 2011				
08.30 – 16.00	Registration of the Conference participants			
16.00 – 18.00	1. Opening Ceremony of the Conference The Role of Regulation in the Sustainable Development of Microfinance and Financial Inclusion Andreevsky* Ballroom			
18.30 - 20.30	Welcome cocktail by the Russian Microfinance Center Council			
17 November 2011				
09.00 – 17.00	A fair of automated solutions for credit cooperatives and microfinance institutions. Georgievsky III Hall			
09.30 – 11.30	2. Plenary Session The Transformation and Challenges of Microfinance: How to Preserve the Social Responsibility Philosophy on the Way to the Inclusive Financial System? Andreevsky* Ballroom			
11.30 – 12.00	Coffee break			
12.00 - 13.30	Georgievsky* Hall 3.1. Discussion Looking beyond the horizon: development strategies for microfinance and credit cooperatives towards 2016	Alexandrovsky Hall 3.2. Round Table Sustainable markets and public trust: new procedures to prevent the bankruptcy of credit cooperatives	Ekaterininsky Hall 3.3. Round Table Partnerships with banks: random or consistent? Lessons learned and future challenges	
13.30 - 15.00	Lunch			
15.00 - 16.30	Georgievsky* Hall 4.1. Discussion New trends in the regulation and supervision of credit cooperatives and microfinance institutions: what is in store for us?	Alexandrovsky Hall 4.2. Discussion Agricultural credit co-operatives: current issues and future challenges	Ekaterininsky Hall 4.3. Discussion Create Your Customer: start-up support and financial literacy	
16.30 - 17.00	Coffee break			
17.00 - 18.30	Georgievsky* Hall 5.1. Debate Past deadline, problems remain: initial results from self-regulatory organizations of credit cooperatives. How to deal with the unregulated market?	Alexandrovsky Hall 5.2. Round Table Accounting and reporting standards as a basis for sustainable market development: international experience and Russian perspectives	Ekaterininsky Hall 5.3. Training Session Delinquency prevention and debt recovery	
19.00 – 23.00	Gala evening for the Conference participants. Andreevsky* Ballroom			
18 November 2011				
09.00 – 16.30	Investor Fair			
08.30 – 10.00	Business breakfast with the representatives of the Federal Service for Financial Markets. Restaurant «Mozaic»			
10.00 – 12.00	6. Plenary Session Debate: non-bank financial institutions - pros and cons Georgievsky* Hall			
12.00 – 12.30	Coffee break			
12.30 - 14.00	Georgievsky* Hall 7.1. Discussion Investing in Microfinance: Russia's opportunities and challenges	Alexandrovsky Hall 7.2. Discussion New products and services for credit cooperatives and microfinance institutions	Ekaterininsky Hall 7.3. Training Session AML in microfinance: common mistakes MFIs make in their paperwork	Georgievsky III Hall 7.4. Training Session The application of financial rehabilitation and bankruptcy procedures
14.00 – 14.45	Coffee break			
14.45 – 16.15	Georgievsky* Hall 8.1. Round Table Microfinance supermarkets: new developments in e-money regulation and new opportunities for payment and remittance services	Alexandrovsky Hall 8.2. Discussion Public-Private Partnerships in microfinance. How to facilitate access to state support?	Ekaterininsky Hall 8.3. Training Session Protection of personal data - practical experience	Georgievsky III Hall 8.4. Discussion A systemic approach to credit cooperative infrastructure development: second-tier cooperatives and mutual insurance societies, and an outlook on the establishment of a state-controlled Insurance Agency to insure the savings of credit cooperatives' members
16.30 – 17.00	Closing Ceremony. Georgievsky* Hall			

Renaissance Moscow Monarch Centre Floor Plan



16 November 2011

16.00-18.00, Andreevsky Ballroom

Simultaneous translation (English – Russian, Russian – English)

1. The Conference Opening Ceremony.

The Role of Regulation in the Sustainable Development of Microfinance and Financial Inclusion

During the 10 years between now and the first conference on microfinance, the Russian national microfinance system has been created, and financial inclusion issues have been included in the agenda of professional associations and the government. In particular, regulation has played a significant role in this process – the legal and normative innovations aimed at increasing the effectiveness of financial inclusion institutions. Thanks to the laws adopted in the past several years, a qualitatively new legal field was formed for microfinance organizations, credit cooperatives, electronic money operators and banking payment agents. The evolution of the market, however, brings about new tasks related, inter alia, to the implementation of a global priority of the creation of an inclusive financial system in Russia – in accordance with the G20 priorities. In this connection, key discussion themes at the conference opening include initiatives on improving regulation with the view of further increase of financial inclusion, aimed at:

- ensuring growth and overcoming imbalances in the development of non-bank financial institutions (credit cooperatives and microfinance organizations),
- using financial innovations (e-money, mobile banking) and quality management of concomitant risks,
- increasing the transparency of microfinance institutions' activity and consumer rights protection.

We invited leading Russian and international policymakers and regulators to take part in the conference opening, whose competencies and interests include areas related to the regulation of the financial services sector.

*Moderator: **Mikhail Mamuta**, National Partnership of Microfinance Market Stakeholders (NAMMS)*

18.30-20.30, Lobby

Welcome Cocktail by the Russian Microfinance Center Council

17 November 2011

09.00-17.00, Georgievsky III Hall

A fair of automated solutions for credit cooperatives and microfinance institutions

The NAMMS Fair provides a networking forum for conference participants and developers of software for credit cooperatives and MFIs.

The conference participants will be able to:

- find out what software products are available;
- learn from developers about the specific methodologies built in the software algorithms;
- explore ways in which the software products may address the needs of their institutions;
- determine the full cost of the software installation and maintenance;
- ask other questions and have them answered by qualified professionals.

09.30- 11.30, Andreevsky Ballroom

Simultaneous translation (English – Russian, Russian – English)

2. Plenary Session

The Transformation and Challenges of Microfinance: How to Preserve the Social Responsibility Philosophy on the Way to the Inclusive Financial System?

Microfinance originated from a philosophy of self-sufficient, yet not-for-profit activity aimed at the provision of microloans and other financial services to low-income populations. However as the industry developed it became clear that the volume of the demand for microfinance services significantly exceeded the volumes of not-for-profit funding that could be provided to this sector of economy. Consequently, a need to involve new, commercially oriented investors and resources was realized, and thus a need to establish a certain profit margin on invested capital. Also, the focus of many early microfinance initiatives in Russia, as elsewhere in the world, was on loans, ignoring the demand among low-income populations for the full range of financial services that more affluent customers use. These two factors set the stage for «microfinance commercialization,» which allowed the manifold growth of the industry internationally in a short period of time, at the same time posing a series of important questions regarding the ways of maintaining the balance between the social and commercial objectives of microfinance. In the last couple of years thinking has evolved to a concept of all inclusive financial systems serving the whole «client pyramid» from the very base (low-income people) up to the top (a small number of the wealthiest customers) within common standards of social responsibility, regulation, consumer rights protection, pricing transparency and ethical treatment of delinquency. In other words, both the rich and the poor – all should have equal access to finance and equal degree of protection. It is this philosophy that lies in the foundation of the Principles for Innovative Financial Inclusion adopted by the G20 countries at the Toronto Summit in June 2010 and the Financial Inclusion Action Plan and the Global Partnership for Financial Inclusion (GPFI) called for by the G20 Leaders at their Seoul Summit one year ago. How are these principles being implemented in Russia and abroad and with what results? What levers does government have at its disposal to accelerate progress towards universal financial inclusion, and how they being used to support sustainable private sector initiatives? Finally, what should an effective all-inclusive financial system look like in 10 years? All of these issues, as well as many others, will be discussed during the Plenary Session of the conference, where GPFI leaders, key Russian regulators and international experts responsible for increasing access to financial services will take part.

Moderator: Anatoly Kadrov, National Partnership of Microfinance Market Stakeholders (NAMMS), League of Credit Unions

11.30-12.00 Coffee Break, Lobby

12.00-13.30, Georgievsky Hall

Simultaneous translation (English – Russian, Russian – English)

3.1. Discussion.

Looking beyond the horizon: development strategies for microfinance and credit cooperatives towards 2016

Sustainable development of microfinance and credit co-operatives would be impossible without a long-term strategy. The year 2011 is the final year of the NAMMS Concept of Improving Access to Retail Finance and of the 2008-2011 five-year development Strategy for Credit Cooperatives adopted in 2008 by the League of Credit Unions. Currently, working groups formed by representatives of the microfinance movement, practitioners and experts, work on the drafts of new five-year strategies for the development of the microfinance market and credit cooperatives towards 2017. This session will feature a public discussion of the main provisions of both strategies: What do we believe to be the main priorities in the development of the microfinance market and credit cooperatives for the next five years? What major threats and risks do we face? What do we see as the key competitive advantages of microfinance? What is our vision for microfinance and credit cooperatives towards 2017? And finally, do we need a government-endorsed strategy of microfinance and credit cooperatives development, similar to official strategies for conventional banking and finance? The results of this discussion and the participants' opinions will inform the draft strategies so that the latter may be approved before the end of this year and a new five-year development period may be started, based on the industry-approved, systemic approach to the market development.

Moderator: Mikhail Mamuta, National Partnership of Microfinance Market Stakeholders (NAMMS)

Speakers: Yuri Volokhonsky, South Russia Association of Credit Unions

Oleg Ivanov, «Russia» Association

Vadim Kalinichev, Moscow State University of Technologies and Management named after K.G. Razumovsky

Elena Stratyeva, «Soyuz» Cooperative

Olga Tomilova, Consultative Group to Assist the Poor (CGAP)

12.00-13.30, Alexandrovsky Hall

3.2. Round Table.

Sustainable markets and public trust: new procedures to prevent the bankruptcy of credit cooperatives

The session is supported by



Credit cooperatives' bankruptcy statistics sound like casualty reports: more than a hundred of credit consumer coops across Russia are now at various stages of bankruptcy proceedings, dozens of criminal investigations have been launched against coops' management, and coop members have lost tens of millions of rubles.

How can we prevent this avalanche of bankruptcies, intentional as well as unintentional? How can we protect members of the public and their savings deposited with credit cooperatives? Should it be possible to recover member savings from a bankrupt coop before all other claims are satisfied? Should it be possible to restructure the credit coop's assets as a bankruptcy-prevention measure?

These and other concerns will be addressed by the roundtable attended by representatives of credit cooperatives and their self-regulatory organizations, government agencies, colleagues from the banking and insurance sectors, and experts. Participants will discuss proposed amendments to the bankruptcy law; these amendments drafted by the Russian Ministry of Economic Development assisted by experts from NAMMS and credit cooperative and banking associations aim to resolve specific issues arising from credit coops' bankruptcies and provide bankruptcy-prevention measures, including intervention by the government regulator and/or SRO.

Moderator: **Dmitry Skripichnikov**, Deputy Director, Innovation Development and Corporate Governance Department, Ministry of Economic Development

Speakers: **Alexander Bondarev**, «Centralnaya Narodnaya Cassa» Second-Tier Credit Consumer Cooperative
Alexander Solomkin, «Cooperative Finance» SRO
Viktoriya Tagirova, National Partnership of Microfinance Market Stakeholders (NAMMS)

12.00-13.30, Ekaterininsky Hall

3.3. Round Table.

Partnerships with banks: random or consistent? Lessons learned and future challenges

The session is supported by



The decade of microfinance development in Russia has been characterized by varying degrees of partnership between banks and microfinance institutions. In the early 2000s, there were few, if any, micro-finance institutions engaging with banks, and such engagement was ad hoc, rather than systematic. The law on microfinance and pursuant acts regulating microfinance institutions and credit cooperatives enables the development of a professional market of microfinance operators; it would be appropriate therefore to review the experience of engagement between banks and MFIs and use the findings as a basis for a systematic approach to building partnerships.

Russian Microfinance Center (RMC) made this effort in 2010 and 2011. RMC's specialist staff, working together with external experts, came up with a conceptual approach to building cooperation between banks and microfinance providers. In addition, prospects of such engagement were discussed with the banking community. Not limited to lending, new forms of cooperation include capital participation in MFIs, issue of plastic cards, and remittance and payment services delivered via bank agency model.

Representatives of banks with extensive history of successful cooperation with RMC in microfinance have been invited to this session. They will reflect on their experience with microfinance institutions, discuss challenges of such collaboration, and share their vision of potential future forms of engagement.

Moderator: **Nadezhda Karisalova**, VTB 24 (JSC)

Speakers: **Representative** of Sberbank of Russia
Pavel Borovikov, «Sibirsky Credit» credit consumer cooperative of citizens
Grigory Vartsibasov, National Bank TRUST
Sergey Suchkov, MICROFINANCE LLC
Olesya Teploukhova, Russian Bank for SME Support (SME Bank)
Ilnar Shaimardanov, ROSBANK

13.30 – 15.00 Lunch, Lobby

15.00-16.30, Georgievsky Hall

Simultaneous translation (English – Russian, Russian – English)

4.1. Discussion.

The session is supported by



New trends in the regulation and supervision of credit cooperatives and microfinance institutions: what is in store for us?

The decision to share the functions of state regulation and supervision of credit consumer coops and MFIs between the Russian Ministry of Finance and the Federal Service for Financial Markets was met by the industry with overall support and understanding, but also with numerous questions about the specifics of the authorities' interaction and the way supervision will be carried out. How do we know which of the two authorities has the documents filed for approval, and how long they will take to process the documents? Will the guidelines for the market participants issued earlier by the Russian Ministry of Finance be binding on the Federal Service for Financial Markets? When will they determine their procedures for CCC and MFI audits? How will the Federal Service for Financial Markets and Rosfinmonitoring implement an agreement on their joint AML/CTF supervision of CCC and MFIs? Where should CCCs and MFIs appeal when they face issues which require supervisory intervention - to the FSFM Moscow head office or to its local branch? Is it expected that a procedure will be established to facilitate interaction between the regulator and supervisor and SROs of CCCs and MFIs? How will the FSFM track any CCCs which fail to join SROs and what will happen to such CCCs?

During the 90-minute session, the Ministry of Finance and FSFM representatives will answer these and other questions asked by the participants.

Moderators: **Valeriy Kasatkin**, *Altay Association of Credit Unions*
Yelena Stalnova, *Russian Microfinance Center*

Speakers: **Representative** of the Russian Ministry of Finance
Representative of Federal Service for Financial Markets
Pavel Sigal, «Microfinance and Development» Non-Profit Partnership of MFIs

15.00-16.30, Alexandrovsky Hall

4.2. Discussion.

Agricultural credit co-operatives: current issues and future challenges

Agricultural credit consumer cooperatives (ACCCs) are represented by a network of credit cooperatives governed, alongside other types of rural cooperatives, by the Law on Agricultural Cooperatives. The number of new ACCCs peaked in 2006-2007, coinciding with the implementation of the high-priority Agricultural-Industrial Complex Development national project. More than 1,000 new credit cooperatives were established over that period, bringing their total number to approx. 1,700. Many cooperatives are members of regional networks; a third tier coop has been established. ACCCs are required to be members of Inspection Unions, and some ACCCs are members of the same IUs as other types of consumer and producer cooperatives. There is no exact data on how many credit cooperatives are active in rural areas; similarly, only expert estimates are available regarding ACCCs' level of development and outreach. ACCCs are involved in federal and regional programs for agriculture; however, no government regulation and oversight mechanisms are in place, or any statistics on ACCCs.

What is the future outlook of agricultural credit consumer cooperatives? Will they continue to be governed by the Federal Law on Agricultural Cooperatives – or rather, will they fall under the Law on Credit Cooperatives? Will agricultural credit cooperatives continue to be treated as one of the numerous forms of rural consumer cooperatives - or will they become autonomous providers in a broader microfinance market? Are ACCCs prepared to embrace self-regulation and performance standards? What is the role of state support and how will coops manage their investor relations? Representatives of the ACCCs, investors, development institutions serving agricultural credit cooperatives, and members of the academic community will discuss these issues during the session.

Moderator: **Valery Kryachkov**, «Narodny Kredit» Interregional Agricultural Credit Consumer Cooperative

Speakers: **Zinaida Vorobyeva**, «Soglasye» Agricultural Credit Consumer Cooperative, Republic of Chuvashia
Andrey Morozov, Agrokontrol SRO
Nadezhda Petukhova, «Vologda-Credit» ACCC, Vologda Region
Alexander Rasskazov, Rural Credit Cooperation Development Fund
Irina Tankova, Rosselkhozbank
Svyatoslav Fedorov, Union of Rural Credit Cooperatives
Renata Yanbyh, All-Russian Research Institute of Agrarian Problems and Informatics named after A.A. Nikonov
Irina Dzhusup, Oikocredit Representative Office in Russia

15.00-16.30, Ekaterininsky Hall

4.3. Discussion.

Create Your Customer: start-up support and financial literacy

The session is supported by



Small and microbusinesses are active users of microfinance. Currently in Russia, there are a number of SME support programs targeting start-ups, including a program implemented by the Federal Employment Service (Rostrud) designed to promote self-employment by assisting unemployed individuals in starting their own enterprise.

For more than a year now, Rostrud, NAMMS and OPORA Russia, with support from Citigroup, have been working under a tripartite agreement to offer microloans and consultancy to recipients of business start-up subsidies.

The session will discuss the results and prospects of this socially-oriented project involving MFIs and employment authorities.

Moderator: **Ludmila Sklyarenko**, National Partnership of Microfinance Market Stakeholders (NAMMS)

Speakers: **Alexey Vovchenko**, Deputy Director, Federal Service for Labour and Employment

Tatiana Dikova, Russian Microfinance Center

Michael Kortenbusch, Business & Finance Consulting (BFC)

Albina Perfilieva, «Capital Plus» Credit Consumer Cooperative, Togliatti

Maria Tatarenkova, «Podderzhka» Credit Consumer Cooperative, Volokolamsk

Boris Tkachenko, Program Manager, Youth Business Russia

16.30-17.00 Coffee Break, Lobby

17.00-18.30, Georgievsky Hall

Simultaneous translation (English – Russian, Russian – English)

5.1. Debate.

Past deadline, problems remain: initial results from self-regulatory organizations of credit cooperatives. How to deal with the unregulated market?

The transitional period allowed credit cooperatives to decide on their future expired on August 4th this year. However, only some of Russia's 3,000 credit consumer coops (2,800 according to Rosfinmonitoring and 3,200 according to the Federal Tax Service) used the last «break before the leap» for preparing to switch to the new system.

While some credit cooperatives formed non-profit partnerships and spent the transitional year developing ground rules and standards for their future SROs, some others promptly decided that they cannot comply with self-regulation requirements established by Federal Law № 190 and started looking for some other legal format for their operations.

Yet others chose to leave it to chance in the hope that compulsory SRO membership may be postponed or that someone might set up an SRO with gratuitous and merely formal membership which they may be willing to join, or that the legislators might change the law once they see that the overwhelming number of coops have not joined SROs by 4 August 2011, etc.

Given, however, that no changes in the law on credit cooperatives are foreseen, and that after 4 August 2011, coops which have not joined any SRO are legally not allowed to take money from their members or to take in new members, we may expect to see a sharp drop in the number of credit coops since those who fail to comply will be closed by court order.

If a credit cooperative has not yet decided which SRO to join, what can they do? Is there anything SROs can do to encourage more coops to join? Is there anything in particular that «unregulated non-joiners» do not like about SROs? What are the expectations of existing SRO members? What incentives can the government via its regulator offer to coops with an understanding that self-regulation exists in principle, but does not yet cover the entire market?

These and other questions will be addressed in a discussion involving representatives of credit cooperatives, active SROs, and government agencies.

Moderator: **Anatoly Kadrov**, National Partnership of Microfinance Market Stakeholders (NAMMS)

Speakers: **Representative** of the Federal Service for Financial Markets

Anatoly Dronov, Non-Profit Partnership of Credit Cooperatives, Russian Railways

Alexander Norov, «National Association of Credit Cooperatives» SRO, Kamyshin, Volgograd Region.

Marat Ovchiyan, «Sodeistviye» Credit Consumer Cooperative, Smolensk

Andrei Sidnev, «Narodnye Kassy» SRO

Alexander Solomkin, «Cooperative Finance» SRO

17.00-18.30, Alexandrovsky Hall

Simultaneous translation (English - Russian, Russian - English) will be provided.

5.2. Round Table.

Accounting and reporting standards as a basis for sustainable market development: international experience and Russian perspectives

The session is supported by



European Bank
for Reconstruction and Development

In early September 2010, NAMMS and the Russian Microfinance Center launched a new project to harmonize and develop accounting standards for credit consumer cooperatives. The project seeks to standardize financial accounting in credit consumer cooperatives. A number of draft regulations were developed to standardize accounting in credit cooperatives, and a Working Group was set up by NAMMS to develop uniform accounting standards for credit consumer cooperatives (hereafter - the Working Group).

The draft regulations have been finalized and submitted to the Ministry of Finance, and currently they are under consideration with the Ministry. This roundtable offers an opportunity to credit cooperatives to discuss with the Ministry of Finance both the draft regulations and the prospects of their approval, and the challenges of implementing uniform accounting standards in credit consumer cooperatives.

Moderator: **Viktoriya Tagirova**, National Partnership of Microfinance Market Stakeholders (NAMMS)

Speakers: **Representative** of the Russian Ministry of Finance

Marina Kokhanova, Member, Working Group on Harmonization of Accounting Standards for Credit Consumer Cooperatives, «Cooperative Finance» SRO

Lyudmila Fattahova, Member, Working Group on Harmonization of Accounting Standards for Credit Consumer Cooperatives, Altai Association of Credit Unions

17.00-18.30, Ekaterininsky Hall

5.3. Training Session.

Delinquency prevention and debt recovery

The session is supported by



Debt recovery is a particular challenge for Russia, because many factors, such as economic and political transition, the era of primitive accumulation, crises, and certain aspects of the Russian mentality all contribute to a situation where failure to repay debt is common. Consequently, institutions need to have tools and systems in place to ensure effective debt collection. This training session will explore methods to collect debt from legal entities, as well as individuals.

The session will review practical strategies of debt collection, including in circumstances such as individual or corporate bankruptcy, and share debt recovery solutions developed and used by microfinance providers.

Moderator: **Yelena Stalnova**, Russian Microfinance Center

Speakers: **Anton Dmitrakov**, «Pristav» Debt Collection Agency

Elena Kamynina, FASP Debt Collection Group of Companies

19.00-23.00, Andreevsky Ballroom

Gala evening for the Conference participants

08.30-10.00, Restaurant Mozaic

Business breakfast with the representatives of the Federal Service for Financial Markets

09.00-16.30, Lobby

Investor Fair.

For more than a year, Russia's microfinance sector has been steadily recovering from the financial crisis. Now MFIs face a growing demand for loans and need funds to meet this demand. In turn, many investors concerned over instability in the European markets are looking to emerging markets, such as Russia. The Fair will offer microfinance practitioners a unique opportunity to learn about banks and investors operating in the Russian market, and to explore their financial products listed in the Catalogue of Investors. Moreover, microfinance providers will be able to meet in person and network with representatives of commercial banks and specialized investment companies attending the Fair.

10.00-12.00, Georgievsky Hall

Simultaneous translation (English – Russian, Russian – English)

6. Plenary session.

Debate: non-bank financial institutions - pros and cons

Recently there has been a growing polarity of opinions with respect to the development of non-bank financial institutions, including microfinance institutions. Advocates of the model assert, quite justifiably, that there is simply no alternative to financial and credit services to the population and small businesses in towns and rural areas, while critics point to weak regulation leading to multiple abuses with respect to MFI clients on the part of dishonest market participants. It is obvious that they talk about the two sides of the same coin – about advantages and drawbacks of the developing system of non-bank microfinance institutions. But what is taking over – its pluses or its minuses? Does the regulation adopted recently help to fight with abuse and inefficient management? And what do honest market participants and their associations do to increase the effectiveness of consumer protection in the microfinance market? The format of this plenary session provides for an open and uncompromised discussion between advocates and critics of non-bank financial institutions. Whose arguments will appear stronger, and who will the audience support? And do we have what it takes to reach a shared position, so we can join forces to overcome limitations and to support progressive industry development? We will know the answer at 10 am on November 18...

Moderator: **Tatiana Nikulshina**, an independent expert

Speakers: **Pavel Medvedev**, Financial Ombudsman, Member, State Duma Committee on Financial Markets
Pavel Sigal, OPORA Russia, Center for Microfinance

Experts: **Representative** of the Federal Service for Supervision of Consumer Rights Protection and Human Welfare
Representatives of international and non-governmental organizations

12.00-12.30 Coffee Break, Lobby

12.30-14.00, Georgievsky Hall

Simultaneous translation (English – Russian, Russian – English)

7.1. Discussion.

Investing in Microfinance: Russia's opportunities and challenges

The aggregate portfolio of microfinance loans in Russia is estimated to reach US \$1.3bn by the end of 2011 while the total demand is estimated to be at US \$11bn. How can we fill this gap? What are the opportunities for investors in this budding market?

A panel will illuminate Russia's special opportunities and challenges for microfinance investors, and gives answers to the following questions:

- What is microfinance in Russia? How does it differ from microfinance elsewhere, in terms of its target clients, loan terms, interest rates, SME focus, etc.?
- How will the new microfinance law of 2011 affect investors?
- What are the main risks and opportunities that investors face in the Russian microfinance industry? How do these differ from those in other countries?
- Are ratings of Russian MFIs adequate to guide investors and help build MFIs?

Moderator: **Bob Bragar**, Legal Risk Management for Impact Investors

Speakers: **Zinaida Vasilenko**, PlaNIS responsAbility SAS
Vera Makarova, BlueOrchard
Eugeniy Bernshtam, «Home Money» LLC, «FINOTDEL» JSC
Agharazi Babayev, Microfinance Information Exchange, Inc.

12.30-14.00, Alexandrovsky Hall

7.2. Discussion.

New products and services for credit cooperatives and microfinance institutions

The session is supported by



Times are changing - credit cooperatives and microfinance institutions are expected to come up with new solutions to make sure their financial products and services meet the new realities and needs of the people. Today, the existing instruments of supervision and oversight enable the microfinance industry to reach a new level, create partnerships with banks and payment systems, and deliver a range of services to the public on behalf of the State. The session will feature new financial products designed both for and by microfinance institutions and credit cooperatives, including loans, savings, and other services.

Participants will learn about key features of the new products and discuss their potential value, share their institutions' experience of product line updates, and will be given an opportunity to purchase turnkey solutions for their operations.

Moderator: *Alexander Solomkin, League of Credit Unions*

Speakers: *Maria Volkonskaya, Universal Client Technologies Center*
Viktor Kovalchuk, «Stavropol-Credit» Cooperative
Oksana Loskutova, «Rezerv» Cooperative, Rubtsovsk
Andrey Nikityuk, General Invest
Oleg Pechnikov, CyberPlat Payment System
Elena Stratyeva, «Soyuz» Cooperative

12.30-14.00, Ekaterininsky Hall

7.3. Training Session.

AML in microfinance: common mistakes MFIs make in their paperwork

In accordance with international best practices and FATF recommendations, the government now requires compliance with the AML/CTF legislation from credit cooperatives, microfinance institutions, mobile operators and other providers of finance, not limited to regulated credit institutions such as banks; every provider must appoint and train an AML/CFT compliance officer, adopt internal controls and have them approved by the regulator, and report transactions subject to mandatory disclosure and any suspicious transactions ...

This is a new type of reporting for CCCs and MFIs; microfinance providers are not experienced in tracking and reporting suspicious transactions, encoding such reports, etc. However, any journey starts with the first step: the session will review common mistakes in preparing AML/CTF reports and how to avoid them.

Moderator: *Andrey Yemelin, Association of Russian Banks*

Speakers: *Svetlana Veselova, Advisor, Oversight Office, Federal Service for Financial Monitoring*
Anna Baitenova, National Partnership of Microfinance Market Stakeholders (NAMMS)

12.30-14.00, Georgievsky III Hall

7.4. Training Session.

The application of financial rehabilitation and bankruptcy procedures

The session is supported by



Russian citizens increasingly borrow, supporting market demand in housing, car, and consumer goods markets. In response to this trend, the draft federal law «On financial rehabilitation procedures in respect of individual debtors» creates debt settlement options for individuals who often feel unprotected vis-a-vis institutional lenders. In this time of economic instability, delinquencies on retail loans have more than doubled. A similar situation is observed in the mortgage market.

Of particular relevance therefore would be the adoption of financial rehabilitation procedures for individual debtors to enable debt restructuring under judicial supervision, as well as settlement through bankruptcy, where a portion of the debtor's property and income will be collected to pay the creditors. The session will discuss the methods and procedures provided in the draft federal law on financial rehabilitation for individual debtors, and will come up with recommendations for the legislators to improve the draft.

Moderator: *Yelena Stalnova, Russian Microfinance Center*

14.00 – 14.45 Coffee Break, Lobby

14.45-16.15, Georgievsky Hall

Simultaneous translation (English – Russian, Russian – English)

8.1. Round Table.

Microfinance supermarkets: new developments in e-money regulation and new opportunities for payment and remittance services

The session is supported by



The adoption of the Federal Law of 27 June 2011, № 161-FZ, on the National Payment System and the amendment of federal laws on Banks and Banking Activity (Law of 02 December 1990, № 395-1) and on Combating Legalization (Laundering) of Proceeds from Crime and Terrorist Financing (of 7 August 2001, № 115-FZ) have made been a breakthrough in the regulation of banks' agents. The new legislation effectively creates conditions for further advancement of a payment system in Russia, offering a widest possible range of banking services to consumers, such as transfers and payments without opening a checking account, deposits and withdrawals of funds. The law establishes a legal and institutional framework of the national payment system, regulates money transfers, electronic payments, mobile payments, and provides for supervision and oversight of the national payment system. Electronic payments are de jure recognized as a form of cashless payment

Together, these measures create a legal framework to enable the development and introduction of new products for MFIs to offer in collaboration with banks and e-money operators, effectively transforming institutions into microfinance supermarkets, where consumers can shop for products and services. How does the new legislation enable MFIs to expand the range of services they offer to customers? Can MFIs offer a new product line to consumers - or will they continue to face insurmountable barriers? What is the market participants' outlook on their potential cooperation with banks under the agency model? These questions will be addressed during the discussion..

Moderator: **Viktor Dostov**, National Association «E-Money»

Speakers: **Representative** of the Central Bank
Peter Darakhvelidze, WebMoney
Anton Pukhov, Research Center for Payment Systems and Settlements (CIPSIR)
Andrey Shishlo, "MOBI.DENGI"
Timothy Lyman, Consultative Group to Assist the Poor (CGAP)

14.45-16.15, Alexandrovsky Hall

Simultaneous translation (English - Russian, Russian – English) will be provided.

8.2. Discussion.

Public-Private Partnerships in microfinance. How to facilitate access to state support?

The state's support of microfinance has been rapidly expanding in recent years. The Russian Ministry of Economic Development is consistently increasing the amount and expanding the targets for its support of microfinance institutions. Currently, the Ministry's program operates in more than 60 Russian regions. However, certain microfinance institutions, including credit cooperatives, have limited access to the state's support. What can be done to increase the number of providers benefitting from the support program? What are mutual expectations between the market operators and the state? And finally, how can stakeholders pool efforts to increase the amount of funding available to support start-ups? These and other questions will be discussed at this session focusing on ways to further enhance the state's support of microfinance.

Moderator: **Andrey Medvedev**, Deputy Director, Department for SME Development, Russian Ministry of Economic Development

Speakers: **Alexander Bosyak**, Altai Microloan Fund
Valery Kasatkin, League of Credit Unions
Andrey Marulyov, MICROFINANCE LLC
Andrey Pervukhin, Krasnoyarsk Regional SME Support Agency

14.45-16.15, Ekaterininsky Hall

8.3. Training Session.

Protection of personal data - practical experience

This training session will focus on MFIs' and CCCs' compliance with the new rules established by the Federal Law on Personal Data (No 152-FZ). The session will offer MFIs step-by-step guidance on compliance with the legal requirements, both in terms of paperwork and in terms of practical methods to ensure security of personal data.

Moderator: **Alexey Chirkov**, Russian Microfinance Center

Speakers: **Representative** of the Federal Service for Supervision in the Field of Communications, Information Technology and Mass Communications (Roskomnadzor)
Sergey Lyubarsky, Eydos

14.45-16.15, Georgievsky III Hall

8.4. Discussion.

A systemic approach to credit cooperative infrastructure development: second-tier cooperatives and mutual insurance societies, and an outlook on the establishment of a state-controlled Insurance Agency to insure the savings of credit cooperatives' members.

Just as any other financial institution, credit cooperatives need to manage their liquidity, deposit their surpluses, and allocate reserves. Second-tier credit cooperatives established under the Federal Law of 18 July 2009 on Credit Cooperatives (Law No 190-FZ) are designed to help coops meet these needs. Moreover, the reserve allocation procedure established for credit consumer coops by the Ministry of Finance Order No. 78n of 22 July 2010 allows coops to deposit up to 50% of their reserves with second-tier coops, thereby investing in the development of the entire credit coopsystem.

Another important factor of positive growth for credit coops today is their ability, established by the Federal Law, to insure their members' savings and financial risks - in doing so, they may use commercial insurance providers or mutual insurance societies.

Presenters and participants of the session will explore the following questions:

How important is a systemic approach to building an infrastructure for credit cooperatives and assisting their sustainability?

- What is the role of second-tier CCCs in the development of credit cooperatives today?
- How can second-tier CCCs engage with private and public banks in order to create a stable financial environment for credit cooperatives?
- What are the benefits of risk insurance for credit coops today?
- What are the prospects of creating a federal-level insurance system for credit coops to insure their members' savings?
- Do credit cooperatives need a state-controlled savings insurance agency today?

Representatives of second-tier credit cooperatives, banks working with credit cooperatives, mutual insurance societies focused on insuring the risks of credit cooperatives, and other stakeholders will share their ideas.

Moderator: **Andrey Sidnev**, Second-Tier Cooperative «Centralnaya Narodnaya Cassa»

Speakers: **Alexander Bykov**, «Narodnye Kassy» Mutual Insurance Society
Valentina Makarova, «Kredit» Cooperative, Syktyvkar
Alexander Norov, «National Association of Credit Cooperatives» SRO, Kamyshin, Volgograd Region
Andrei Shardakov, Second-Tier Cooperative «Centralnaya Narodnaya Cassa»

16.30-17.00, Georgievsky Hall

Simultaneous translation (English – Russian, Russian – English)

Closing ceremony

Glossary

Investor Fair is an exhibition where investors present their programs and products. Visitors can consult, negotiate with staff of the investor companies and sign agreements.

Plenary Session is a session format where the audience is accommodated in one big conference room to hear VIP guest speakers.

Debate is a form of a discussion, where speakers during a specified period of time state their positions on this or that issue, and then answer the questions of both participants of the debates and other speakers. Debates give a participant a possibility not only to ask a speaker a question of interest, but also to wade in a discussion with him, plunge into an argument, so in the end find of approach the verity.

Discussion is a discussion of relevant issues with the presenters and other participants of the session.

Round Table is a discussion focusing on a certain issue to summarize the participants' ideas and opinions. Usually, round tables do not feature formal presentations, but allow the audience to contribute on an equal basis. The Moderator's role is to describe the problem, briefly review different perspectives and solutions, invite comments from the floor, and provide feedback and a final summary.

Training Session is a hands-on workshop designed to build or develop certain practical skills.

