

The importance of the foreign banks for the Netherlands

The Netherlands houses a large number of foreign banks. Many of them are member of the Netherlands Bankers' Association (NVB). Specially founded for foreign banks and financial institutions in the Netherlands, the Foreign Bankers Association (FBA) is embedded in the structure of NVB. Below follows an interview about FBA's goals and the importance of foreign banks for The Netherlands Ltd. with Mr Yves Sawaya, President of TD Waterhouse Bank in the Netherlands and Chairman of the FBA board.

COULD YOU EXPLAIN WHY A NUMBER OF FOREIGN BANKS IN THE NETHERLANDS FOUNDED THEIR OWN ASSOCIATION (FBA) IN 1993?

"In late 1992, a group of foreign bankers established in the Netherlands came to the conclusion that a platform and social framework was needed to share views and exchange information, ideas and experiences. They were also looking for an organisation in which foreign banks could regularly meet. Furthermore, foreign financial institutions established in the Netherlands, such as representative offices, finance companies and mortgage banks, while active in the financial world but not having a Dutch banking licence, were barred from NVB membership and consequently could not make their voices heard and had no access to the information, support and coordination that the foreign financial institutions need to have in order to operate successfully in the Netherlands. Finally, the NVB-meetings were always conducted in Dutch. Documentation and legislation and regulations were in Dutch as well. The managers of foreign banks often originates from the home country and consequently are unfamiliar with the language, let alone with local laws, rules, regulations, and practices that are essential when operating in a foreign country. FBA provides foreign bankers with a network and, through workshops and information meetings, gives insight into several aspects

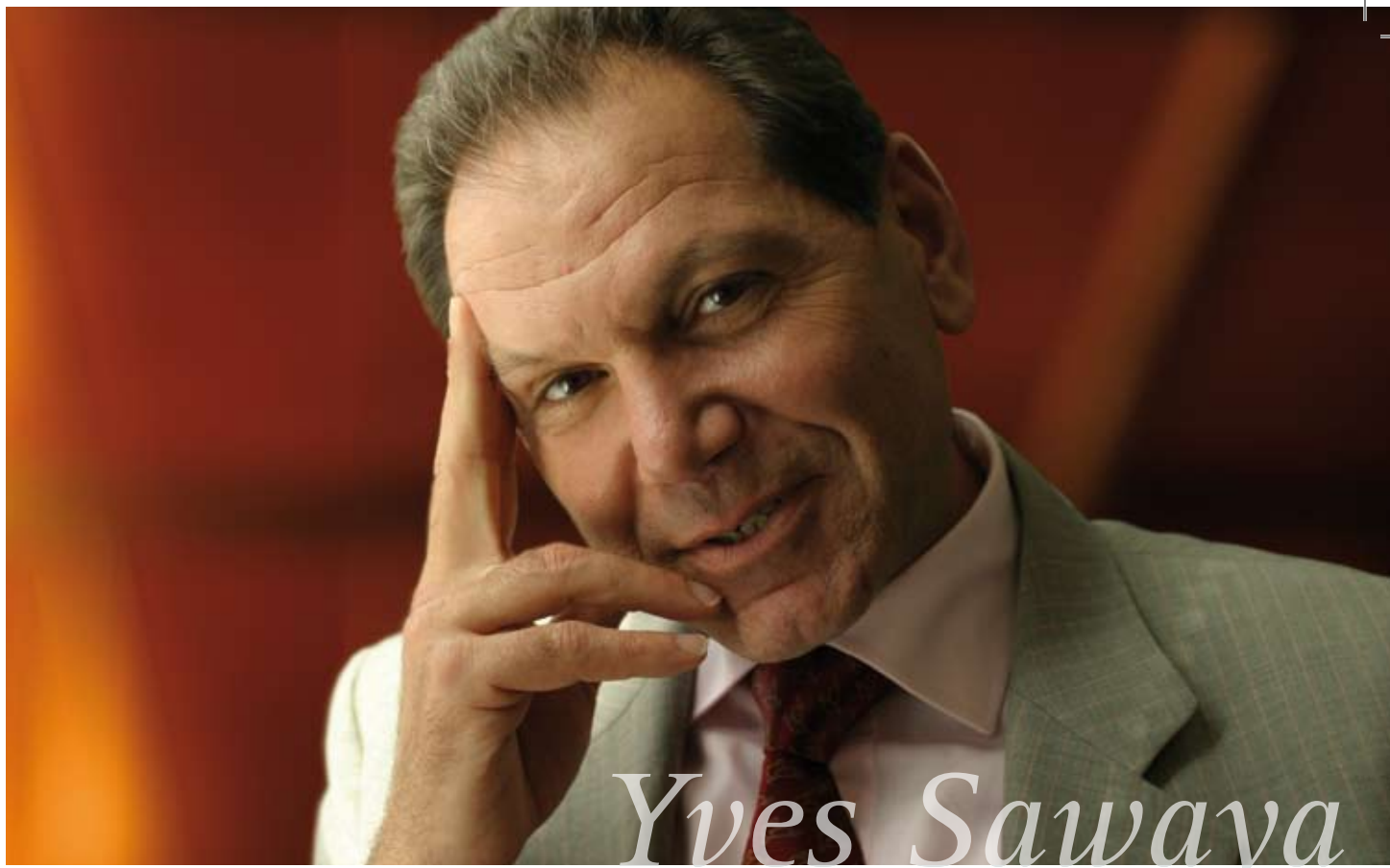
and subjects pertaining to the Dutch corporate sector. Through monthly luncheons, FBA creates an opportunity for developing personal contacts and, in a congenial atmosphere, for making contacts and exchanging ideas, experiences and information. At the same time, this enables politicians, representatives of important Dutch institutions and captains of industry to inform FBA members about relevant developments. FBA was not set up as a completely independent body with negotiation capacity. It is a sub-committee of NVB and, as such, has received great support from NVB throughout the years, for which FBA is very grateful."

COULD YOU MENTION SOME SUBJECTS THAT ARE SPECIFICALLY FOREIGN AND THEREFORE NEED TO BE DISCUSSED WITHIN FBA?

"I want to stress that foreign banks in general do not differ from Dutch banks as banks; they generally operate more or less according to the same structures. The difference lies mainly in the fact that foreign banks operate on a foreign market with a foreign language. Furthermore, in view of the fact that, in terms of staffing, foreign banks are often much smaller and therefore have far less expertise at their disposal than the Dutch banks, there are countless subjects that must be discussed at the FBA level, such as banking laws, tax and accountancy laws, employment matters such as collective wage bargaining, financial and political developments, and supervision matters."

ARE THERE ANY SPECIFIC LAWS OR REGULATIONS THAT ARE MORE DIFFICULT TO UNDERSTAND OR IMPLEMENT FOR FOREIGN BANKS?

"The fact alone that most communication by government agencies and legislator is in Dutch means that almost everything foreign banks have to deal with becomes more difficult. I think one of the most difficult subjects is the collective wage bargaining which foreign bankers often have to deal with when setting up operations in the Netherlands. The monthly association luncheons we hold have become an important instrument for informing and educating foreign bankers in respect of topics and issues relevant to the Dutch banking community and Dutch society."



Yves Sawaya

The avalanche of new laws and regulations has created an immense need for a forum where the different related topics are presented by professional institutions, such as accounting and law firms.”

COULD YOU GIVE A SPECIFIC EXAMPLE THAT EXPLAINS WHY THAT PARTICULAR ISSUE IS MORE DIFFICULT TO UNDERSTAND OR IMPLEMENT FOR A FOREIGN BANK?

“One simple – or rather complicated – example is the Dutch Act on Market-abuse, which has recently been implemented. The full scope of this is even difficult to understand for the Dutch financial market itself. Many more such laws are in the pipeline or already enacted.”

HOW DO YOU THINK THE DUTCH GOVERNMENT OR REGULATORY AUTHORITIES SHOULD DEAL WITH THESE DIFFERENCES?

“One major factor that would ease the differences is to have documentation on laws and regulations readily available in English. While some foreign banks do have Dutch staff, the translation and interpretation of all these laws and regulations should not be left up to the bank itself. The foreign banks are often headed by foreigners, who should have direct access to relevant rules and regulations. We have noticed over the years that NVB and the Nederlandsche Bank have made great efforts in this respect and we would be happy if other governmental agencies followed suit.”

IN YOUR OPINION, WHAT IS THE CONTRIBUTION MADE BY FOREIGN BANKS TO THE EMPLOYMENT AND INTEGRATION

OF DIFFERENT CULTURES IN THE NETHERLANDS?

“There are 63 foreign banks operating in the Netherlands, which employ more than 2,500 people. So they contribute to employment in the Dutch financial market and also to the creation and maintenance of ties between the banking communities and businesses of various countries with the Netherlands. The process of acculturation opens new international prospects for the Dutch financial market.”

FOR MORE INFORMATION: WWW.FOREIGNBANKERS.NL

IN YOUR OPINION, WHAT IS THE MOST IMPORTANT REASON FOR THE NETHERLANDS TO CHERISH THE LARGE NUMBER OF SMALLER AND FOREIGN BANKS IN THIS COUNTRY?

“Knowledge, products, expertise and capital lead to cross-fertilisation of the various banking parties on the Dutch market. Foreign banks and financial institutions enrich the financial landscape. There is more choice for the customer, stronger competition, greater liquidity, and altogether more opportunities for everyone.”

IS THERE ANYTHING ELSE YOU WOULD LIKE TO POINT OUT, REGARDING THE CONTRIBUTION OF THE FOREIGN BANKS TO THE NETHERLANDS LTD.?

“The foreign banks and financial institutions will continue to play an important role in positioning and helping the Netherlands to remain an important European financial centre.” ■