



*Providing Global
Leadership in the
Development of
Financial
Institutions and
Markets*

Banking and Financial Products





Why Banking and Financial Products?

Financial markets development is essential for successful and sustainable economic development across both frontier and middle-income countries in all regions of the world. In emerging markets and frontier countries, the banking sector generally constitutes the bulk of the formal financial system. As economies mature, the demand for a broader range and depth of financial institutions and services creates a greater need for IFC investments and technical assistance.

Objectives & Challenges

IFC's work to strengthen banks and develop their intermediation capacity is at the core of its global financial markets activity. Yet, as an economy develops, non-banks and other financial institutions also become increasingly important. Accordingly, Banking and Financial Products professionals are active in developing a wide variety of institutions in IFC member countries that include:

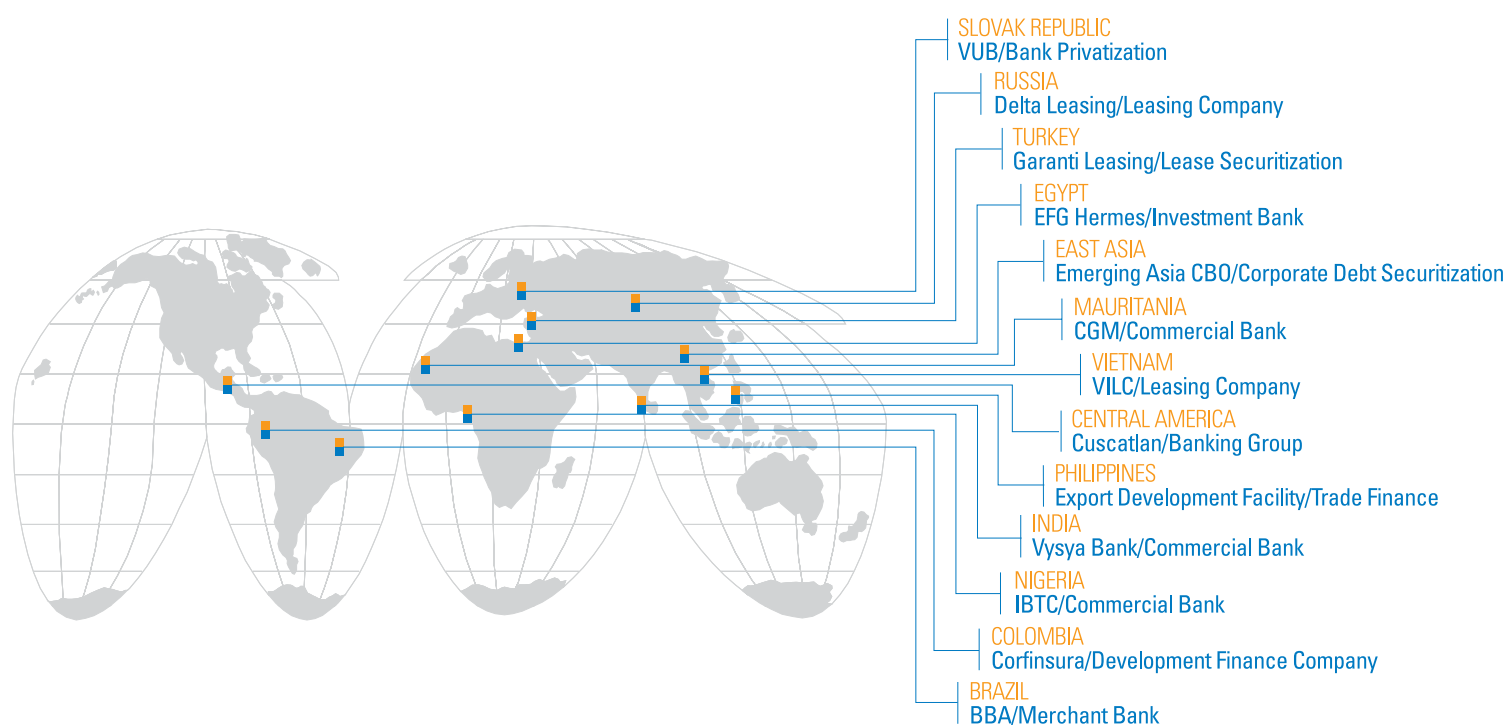
- Leasing
- Trade and consumer finance
- Bond issuance, credit enhancement and risk sharing products
- Investment banks, securities firms, and rating agencies
- Contractual and voluntary savings institutions (such as pension and insurance companies)

The Banking and Financial Products Group also works to provide special solutions pertaining to the management of non-performing loans, distressed assets, credit card receivables, foreign remittances, asset backed securities and other securitizations.

Solutions Solutions

There are many challenges to be overcome in helping to establish and develop banking and financial products in the emerging market and frontier countries where IFC operates.

IFC aims to strengthen financial institutions, provide them with adequate capitalization, sufficient management capabilities and infrastructure, as well as strong corporate governance practices. In conjunction with the World Bank, IFC assists in the establishment of comprehensive regulatory and supervisory frameworks for the financial sector.



IFC has two main product groups, which are often provided in combination: financing of financial institutions and know-how transfer.

Financing of Financial Institutions

Through an active program of investments in equity, quasi equity and loans, IFC's funds are used for:

- **On-lending, especially to SME's.** The use of intermediaries for on-lending to SME's is the largest source of dollar volume for IFC's financial markets business.
- **Creating new types of financial institutions.** IFC has helped to launch new financial institutions, such as leasing companies, in more than 60 countries.
- **Balance-sheet strengthening.** This is a growing part of IFC's business, especially where banks are being privatized (as in Africa and Eastern Europe) or the banking system is being restructured (Korea).



Know-how Transfer

- **Operational know-how to financial institutions** by helping to arrange technical or joint venture partners and providing strategic advisors, training and other technical assistance.
- **Advice to governments and market participants on the “rules of the road,”** by sharing knowledge of best practices that affect the development and operations of financial institutions and markets.
- **Restructuring and privatization transactions** with IFC providing advisory services for governments (Nicaragua) or in the context of an investment (China, Czech Republic) is an area of growing demand.

Across all of the business areas of financial markets operations, Banking and Financial Products professionals work to stay on the “cutting edge” through sharing global experience internally and learning from IFC’s global clients. IFC also works to introduce innovations in financial and advisory products that make markets and services more profitable and less risky.

CONTACT

Shidan Derakhshani
Mark Alloway

International Finance Corporation
World Bank Group

Manager, Banking & Financial Products, Asia, Africa, Middle East & North Africa ■ 202-458-0042 ■ sderakhshani@ifc.org
Manager, Banking & Financial Products, Europe & Latin America ■ 202-473-5851 ■ malloway@ifc.org

Global Financial Markets ■ 2121 Pennsylvania Avenue, NW ■ Washington, DC 20433, USA ■ www.ifc.org

