



Finanzgruppe

Sparkassenstiftung für internationale Kooperation

Consultancy agreement signed with Chinese City Commercial Banks

The structure and business orientation of the Chinese City Commercial Banks (CCBs) and German Sparkassen (savings banks) are pretty similar. City Commercial Banks are supported by the cities, they execute their lending and deposit operations in their community's territory and focus on rendering services to the population as well as local small and medium-sized enterprises. Since 2006 the *Sparkassenstiftung für internationale Kooperation* together with the IT provider *Finanz Informatik* are cooperation partners of the City Commercial Banks in the province of Shandong, supporting the establishment of mutual institutions, in particular in the area of information/communication technologies, as well as education and advanced training.

In so doing, *Sparkassenstiftung* supports a banking group that is an adequate cooperation partner for German Sparkassen (savings banks). After three years of preparatory work, a service agency was founded in August 2008, namely the "Shandong City Commercial Banks Alliance Co. Ltd. (SCCBA)". This service agency will particularly accomplish joint tasks in the field of IT. SCCBA's first assignment will be the development of a standardised IT system for all banks involved, which will be centrally made available to these banks through a newly established joint IT centre. It is planned that SCCBA will offer other services in the future too.

The 110 City Commercial Banks are spread throughout the provinces of China and have a market share of about 5% to 7%. Despite their similarities regarding ownership, business fields and regional principle, these banks do not have a corporate identity or structure like German Sparkassen. Up to now, the banking group lacks any form of networking and thus a safe economic backbone. Even the smallest City Commercial Banks have to deal with all issues pertaining to product development, training or information technology all by themselves.

The province of Shandong has 92 million inhabitants. Since 2006 (after preparatory work in 2005), the *Sparkassenstiftung* renders advice to the City Commercial Banks in Shandong province. The project predominantly aims at improving the market position and market penetration of these CCBs through practical networking and the establishment of joint institutions.

On 3rd November 2008 *Sparkassenstiftung* signed a consultancy agreement with the SCCBA in Bonn. On the basis of this contract, *Sparkassenstiftung* will render advisory and training services to the Chinese colleagues. SCCBA will cover all costs relating to consulting services, as financial support from the German Federal Ministry for Economic Cooperation and Development (BMZ) for the starting phase of the project has now expired. This development is another proof for the appreciation of the cooperation work with *Sparkassenstiftung* on part of the Chinese institutions.

Representing Sparkassenstiftung's management board, Ferdinand Feldgen, Deputy Director, signed the agreement and promised: "Also in future, Sparkassenstiftung will be prepared to provide the Shandong City Commercial Banks Alliance with know-how from the German Sparkassen-Finanzgruppe (Savings Banks Finance Group). Today we will pave the ground for our further cooperation by signing this agreement. As before, an essential element of our work will be the imparting of know-how in the area of IT through consultancy assignments and the exchange of experience with the City Commercial Banks in Shandong with the aim to set up joint IT systems."

The highest ranking Chinese guest was the General Director of the Banking Supervisory Authority of the province of Shandong, Mr. Zhong Ming Zhou. The SCCBA was represented by its Chairman, Mr. Meng Lin, who signed the service agreement for the Chinese partners.

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