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# Vienna Initiative forum on bank coordination held in Vilnius

**Vienna Initiative Full Forum gathers central bank governors, regulators, commercial banks and IFIs**

- **Bank of Lithuania hosts regular Full Forum of Vienna Initiative**
- **Regulators, banks and IFIs discuss banking sector developments and challenges**
- **Panels on competition in the banking sector, asset quality, digital banking and greening the financial sector.**

The Full Forum of the European Bank Coordination Initiative, known as the Vienna Initiative, took place 6-7 May 2024 in Vilnius, the capital of Lithuania, hosted by the country's central bank.

The 2024 Full Forum in Vilnius was opened by the Bank of Lithuania Chair of the Board, Gediminas Šimkus. Central bank governors from Croatia, Slovenia, Estonia, North Macedonia, Kosovo, Bosnia and Herzegovina, high-level representatives of central banks from Ukraine, Moldova, Albania, Latvia, Poland and the European Central Bank participated in the forum. Senior representatives of international financial institutions (the EIB, EBRD, IFC, IMF, World Bank), European Commission and cross-border banking groups also took part in the meeting.

Participants discussed key developments in the banking sector in the region, including record profitability, the changing economic environment and economic fragmentation, consequences of Russia's full-scale invasion of Ukraine, and the implications of climate change and digitalisation for the financial system.

„The latest study shows that international banks are interested in development of activities in Eastern, Middle and Southeast Europe countries. In most of them the banking markets are concentrated, implying costs from the consumer perspective. In such an environment, exchanges of views and the discussions between high-level stakeholders, in other words, defining features of the Vienna Initiative, are one of the keys not only to ensure continuous financial sector resilience, but also increase consumer welfare” – said Gediminas Šimkus, Governor of the Bank of Lithuania.“

Boris Vujčić, the Chairman of the Steering Committee of the Vienna Initiative and Governor of the Croatian National Bank said: “The Vienna Initiative as a public-private platform for the cooperation of its participants has proved to be particularly important during shocks that economies were facing and continue to face. However, it is also an important dialogue platform in less challenging times. CESEE is different from old member states in few regards. First, it is still a catching-up region, although gradually less so than before. Second, it is a part of Europe where foreign bank presence is much stronger. Therefore, it is an important platform for home-host dialogue. Third, CESEE is a region to which EU is still expanding, so some of the participating countries of the Vienna Initiative are in the process of adjustment on the way to the EU accession. All that, as well as ever changing regulation, provides a ground for continuous dialogue within the Vienna Initiative”.

The Vienna Initiative released the final report of the Vienna Initiative working group on climate change and financial stability, titled ["Greening the financial sector: A Central, Eastern and South-Eastern European perspective."](#) The report provides valuable insights and recommendations to navigate the complexities of climate finance and climate-related risks in Central, Eastern, and South-Eastern Europe (CESEE). The study highlights the significant impact of limited ESG data availability in CESEE, which reduces banks' ability to effectively manage climate risks and undermines effective prudential supervision. Moreover, the report addresses key regulatory and supervisory issues, highlighting the necessity for robust oversight and stress testing of banks' activities related to climate risks.

The participants concluded that the private-public dialogue under the Vienna Initiative has contributed to the stability of the banking sectors of central and eastern Europe. Close coordination through the Vienna Initiative

is particularly valuable at a time of heightened economic and financial uncertainty and will continue to play an important role in the future.

The European Bank Coordination (Vienna) Initiative, launched in January 2009, is dedicated to the financial stability of emerging Europe. It initially helped addressing the outflow of capital from local subsidiaries of large cross-border banks in central and south-eastern Europe (CESEE), and then focused on the reduction of non-performing loans and monitoring deleveraging, credit and bank lending.

The international financial institutions involved in the Vienna Initiative publish regular analysis of the market, including twice-yearly [Non-Performing Loan monitors](#) prepared by the EBRD. The Deleveraging and Credit Monitor is published by the IMF and the Bank Lending Survey by the EIB with the same frequency.