



GROUP OF BANKING SUPERVISORS FROM CENTRAL AND EASTERN
EUROPE

QUALIFICATION REQUIREMENTS FOR
MANAGERS OF FINANCIAL INSTITUTIONS IN
BSCEE MEMBER STATES

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ACKNOWLEDGMENTS

BSCEE is an open organization, dedicated to facilitating cooperation among all CEE banking supervision authorities.

The members of BSCEE consist of banking supervisory units from Albania, Armenia, Austria, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Latvia, Lithuania, North Macedonia, Moldova, Montenegro, Poland, Romania, Russia, Serbia, Slovak Republic, Slovenia, Turkey, and Ukraine.

This summary has been prepared by methodologists from the Central Bank of Armenia: Hripsime Sahakyan and Arman Alaverdyan.

Note: Qualification requirements in Armenia and Ukraine are currently under review and might differ from those mentioned in this paper.

In January 2021 Central Bank of Armenia (*hereinafter: CBA*) prepared a questionnaire on regulation of qualification requirements for managers of financial institutions. BSCEE member 18 states¹ filled the questionnaire and shared their experience on the subject. This summary has been prepared based on the responses².

1. Does Supervisory authority define qualification requirements for the managers /CEO, Chief accountant, etc. / of financial institutions?

In several countries, qualification requirements for managers are set at supranational or national level, therefore in this context supervisory authorities do not define them. They, however, ensure proper application of such requirements in accordance with set laws and can additionally provide guidance that reflects the authority's legal interpretation.

In remaining countries, supervisory authorities define qualification requirements for the named persons through their regulations.

2. Does the Supervisory Authority require financial institution's managers to receive qualification certificates (hereinafter referred to as the "qualification certificates")?

Supervisory authorities of Belarus, Hungary, Kazakhstan, Ukraine and Armenia have in place requirements for qualification certificates (*university-level degrees in Hungary*) for holders of certain positions of financial institutions, on the other hand, there are no such requirements in other countries. In order to receive a qualification certificate the candidate has to complete a training course at an eligible institution, pass a qualification examination at a qualification assessment center or based on the results of the candidate's compliance assessment or qualification examination the supervisory authority issues a certificate.

3. Are the international certificates (CFA, ACCA, FRM, etc.) equivalent to the qualification certificates?

Although international certificates usually are taken into consideration during the candidate's overall fit & proper assessment, they are not equivalent to qualification certificates. International certificates, however, can serve as basis for granting

¹ Austria, Belarus, Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Latvia, Moldova, Montenegro, Poland, Russia, Serbia, Slovakia, Slovenia, Republika Srpska, Ukraine.

² Short responses available in Table 1.

qualification certificates in Armenia. Therefore, managers, who already have required levels of the mentioned international certificates, do not need to take a qualification examination at the CBA or the qualifying organization.

4. Which authority/organization arranges qualification exams and issues qualification certificates acceptable to the Supervisory Authority?

As shown by the responses, either eligible educational institutions or the supervisory authorities themselves can carry out the above-mentioned processes. While in Belarus, the process is arranged by the National Bank of the Republic of Belarus, in Hungary, Kazakhstan and Ukraine educational institutions and recognized training centers are responsible for arranging exams and issuing certificates. Requirements (*study programs, tests etc.*) to these institutions are specified and/or approved by the supervisory authorities, e.g. Astana Financial Services Authority (*Kazakhstan*) adopted AML Training Notice, which defines the requirements to AML training centers and lists the centers that meet those requirements.

Finally, in Armenia, depending on the position the candidate is nominated for, either the CBA or the Union of Banks of Armenia arranges the qualification exams and issues qualification certificates.

5. How long are the qualification certificates valid for?

Validity of qualification certificates differs from one country to the other: in Ukraine those certificates are valid for 3 years, whereas in Kazakhstan validity depends on the type of the certificate and in Belarus the special qualification commission of the National Bank of the Republic of Belarus takes one of the following decisions: 1 or 5 years. Qualification certificates in Armenia are valid for 3 years, however depending on the basis the certificate has been granted validity can vary, e.g. qualification certificates based on international certificates are granted till the expire of validity of the diploma or certificate, which served as the basis for granting it. Therefore, these certificates can have longer validity or be termless.

In conclusion, qualification requirements for managers of financial institutions are common among BSCEE member countries. These requirements usually include the candidate's *experience, reputation, independence, time commitment* etc. Some of the supervisory authorities also set or apply requirements for qualification certificates. In countries, where such requirements are set, examination and certificate issuance can be delegated to recognized training or qualification assessment centers (*Kazakhstan, Ukraine*), organized by the regulator (*Belarus*) or performed by both.

TABLE 1. BSCEE questionnaire short responses

| | Does Supervisory authority define qualification requirements for the managers /CEO, Chief accountant, etc. / of financial institutions? | Does the Supervisory Authority require financial institution's managers to receive qualification certificates? | Are the international certificates (CFA, ACCA, FRM, etc.) equivalent to the qualification certificates? | Which authority/organization arranges qualification exams and issues qualification certificates acceptable to the Supervisory Authority? | How long are the qualification certificates valid for? |
|--------------------|---|--|---|--|---|
| Armenia | Yes | Yes | Yes | CBA or qualifying organizations | 3 years <i>(Can be permanent or have longer validity)</i> |
| Austria | Yes | No | N/A | N/A | N/A |
| Belarus | Yes | Yes | No | National Bank of Belarus <i>(The special qualification commission)</i> | 1 or 5 years |
| Czech Republic | Yes | N/A | N/A | N/A | N/A |
| Estonia | Yes | No | N/A | N/A | N/A |
| Georgia | Yes | No | N/A | N/A | N/A |
| Hungary | No | Yes | No | Other <i>(Higher education institutions)</i> | N/A |
| Kazakhstan | Yes | <i>Yes (for MLRO)</i> | No | Recognized AML training centers | Depends on the certificates |
| Latvia | Yes | No | N/A | N/A | N/A |
| Moldova | Yes | No | No | N/A | N/A |
| Montenegro | Yes | No | N/A | N/A | N/A |
| Poland* | Yes | No | No | N/A | N/A |
| Russia | Yes | No | N/A | N/A | N/A |
| Republic of Srpska | Yes | No | N/A | N/A | N/A |
| Serbia | Yes | No | <i>N/A (Yes for Voluntary Pension Funds)</i> | <i>N/A (Chamber of Authorized Auditors for Voluntary Pension Funds)</i> | <i>N/A (Permanent for Voluntary Pension Funds)</i> |
| Slovakia | Yes | No | N/A | N/A | N/A |
| Slovenia | Yes | No | N/A | N/A | N/A |
| Ukraine | Yes | <i>Yes (Only for financial institutions other than banks)</i> | No | Eligible educational centers | 3 years |

*with respect to banking sector