

Words of Welcome

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On the occasion of the opening of the
**VII European Banking Supervisors
XBRL Workshop**

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Ladies and gentlemen,

On behalf of the local Munich Regional Office of the Deutsche Bundesbank I would like to bid you a very warm welcome to the **7th European Banking Supervisors XBRL (eXtensible Business Reporting Language) Workshop** in Munich. After having been responsible for banking supervision in Bavaria over the past 15 years, I am of course pleased to see that many European banking supervisors and also guests from non-European countries here in Munich. And I am well aware of the importance of this workshop. The participants will be updated on the progress of building a common infrastructure both regarding a common European solvency reporting system under Basel II COREP Project (**CO**mmun solvency ratio **RE**Porting) and a standardized financial reporting system FINREP Project (**FIN**ancial **RE**Porting).

Whereas the first six get-togethers were mainly aimed at banking supervisors as users of the technical innovations, this time representatives of the banking industry take part, too, since the project has already progressed considerably. For, in the end, they have to file in the solvency reports in XBRL-type - the underlying data type - and thus their opinion is very important, too. Therefore, I would like to welcome all attending representatives of the banking industry. Last but not least I would like to welcome the attending representatives of the IT-industry, who support the banking supervision and the banking industry in their efforts to implement a European-wide standardized electronic reporting system.

After five get-togethers in Madrid and one in Brussels, the workshop is now taking place for the first time in Germany. By choosing Munich as this year's workshop location, it seems to me

that the organizers have made an excellent choice in several respects.

Firstly, Munich and its surroundings can offer more tourist attractions than practically any other region in Germany. It's not for nothing that millions of tourists from all parts of the world come into the metropolis on the River Isar year after year, giving our city the reputation of being Germany's "secret capital" (in 2006 we had 8.9 mil. overnight stays in Munich - a record result for Munich due to the pope visit and the football world cup). I hope and I wish that you will find the time to do some sightseeing besides the technical discussions.

It is not just Munich's glorious cultural heritage and the picturesque landscapes all around it that impress the visitors but also, in particular, the people who live here, – the people that a US-ethnologist once jokingly described as "that crazy tribe of the Bavarians". Since Bavarians are particularly conscious of their history and traditions – after all, Bavaria was an autonomous kingdom until 1815 –, they are considered to be a little conservative by residents of the other German states. But don't be frightened, ladies and gentlemen, "Bavarians are of course not barbarians" as you certainly will find out yourselves in the next two days and hopefully already tonight, when you are exploring Munich.

The attractiveness of Munich and its surrounding countryside lies in a unique mixture of art and culture, in the many leisure amenities and great social style, as well as in the well-known rustic Bavarian "Gemütlichkeit" and the acknowledged successful economic development in the past decades.

I do not want to bore you with economic statistics. Let me say only this: for many years, Bavaria with its state capital of Munich

GDP (in bn Euro):

Spain:	905
Netherlands:	506
<i>Bavaria:</i>	<i>403</i>
Belgium:	299
Sweden:	288
Austria:	245

has been regarded as one of the fastest-growing economic regions in Germany, and thus also in Europe. If Bavaria was an independent state, it would rank no less than seventh among the 27 states of the European Union in terms of the gross domestic product (*thus outpacing easily nations like Austria or Belgium*). The secret of Bavaria, that has developed in the past 60 years from an agricultural country to a leading industrial and technological location, lies firstly in its balanced economic structure. It prevents that adverse conditions in a particular business sector spread to business activity in general. Secondly, the diversified enterprises structure (with some big players and also a lot small and medium-sized enterprises) together with a good infrastructure in general exercise a highly beneficial influence on the performance of our state. No wonder, that Bavaria together with Baden-Württemberg have been ranking first regarding the economic performance of all German states for quite a long time now. Considering other important economic data like unemployment or public debt these two states set an example, too.

The financial sector, too, has had a major part to play in this success story. The banking community in Bavaria is conspicuous for its diversified and balanced structure. Among the great number of banks in Bavaria are big players like Bayerische Landesbank and HypoVereinsbank which, as you certainly know, has been taken over by the Italian Unicredito. Those big banks are accompanied by quite a lot private bankers and a large number of savings and cooperative banks, which ensure a good provision with banking services throughout Bavaria. Finally, several foreign banks round off the range of financial services. As the prime insurance centre in Germany, and as the second most important banking centre, Munich is acknowledged to be the second largest financial centre in Germany after Frankfurt.

Accordingly, Munich has also gained importance as a banking supervision centre. The banking supervision-department of the Munich Regional Office monitors about 530 credit institutions and nearly 200 financial services institutions. We have a large range of activities: Firstly, evaluating the reports and annual accounts filed in by the credit institutions. Secondly, doing on-site inspections in order to assess equity capital adequacy and risk management systems. And last but not least, regular supervisory meetings with the managers of institutions, that focus on the banks' economic development in general as well as on the current risk situation and the used systems to manage the risks. Regarding the reports that have to be filed in this context, the implementation of an electronic reporting system will facilitate transactions for users – that means the banking industry. Thus, your efforts to build up an electronic reporting system, can be considered as a very welcome step towards reducing bureaucracy.

Ladies and gentlemen, the forthcoming workshop – like the earlier get-togethers – focuses mainly on IT-aspects and not that much on microeconomic ones. Though, these may certainly not be fully ignored, mainly since “end users” are targeted as well. Against this backdrop, too, Munich is an ideal venue for this conference. For Bavaria's business community has opened itself early to thinking in “high-tech” terms and has managed effectively to deal with the cultural conflict between tradition and progress. Laptop and “Lederhosn”, that traditional Bavarian trousers, have combined here to form an inspired and successful synthesis. As a result, the Munich area with its 18,000 IT-enterprises and 260,000 employees in this sector is one of the most important centres of information and communication technology in Europe, even leaving London and Paris behind. One third of Germany's biggest software companies are based in Munich.

Needless to say, Frankfurt is the number one financial centre in Germany; but as a conference venue, Munich stands unchallenged at the top of the popularity list. And that's not only the case during the "Oktoberfest", which can be considered as "the climax of the Munich beer drinking season", but all over the year. Although you should have arranged for this workshop five months later to be able to see the "Oktoberfest", there are various other possibilities to get to know the world-famous Bavarian beer and the well-known Bavarian way of life. As you may know, for us Bavarians, beer is not only the essential tribal beverage but is also "officially" recognised as a basic foodstuff. Visitors, however, should take care – at least on the first occasion – when trying out our beer, for experts of the Bavarian national beverage maintain that the Bavarian beer is at least as strong as the Euro.

But first you have to master a tight programme, before you can verify the validity of my statement tonight. After all, you haven't made your way to Munich because of the social amenities but in order to make good progress with the two important projects COREP and FINREP, that – in the end – move Europe a little closer together regarding the reporting systems of financial data. For this purpose, I wish you good success in your workshop over the next two days. I hope you will remember Munich well regarding both this workshop as well as your personal impressions of the Bavarian state capital.

Thank you very much for your attention.

Prof. Wolfgang Simler

President Munich Regional Office of the Deutsche Bundesbank