

ACTION PLAN FOR HUMAN RESOURCES FOR THE BANK OF MONGOLIA AND THE COMMERCIAL BANKING SECTOR

The attached matrix summarizes:

- **Problems** that the commercial banks and the Bank of Mongolia are facing in trying to strengthen the banking sector in Mongolia.
- **Actions** that the Bank of Mongolia, and others, need to take to mitigate or resolve the problem. These are classified as
 - Short Term – Within the year
 - Medium Term – By 2005
 - Long Term – By 2010
- **Training** which would support implementation of the action.
- **Results** which are expected from taking steps in this area.

The matrix covers all of the key areas that the team reviewed, and the final section of the matrix includes a summary of problems and actions needed in training capacity and delivery. In all cases training itself is designated to support the actions to be taken, and will not occur independently, as has occurred in the past. Historically, although there has been a great deal of training in the banking sector, it appears to have been of little benefit. In the future, training will necessarily be tied to performance and action steps, which means that participants will be expected to immediately use the skills learned in training. This is the sort of training/practice cycle that makes training effective.

While it would be desirable to address all of the key areas as quickly as possible, we do believe that there are certain areas that are the most important problems for the banking system that warrant the most attention, and pose the greatest risks to viability. Within these areas there are certain actions that call for the first attention, and these are marked on the matrix with an arrow. The issues that require the most attention, in our judgement, are:

- **Governance** – Particularly the strengthening of Bank of Mongolia requirements for bank directors and senior staff, of both new and existing banks.
- **Bank Regulation** – Especially the strengthening of the supervisory process, as well as non-interference by other government departments in the Bank of Mongolia's supervision and regulation of the banks.
- **Credit** – Establishment of comprehensive credit policies by the banks, as well as adoption of predictive risk rating schedules for loans.
- **Internal Control** – Establishment of effective internal control policies.

Two other areas which also require considerable attention are **Legal**, particularly enforcement of contracts, and **Accounting**, widespread use of International Accounting Standards. In these areas, however, the principal changes will have to come from outside of the banking system.

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➤ Indicates an immediate priority item.

Governance

Problem	Action Needed	Training
<p>Poor governance has contributed to recent bank failures. Bank directors have little understanding of the operation of banks, and of their fiduciary responsibility to depositors and shareholders. Further, insider trading is a concern.</p> <hr/> <p>Results:</p> <ol style="list-style-type: none"> 1. Bank of Mongolia adopts a new, stricter policy on appointment of directors and executive officers of banks. (by 9/2000) 2. Executive-level courses on bank oversight and bank risk management are created and offered. (end of 2000) 3. Courses are attended by all current and prospective bank directors. (by 6/2001) 4. Director performance and governance are reviewed in Bank of Mongolia annual bank examinations. (immediate start, ongoing, minimal problems noted by 12/2001) 	<p>Short Term</p> <ul style="list-style-type: none"> ➤ Bank of Mongolia should approve the appointment of bank directors on the basis of suitability in addition to personal integrity. ➤ Bank of Mongolia should approve the appointment of the executive director and deputy executive director in all cases and not just when a new bank is established. • There should be a maximum of two inside directors on bank boards, and outside directors should always be in the majority. • Penalties for non compliance of governance legislation should be strictly enforced by the Ministry of Justice. • All directors, both private and state appointed, should undergo governance instruction. 	<ul style="list-style-type: none"> • Course based on the current legislation as it applies to governance issues must be developed. This course should be mandatory for all bank directors and all senior bank executives. It would be desirable to include a wider audience such as politicians, senior civil servants, as well as business executives. This course should be designed jointly by the Bank of Mongolia and the Ministry of Justice. • Course based on the key elements of the Commercial Law of Mongolia as well as good banking practices to be developed. This course should be mandatory for all bank directors. This course should be designed by the Bank of Mongolia and the Ministry of Justice.

Bank Regulation

Problem	Action Needed	Training
<p>The Mongolian banking industry has recently suffered several bank failures, and potential depositors are concerned about the safety of deposits. Supervision and regulation from the Bank of Mongolia needs to anticipate and mitigate bank problems.</p>	<p>Short Term</p> <ul style="list-style-type: none"> ➤ The bank examination needs to be tightened up, both so that the exam detects problems in the banks in advance, and allows the supervisory process to be a learning experience for the banks. • The Bank of Mongolia needs to continue to 	<ul style="list-style-type: none"> • Continue foreign training programs for examiners that have shown an established value; investigate distance learning courses so that high value personnel can remain on the job while studying. • Consider bringing in foreign examiners for a

<p>Results:</p> <ol style="list-style-type: none"> Bank of Mongolia examination process becomes more rigorous, international standard. Banks are stronger by Basle standards. (gradual; by 6/2001) Foreign examiners are brought in to participate on next series of bank exams. (6 person-months during 2000 to coincide with examination dates) Bank of Mongolia continues its in-house seminar series, and expands to offering sessions to bankers. (ongoing; seminars for bankers by 6/2000) 	<p>educate its own examiners, as well as educate bankers about changes in regulations, and implications of guidelines and regulations.</p>	<p>brief time so bank examiners can learn from them on the job.</p> <ul style="list-style-type: none"> Expand Bank of Mongolia supervision department in-house seminars to include additional sessions for bankers.
<p>The Bank of Mongolia is still in the process of developing regulations and implementing the Basle accords.</p> <p>Results:</p> <ol style="list-style-type: none"> Regulator/expert is retained to consult and advise on regulatory implementation. (by 6/2000) 	<p>Short Term</p> <ul style="list-style-type: none"> Retain a regulator/expert to advise on implementing international standards. Such a person would be available for in-country work, as well as for regular consultation via e-mail, and would be familiar with Mongolia and its banking system. 	<ul style="list-style-type: none"> Regulator/expert would conduct seminars on new topics for examiners when in country.
<p>There is little understanding in Mongolia of bank functions. The Bank of Mongolia has been subject to pressure from other government departments, acting on behalf of special interests or misunderstanding what a bank can or cannot do for the economy.</p> <p>Results:</p> <ol style="list-style-type: none"> Executive-level courses on bank oversight and bank risk management are created and offered. (end of 2000) (same Result as #2 	<p>Short Term</p> <ul style="list-style-type: none"> The government and the Parliament need to make a commitment to the independence of the Bank of Mongolia. <p>Medium Term</p> <ul style="list-style-type: none"> The Bank of Mongolia needs to educate a broader group of stakeholders (judges, lawyers, businesses, other government officials) about the role and functions of a bank. 	<ul style="list-style-type: none"> Encourage attendance by parliamentarians and ministry officials at the courses developed for bank directors. (See additional discussion under Governance.) Develop a seminar series to address changes in laws and Bank of Mongolia policies that would be open both to bankers and other stakeholders. Such seminars should be held both in Ulaan Baatar and selectively at aimag centers.

under Governance) 2. Informational seminar series offered in Ulaan Baatar and selected aimags (12/2001)		
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Credit

Problem	Action Needed	
<p>Poor risk assessment by bank lenders and poor credit decisions by bank management have led to significant loan losses. Banks lack an effective credit policy.</p> <hr/> <p>Results:</p> <ol style="list-style-type: none"> 1. Banks develop and submit new credit policies to Bank of Mongolia; bank exams check for compliance. (by 9/2000) 2. BTC credit courses are revised and updated. (by 3/2001) 3. Bank of Mongolia exam checks loan officer competence and qualifications (time in job, educational background, courses taken). (starting immediately; by 12/2001 expect increasing depth and profile of department staffs) 	<p>Short Term</p> <ul style="list-style-type: none"> ➤ Banks to design and submit new credit policy to the Bank of Mongolia. Bank of Mongolia who should advise if the new policy does not meet their criteria. The new policies to be recorded in a Credit Manual which should be provided to all personnel involved in lending, to enhance the development of a credit culture. • The Bank Training Center should review all credit course material with the banks to ensure it is relevant to the banks' new credit policies. 	<ul style="list-style-type: none"> • Examination process becomes on the job training for bankers.
<p>Banks have an absence of early warning signals as an aid to indicating portfolio deterioration.</p> <hr/> <p>Results:</p> <ol style="list-style-type: none"> 1. Banks adopt new risk rating procedures. (by 9/2000) 	<p>Short Term</p> <ul style="list-style-type: none"> ➤ Banks need to design and implement a risk rating procedure for performing loans (in addition to the new policy designed by the Bank of Mongolia for non-performing loans). 	
<p>Outside directors do not effectively monitor management performance on portfolio quality. Meaningful credit management information</p>	<p>Short Term</p> <ul style="list-style-type: none"> • Banks to design and implement a management information system which enables management to follow portfolio exposure and loan quality. 	<ul style="list-style-type: none"> • Course for bank directors to cover good banking practices to be provided by Bank of Mongolia (see Governance section).

<p>systems are lacking.</p> <hr/> <p>Results:</p> <ol style="list-style-type: none"> 1. Banks create MIS system to follow portfolio exposure and quality. (by 12/2000) 2. Directors attend bank management course. (by 6/2001) (Same as Result #3 under Governance) 3. Bank of Mongolia exam reviews professional credentials of senior management. (Starting immediately; minimal problems noted by 12/2001) 		
<p>Banks have difficulty in collecting problem loans, and are unable to maximize the value of collateral when liquidating bad loans.</p> <hr/> <p>Results:</p> <ol style="list-style-type: none"> 1. Banks adopt new risk rating procedures. (by 9/2000) 2. Valuation course is developed. (by 3/2001) 3. Course is attended by current complement of loan officers and credit management. (by 12/2001; ongoing thereafter) 4. Advance valuations and assessment of liquidation prospects reasonably predict actual outcomes. (by 12/2002) 	<p>Short Term</p> <ul style="list-style-type: none"> • Banks need rating systems to properly value loans, and possible offsets by collateral value, and need to be realistic about collateral realization, particularly in a difficult legal atmosphere. 	<ul style="list-style-type: none"> • Design and provide a course using case studies based on actual bad loans for bank personnel involved in work out departments. • Develop a course on valuation.

<p>Internal Control (Audit)</p>		
<p>Current internal audit programs do not provide the necessary proactive control over the internal operations of a bank.</p> <hr/> <p>Results:</p> <ol style="list-style-type: none"> 1. Bank of Mongolia provides internal controls 	<p>Short Term</p> <ul style="list-style-type: none"> ➤ Bank of Mongolia to establish internal controls criteria. ➤ Banks to design and implement a proactive internal control procedure with assistance from their external auditor which meets Bank of 	<ul style="list-style-type: none"> • Bank internal control personnel should receive specialized training from their external auditors and/or the BTC; existing courses on this subject should be revised and updated as necessary.

<p>criteria to banks. (by 9/2000) Banks develop and implement internationally acceptable internal control procedures. (by 3/2001)</p>	<p>Mongolia criteria.</p>	
<p>Banks lack an independent credit review function.</p> <hr/> <p>Results:</p> <ol style="list-style-type: none"> 1. Independent credit review function is established. (by 12/2000) 2. Loan ratings by loan department and credit review department are acceptable to Bank of Mongolia (minimal rating changes). (by 12/2001) <p>Training track of courses/certification program is created for credit reviewers; Bank of Mongolia exam reviews for appropriate staff training and background. (by 2003)</p>	<p>Short Term</p> <ul style="list-style-type: none"> • Banks need to establish an independent credit review function that would report to the Internal Audit/Control department. Bank of Mongolia exam process would review the independent credit review function. 	
<p>Serious irregularities may not be revealed by senior management and reported to the Bank of Mongolia.</p> <hr/> <p>Results:</p> <ol style="list-style-type: none"> 1. Bank of Mongolia advises banks of a designated person on staff (“hot line”) to receive information directly from internal auditors. (by 5/2000) 2. Banks immediately adopt a policy specifying reporting of serious irregularities. (by 7/2000) 3. Incidence of irregularities is minimal (confirmed through Bank of Mongolia exam). (by 12/2001) 	<p>Short Term</p> <ul style="list-style-type: none"> ➤ Bank internal control personnel to report serious irregularities to external auditors or Bank of Mongolia if no action taken by senior management. 	

Legal

Problem	Action Needed	Training
	Short Term	

<p>The enforcement of a lender's legal rights under Mongolian commercial law is not effective. There is a general lack of expertise with the new Mongolian commercial law, and judgements and decisions are often inconsistent</p> <hr/> <p>Results:</p> <ol style="list-style-type: none"> 1. Training for stakeholders (commercial bankers, judges, lawyers, ministry officials) is created. (by 12/2000) 2. BTC course is developed and offered to bankers. (by 3/2001) 3. Course is attended by current complement of loan officers and bank credit managers. Bank of Mongolia exam checks for personnel knowledge of relevant commercial code. (by 12/2001; ongoing thereafter) 	<ul style="list-style-type: none"> • Establish a successor program to the BELTAC project which expires in April to train all stakeholders in the new Mongolian commercial law practices. 	<ul style="list-style-type: none"> • The Bank of Mongolia and the Ministry of Justice to design a program of instruction for all stakeholders covering the current key elements of the new Mongolian commercial law practices. • Bank Training Center to design course for bank personnel covering new Mongolian commercial law.
<p>Judgements and court decisions are difficult to enforce.</p>	<p>Medium Term</p> <ul style="list-style-type: none"> • Specialized training and incentives should be provided to bailiffs and others who physically handle security liquidations. 	
<p>Centralized collateral registration system is needed to ensure that liens are properly filed and acknowledged.</p>	<p>Medium Term</p> <ul style="list-style-type: none"> • Ministry of Justice needs to work for this to be in place and usable. 	

Accounting

Problem	Action Needed	Training Needed
<p>Banks need to have reliable financial statements to make good financial decisions. While International Accounting Standards (IAS) have legally been adopted, implementation has been slow. Realistically, smaller businesses will not prepare financial statements other than for tax reporting.</p>	<p>Short Term</p> <ul style="list-style-type: none"> • Bank credit policies should specify customer or loan size thresholds which will require IAS format statements, as well as fully audited statements. Credit review department reviews and Bank of Mongolia examinations should check for compliance with policy. 	<ul style="list-style-type: none"> • Continue to offer BTC courses in IAS accounting for bankers.

<p>Results:</p> <ol style="list-style-type: none"> 1. Bank credit policy includes thresholds for IAS and/or audited statements. (by 9/2000) 2. BTC develops/adapts a course on simplified financial statement analysis (by 6/2001) 3. Current loan officers and other bank staff attend course; loan files show appropriate analysis of smaller credits. (by 3/2002; ongoing thereafter) 4. Banks have an application form that smaller businesses can use in lieu of conventional financial statements, in addition to tax statements. (by 6/2001) 	<p>Medium Term</p> <ul style="list-style-type: none"> • Develop a simple application form/ financial statement for small businesses that would provide income and cash flow information. 	<ul style="list-style-type: none"> • Develop a course on using tax statements for analyzing financial information.
<p>Bank accounting needs to produce information that can be used by the banks for financial analysis, planning and management.</p> <p>Results: See Results under Systems.</p>	<p>Short Term</p> <ul style="list-style-type: none"> • Six banks are getting new bank accounting software installed, under the auspices of an ADB project. See discussion under Systems. 	<ul style="list-style-type: none"> • See discussion under Systems.

Human Resources

Problem	Action Needed	Training
<p>Bank risk and profitability is threatened by self-dealing by bank officers and staff.</p> <p>Results:</p> <ol style="list-style-type: none"> 1. Banks establish self-dealing/insider trading policy. (by 6/2000) 2. Banks develop financial incentive policies, including paying board fees to directors. (by 6/2001) 	<p>Short Term</p> <ul style="list-style-type: none"> • Banks must establish a board-approved code of conduct. • Banks need to maintain strict policies against self-dealing, including vigorous legal action against violators. <p>Medium Term</p> <ul style="list-style-type: none"> • Banks need to develop financial incentive programs to reward individual behavior of bankers and bank directors that coincide with benefit to the bank, and discourage self- 	<ul style="list-style-type: none"> • In-house training is needed to fully explain adoption and enforcement of the code of conduct.

	dealing.	
<p>Banks need to ensure that they attract the best personnel, and that banking is an attractive career choice.</p> <hr/> <p>Results: 1. Banks develop comprehensive personnel policies. (by 12/2001)</p>	<p>Medium Term</p> <ul style="list-style-type: none"> • Banks need to develop comprehensive personnel policies that have bank-wide application, including job descriptions, uniform evaluation standards, and career paths. 	<ul style="list-style-type: none"> • In-house training to disseminate HR policies. • Continue foreign and domestic training programs. • Encourage employees to learn Business English so they can better use international information sources.
<p>University graduates in business majors need theoretical and practical study that is relevant to bank work.</p> <hr/> <p>Results: 1. Banks and Bank of Mongolia commit to internship goals (number of students per year) on an annual basis. (by 12/2001; ongoing thereafter)</p>	<p>Short Term</p> <ul style="list-style-type: none"> • Bank of Mongolia and commercial banks need to continue their dialogue with the business universities, to ensure the relevancy of course material. <p>Medium Term</p> <ul style="list-style-type: none"> • Work with business universities to establish and expand internship programs in the banks and Bank of Mongolia for university students and professors. 	
<p>Professionalism of the banking industry needs to be enhanced.</p> <hr/> <p>Results: 1. Certification program is developed, including certification tests. (by 12/2002) 2. Qualify current complement bank personnel. (initial certifications by 12/2003; ongoing thereafter) 3. BTC develops/adapts additional courses as needed for certifications (start 12/2002; ongoing thereafter) 4. Bank of Mongolia exam reviews personnel qualifications. (immediate start; by 2004 expect bankers to have certification or</p>	<p>Medium Term</p> <ul style="list-style-type: none"> • Provide input to the National University on its plans to establish executive education programs. <p>Medium Term</p> <ul style="list-style-type: none"> • Develop certification programs for banking positions such as loan officers, internal auditors, bank accountants, and bank directors. 	<ul style="list-style-type: none"> • Specify appropriate educational background and/or alternative training course requirements and experience on job. Develop certification tests.

strong alternative credentials)		
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Bankers Association

Problem	Action Needed	Training
<p>Mongolian banks lack a forum to exchange ideas and to promote industry interests to government as well as the general public. The burden of these tasks presently fall to the Bank of Mongolia, and should be in the private sector.</p> <hr/> <p>Results:</p> <ol style="list-style-type: none"> Form association. (by 12/2000) Hire a professional executive director. (by 12/2001) 	<p>Short Term</p> <ul style="list-style-type: none"> Establish a Mongolian Bankers Association. 	
<p>Mongolian bankers do not have a professional designation similar to other professions such as lawyers and accountants.</p> <hr/> <p>Results: See Results as listed under Human Resources.</p> <ol style="list-style-type: none"> Banking Association takes over BTC. (by 12/2004) 	<p>Medium Term</p> <ul style="list-style-type: none"> The Mongolian Bankers Association assumes the responsibility for bank training. The Mongolian Bankers Association to design a program to award bankers diplomas and professional designation. 	<ul style="list-style-type: none"> The Mongolian Bankers' Association to design the training courses necessary for bankers to qualify for a professional designation.

Systems

Problem	Action Needed	Training
<p>Bank accounting systems need to provide information that is usable for management decisions, and which ensure control.</p> <hr/> <p>Results:</p> <ol style="list-style-type: none"> BTC adapts existing courses related to bank management and financial accounting to 	<p>Short Term</p> <ul style="list-style-type: none"> ADB is sponsoring installation of new bank accounting software in six local banks. 	<ul style="list-style-type: none"> Adapt existing ALM course and Auditing and Control for Bank Managers course to utilize the reports that will be generated by the new accounting system. Create a shortened, executive version of one or both courses for bank senior management and bank directors.

<p>utilize reports from new system. (by 12/2000)</p> <ol style="list-style-type: none"> 2. Current complement of bank accounting personnel and bank managers take course. (by 6 months after final installations; ongoing thereafter) 3. BTC creates an executive version of financial accounting course. (by 3 months after final installation) 4. Current complement of senior bank management and directors attend course. (by 12 months after final installation; ongoing thereafter) 5. Bank reports submitted to Bank of Mongolia are accurate and informative; bank personnel demonstrate good knowledge of bank accounting procedures; bank planning and projections reflect improved financial analysis. (by 12 months after final installation) 		
<p>Banks need a reliable database on prior borrower performance for references on clients. Customers need assurance of confidentiality of financial records and loan information, yet should be able to benefit from the good reference to satisfactory payment on a loan.</p> <hr/> <p>Results:</p> <ol style="list-style-type: none"> 1. Bank of Mongolia charges fees for credit reports. (by 6/2000) 2. Credit Information Bureau is computerized and covers borrowers nationwide. (by 12/2003) 	<p>Short Term</p> <ul style="list-style-type: none"> • Bank of Mongolia is already maintaining the Credit Information Bureau, a manual database on all borrowers in Ulaan Baatar, and access by the banks is limited to a single person. • Credit Information Bureau should be operated on a cost-recovery basis. <p>Medium Term</p> <ul style="list-style-type: none"> • Credit Information Bureau should be computerized, and expanded to include borrowers country-wide. <p>Long Term</p> <ul style="list-style-type: none"> • Credit Information Bureau should be divested from the Bank of Mongolia, perhaps to a private corporation owned by a consortium of 	

	the banks.	
<p>Banks need to have a standardized loan analysis system to consistently evaluate loans. Computer-based software is an inexpensive way to ensure that cash flow capability and industry characteristics are included in credit analysis.</p> <hr/> <p>Results: 1. Bank of Mongolia exam includes review of bank loan analysis system. (by 3/2002)</p>	<p>Medium Term</p> <ul style="list-style-type: none"> Bank credit policies should include a requirement for a systematic loan analysis program, and the Bank of Mongolia examination should test the efficacy of the system. 	<ul style="list-style-type: none"> Appropriate in-house training is needed to use any new credit analysis system.

Customer Service and Marketing

Problem	Action Needed	Training
<p>Mongolian banks presently serve a limited market, and the current range of services needs to be upgraded. Banks are taking entrepreneurial steps to develop new products and enter new markets.</p> <hr/> <p>Results: 1. Bank of Mongolia exam includes review of bank risk assessment procedure for new products. (by 12/2002)</p>	<p>Short Term</p> <ul style="list-style-type: none"> Banks have requested training in marketing. <p>Medium Term</p> <ul style="list-style-type: none"> Bank of Mongolia examinations need to evaluate bank assessment of new product risk and control. 	<ul style="list-style-type: none"> Create bank marketing course.
<p>Banks need additional skills to serve customers.</p>	<p>Short Term</p> <ul style="list-style-type: none"> Banks have requested training in customer service. 	<ul style="list-style-type: none"> Create/adapt a customer service course. This course could immediately be used widely in the regions, and should be created in both hard copy and CD-rom format.

Treasury

Problem	Action Needed	Training
<p>Because of the few investment opportunities, Mongolian bankers do not have the investment</p>	<p>Medium Term</p> <ul style="list-style-type: none"> Liquidity opportunities need to be developed, including paying interest on a current basis on 	

<p>expertise. Mongolian banks lack the investment avenues in which to invest their liquid funds.</p> <hr/> <p>Results: No results recommendations.</p>	<p>all government bonds.</p> <ul style="list-style-type: none"> • Too little expertise exists in the country to develop a training capacity in-country in the near future. 	<ul style="list-style-type: none"> • Banks should seek assistance from correspondent banks to handle training needs for treasury activity.
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International

Problem	Action Needed	Training
<p>International activities are at a minimal level in Mongolian banks and staff do not have sufficient expertise in the handling of documentary credits and foreign exchange trading.</p> <hr/> <p>Results: No results recommendations.</p>	<p>Medium Term</p> <ul style="list-style-type: none"> • Too little expertise exists in the country to develop a training capacity in-country in the near future. 	<ul style="list-style-type: none"> • Banks should seek assistance from correspondent banks to handle training needs for documentary credits and foreign exchange activity.

Banking Services in Rural Areas

Problem	Action Needed	Training
<p>Mongolia is a rural country that needs to be able to provide banking services country-wide, including in the soums. Distances, poor roads, and unreliable telephone service inhibit delivery of services. Internet service is being developed both commercially and non-commercially.</p>	<p>Short Term</p> <ul style="list-style-type: none"> • Establish a liaison between bankers association and the Ministry of Infrastructure to track development and expansion of telephone lines to rural areas (ultimately, for delivery of internet services). Advise MOI of need for inclusion of banking information in development of information and communications technology websites. 	
<p>Bankers in the regions need to learn and be updated on banking skills, as well as keep current on changes in regulation and banking policy. Other stakeholders need to understand the functions and roles of banks.</p> <hr/>	<p>Medium Term</p> <ul style="list-style-type: none"> • The commercial banks and the Banking Training Center have to be committed to ensure that appropriate banking training and information delivery is available in the regions. 	<ul style="list-style-type: none"> • As BTC courses are created or revised, material should also be prepared in a CD-rom format. • Present selected BTC courses in the aimag centers. • Re-present selected informational seminars in

<p>Results:</p> <ol style="list-style-type: none"> 1. Courses are available in CD-rom format. (ongoing as new courses are created or existing courses are reviewed; all existing courses to be in CD-rom format by 12/2003) 2. Selected courses and seminars are presented in aimag. (Program initiated by 12/2001) 3. Bank of Mongolia exam reviews credentials of rural staff, expect comparability to Ulaan Baatar-based staff. (by 2004) 	<p>Long Term</p> <ul style="list-style-type: none"> • BTC, commercial banks, and/or and bankers association establish a full distance learning program and information dissemination system. 	<p>the aimag centers.</p> <ul style="list-style-type: none"> • Establish the availability of computers and phone lines in the Bank of Mongolia regional offices for participants to take courses through CD-rom format, with a BTC facilitator in Ulaan Baatar to provide feedback and evaluation. • Develop website and interactive internet capability.
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Non-Bank Financial Institutions (NBFIs)

Problem	Action Needed	Training
<p>Non-bank financial institutions have only a minor role in Mongolia at present, but have the potential to offer alternative financing, particularly to individuals and in the rural regions.</p> <hr/> <p>Results: No Results recommendations.</p>	<p>Short Term</p> <ul style="list-style-type: none"> • Bank of Mongolia has encouraged the formation of these entities, and is embarking on strict oversight procedures from the start. It will need to develop appropriate examination procedures for examining large portfolios of small loans. • NBFIs employees need the same access to career opportunities and professional development as the bankers. 	<ul style="list-style-type: none"> • NBFIs should join the BTC as full members (including paying membership fees), and encourage course attendance by employees.

Training

Problem	Action Needed
<p>Training is an ongoing need for development of bankers, to ensure that the banking industry will have competent personnel who are up to date on banking practices. The Banking Training Center was established to provide courses for the entire banking industry, and is well-regarded by the banks.</p> <hr/> <p>Results:</p> <ol style="list-style-type: none"> Banking Training Center is operated on a cost-recovery basis. (by 12/2002) Course costs are gradually increased. (starting immediately, to cost recovery basis by 12/2002) 	<p>Short Term</p> <ul style="list-style-type: none"> Bank of Mongolia needs to commit to the institutionalization of the Banking Training Center, including providing additional funding as necessary. The continued existence of the Center should not be tied to the life of a donor project. Notwithstanding, BTC should strive to operate on a cost-recovery basis. This will involve significant planning by the Bank of Mongolia, the BTC management, and the banks themselves. As much as possible, training development and assistance from donors should be placed in or be channeled through the Banking Training Center. <p>Medium Term</p> <ul style="list-style-type: none"> Transfer control of the Banking Training Center from the Bank of Mongolia to private control, preferably under the auspices of a banking association.
<p>Banks need to have a regular schedule of courses to learn and refresh skills. While Mongolian bankers have had considerable training, much of this has been done on a stand-alone basis, without follow-up or reinforcement of on-the-job work. Many classes were presented prematurely, before the banks had adequate experience to offer apposite services and products. While many of the bankers who took these classes could benefit from taking them again, they are already familiar with existing materials.</p> <hr/> <p>Results:</p> <ol style="list-style-type: none"> New courses are offered in response to client (bank) demand or to meet regulatory or supervisory needs. (ongoing) <p>See additional Results under Human Resources concerning certification program.</p>	<p>Short Term</p> <ul style="list-style-type: none"> BTC has surveyed bank members to determine current bank training requests. Current requests include Bank Marketing, Customer Service, Internal Controls and Audit, Ethics, and Banking English. Per this list, additional training courses should be developed, or existing material adapted, to meet requirements. It appears that donor agencies are committed to work with the BTC on this. <p>Medium Term</p> <ul style="list-style-type: none"> As demand picks up for existing courses, these should be refreshed with new materials and case studies. Outside experts should be consulted as necessary to ensure that material is up to date and relevant. <p>Long Term</p> <ul style="list-style-type: none"> A full roster of courses should be available, and offered on a regular basis. This roster would also fulfill the training requirements of banker certification programs.

<p>Mongolia is a rural country, with limited road and telephone service inhibiting presentation of distance learning.</p> <hr/> <p>Results: See Results under Banking in Rural Areas.</p>	<p>Medium Term</p> <ul style="list-style-type: none"> • As courses are developed and revised, they should also be prepared in CD-rom format so they can be used at a distance, and eventually be presented over internet connections. • Bank of Mongolia/BTC should provide computer and telephone access for rural participants to take CD-rom based classes. <p>Long Term</p> <ul style="list-style-type: none"> • Establish a full distance learning program available over the internet.
<p>In addition to, or in conjunction with electronic presentation of material, rural bankers will benefit from actual classes in which participants can interact.</p> <p>See Results under Banking in Rural Areas.</p>	<p>Medium Term</p> <ul style="list-style-type: none"> • Popular courses should be presented in the aimag centers. • Investigate, with the business universities, establishing outreach business classes to be conducted in the aimag centers.
<p>Bankers need to have informational sources to keep abreast of banking industry developments.</p>	<p>Medium Term</p> <ul style="list-style-type: none"> • Develop a seminar series through the banking association for ongoing professional development of bankers. Topics could include issues in lending to particular industries, analysis techniques, policy and legal updates. Such seminars also give bankers extensive networking opportunities.