



STOCKPHOTO/THINKSTOCK

The Financial Services Volunteer Corps is a “bankers without borders” organization that promotes economic well-being in emerging-market countries. Many RMA members have volunteered their time and expertise to this organization since its founding in 1990. Today, its database of volunteers numbers several thousand.

Banker Volunteers Help Bring Financial Stability to Emerging-Market Countries

AFTER THE FALL of the Berlin Wall in 1989, many formerly communist countries in Central and Eastern Europe were trying to set up market-based economies for the first time in decades—or for the first time ever. In the United States, there was a belief that if functioning financial sectors could be established in these countries, then healthy market economies would develop.

So, in 1990, the late Cyrus Vance, former U.S. Secretary of State, and John Whitehead, former U.S. Deputy Secretary of State and former cochairman of Goldman Sachs, founded the Financial Services Volunteer Corps (FSVC) as a presidential initiative. Its leadership includes some of the most well-respected individuals in government and financial services today.

Its board is currently chaired by Whitehead. Paul Volcker, former chairman of the President’s Economic Recovery Advisory Board and former chairman of the Federal Reserve Board, is the honorary chairman. John Walker, chairman of Richina LLC and a leading international banking lawyer, serves as the vice chairman of the board. Former Chairman of the Securities and Exchange Commission William Donaldson and former Secretary of State Henry Kissinger are also on the board.

“There was an understanding right from the beginning that without healthy, functioning financial sectors, it would be almost impossible to make the transition from a command-based, communist economic structure to a market-based economic structure,” notes Andrew Spindler, president and CEO of FSVC.

In the following interview, Spindler discusses the mission of FSVC with Kathie Beans, editor of *The RMA Journal*.



Andy Spindler began his career in 1975 at Continental Illinois in the international banking department. He subsequently became a senior vice president at the Federal Reserve Bank of New York, where he helped develop the first international risk-based capital standards and served on the Basel Supervisors Committee.

Besides spending earlier periods of his career in international banking, he served as a fellow at the Brookings Institution. Since 2004 he has been a member of the board of the Dubai Financial Services Authority, the supervisory authority for the Dubai International Financial Center.

Beans: *FSVC has a demand-driven approach. How does that work? Do government officials contact you? How do they know that you exist?*

Spindler: We’re committed to the principle that we should not be going into countries and announcing our arrival by saying, “Here is the solution to your problems; we know what you need.” A key premise of our work is that reform-minded leaders in the countries where we work know best which problems need to be solved if they are to move forward. In first meetings with key reformers in these countries, our approach is to listen and try to understand the challenges they must overcome if their financial sectors and economies are to move forward. Working with them, we design projects that meet their needs.

FSVC VOLUNTEER CHRIS DAVIS, ATTORNEY AND CONSULTANT ON VENTURE CAPITAL-RELATED ISSUES, LEADS A WORKING SESSION AT TUNISIAN MINISTRY OF FINANCE, OCTOBER 2011



That still leaves the question of how the initial match between FSVC and these countries happens. Some of it is, frankly, by chance. We don't market our services. Most countries that ask for our help hear about us by word of mouth, and we only work in countries that ask for our assistance. We don't push any particular solution other than the notion that you've got to have a safe and sound financial sector that's functioning properly if you are going to have a healthy market economy in the country.

Beans: *The world has changed a great deal over the last several months, particularly in the North African and Middle East (MENA) region. How have these changes affected FSVC's work?*

Spindler: Recent adverse developments in that region have had a minimal impact on our ongoing work, other than to underscore the importance of FSVC's mission. We are deeply engaged in helping to build the foundation for stronger market economies that can create jobs in countries extending from Tunisia to Iraq, and our local counterparts urgently want this work to continue. As we pursue our mission, our overriding concern is for the safety of our volunteers and staff, and we will continue to work closely with the State Department to ensure their safety. I would add that we have no particular cause for concern at the present time.

Beans: *You've grown significantly since your founding a short time ago. How have you done that?*

Spindler: That's a very good but somewhat difficult question. Our growth hasn't been in a straight line. Over the 22-year history of the organization, our work has evolved and shifted to respond to current demand. We've worked in nearly 50 countries. We've sent more than 8,500 volunteer experts on missions. We've reached tens of thousands of counterparts in the countries that have sought our assistance. Those are simply the statistical measures.

In terms of impact, which is the most important measure, it's a track record that's remarkable. The initial focus of our work was in Central and Eastern Europe and

the republics of the former Soviet Union. By the late 1990s, we were beginning to operate in Southeast Asia—in Indonesia—and we soon established a program in India. As the first decade of the 2000s evolved, our work became focused in the Middle East, and that still is a major focal area today. In the last couple of years, we've begun to operate in sub-Saharan Africa, where many countries are now eager to strengthen their financial sectors.

The demand for the work we're doing far exceeds our capacity to deliver. Not capacity in terms of our volunteers; we've got a database of several thousand volunteer experts who are ready and eager to go on missions. The Achilles' heel of our model is the funding base. We can only operate in countries where we have funding to do so, and we can only run programs as large as the funding will permit.

As funding has ebbed and flowed, our programs have consolidated or grown. At the moment, they are growing significantly because of the conditions in the Middle East and elsewhere. There's an enormous demand for this type of work, and there's a greater realization in Washington than I've seen in some years of the importance of this

type of work in helping to promote sound development of countries going through major transitions.

You see that especially in the "Arab Spring" countries. The State Department understands that we can play a role. FSVC is on the ground in Tunisia and Egypt. It's a perfect example of demand-driven eagerness to reform—and the value of trying to get those markets in good shape to take advantage of inclusive global growth.

There are certain economies of scale where programs of this type seem to work best. We could operate on a larger scale than we are now, but if it were 10 times larger, we probably couldn't achieve the quality of result and impact that we're achieving right now.

Our staff has changed in size over the years. At the moment, there are about 20 to 25 employees at FSVC. Roughly half of those are in New York, and the other half are in small offices in key countries where we're currently delivering assistance. The location of offices will shift over time. Today, our overseas offices are in Tunis, Cairo, Tirana [Albania], Moscow, Beirut, and Nairobi. And we are running our Iraq program out of our Beirut office.

Beans: *To go back to your point about the funding, you're a public-private partnership. So does that mean that the funding comes from the government and from the companies that send employees?*

Spindler: That's essentially the case. Much of our funding comes from the U.S. government, specifically the Department of State and USAID [the United States Agency for International Development]. We get additional funding from key foundations and individuals. The Carnegie Corporation of New York, the Gates Foundation, and the Soros Foundation, among others, have all provided important support for FSVC's programs in recent years. But the largest and the key private-sector component in this partnership is the donated services of the volunteer experts who go on our missions.

A significant number of FSVC volunteers are from U.S. regulatory authorities, but most of our experts are from the private sector. Whether they come from large financial institutions, smaller financial institutions, law

firms, or accounting firms, they represent an important contribution from those firms to support our work.

We're providing at least a dollar of donated services for every dollar of funding that we have. Phrased differently, there's at least a one-to-one match in terms of volunteer contributions that are not part of our cash funding. For instance, if a program cost \$40,000 to deliver, we're actually delivering an \$80,000 or \$100,000 program because there will be a match in donated services that's not counted in the cash cost.

In fact, when one considers the quality of the advice given, the value is even more than the numbers would suggest, and many of our experts wouldn't go for money. Our experts are drawn by the public-service aspect of the work.

Hundreds of banks provide volunteers. Nearly all of the big U.S. banks are either currently providing volunteers or have done so in the recent past. Many smaller banks are also important providers of expertise. Our volunteer base represents the Main Street of the American financial world, not just Wall Street.

Beans: *How do you get your volunteers?*

Spindler: Many financial experts contact us. We send them a questionnaire that helps us figure out their areas of expertise. Their responses help us plug them into the database so that we can identify them rapidly if we have project requests in their area of specialization.

Because we're demand driven, we often have unique projects that we're trying to execute. In each case, we check the database to see if we have a match of skills for what's needed. In our management group and on our board, we also have a tremendous amount of financial expertise and contacts throughout the financial world. We regularly staff projects by asking institutions or individuals we know for their help.

Beans: *Who is your typical volunteer?*

Spindler: I would say the typical volunteer is age 45 to early 60s, with 15 to 30 years of experience in finance,



law, accounting, or a related field. A large number of RMA members, both individuals and institutions, have played a crucial role in helping us carry out our missions. There have also been some important exceptions to the “typical volunteer.” Paul Volcker has been an outstanding supporter of FSVC and, of course, he doesn’t fit any standard profile. As an organization, we backstopped important work that he undertook in Indonesia in the early 2000s, and he has supported our own work there and in other key countries such as Russia.

Beans: Some of your success stories include training people in Iraq to combat money laundering and financial corruption. That must be a tall order in some unstable countries.

Spindler: Anti-money-laundering and combating the financing of terrorism are becoming more and more important in the mix of projects that we’re undertaking. The broader issue of financial integrity is becoming more and more important in the emerging-market world as countries realize themselves that financial-sector corruption is an impediment to their own economic development.

We’re getting a greater number of requests for help in this area than I can ever recall. As an issue, it’s becoming more important in Washington as a growing number of senior officials are realizing that these arcane financial issues are central to some much bigger problems that need to be tackled if we’re going to have a safer, more secure world.

Beans: You’ve had an interesting and varied banking career. What led you to join FSVC?

Spindler: A senior representative of the Fed always went on the FSVC’s lead missions in 1990. Jerry Corrigan, then president of the New York Fed, asked me to represent the Fed on the lead mission to the former Yugoslavia. That mission was headed by Cyrus Vance, who, at the time, was also chairman of the board of the New York Fed. Visiting the former Yugoslavia with Cy Vance was a transforming experience for me. It was as if the whole first part of my career had been a prologue to prepare me to give back something to countries that

desperately, urgently wanted assistance to set up sound financial systems.

There were moments on that trip I’ll never forget. I remember going into the old Zagreb stock exchange in Croatia, where the building hadn’t been put to any financial use in maybe 50 years. On one day’s notice, our group was invited to make a presentation to local financial professionals about what a stock exchange could do and how it could be set up.

When we arrived early on that snowy December morning, the old main chamber of the stock exchange was full of probably 100 people. Some of them had traveled for hours through the night to get there, all with their pads of paper out and pens ready to write down what they needed to do to set up a stock exchange and to get it running. I realized in this rather intimidating situation that it wasn’t as simple as what they hoped. There wasn’t a three-step plan that we could give them to follow.

But they weren’t the only ones who thought there was a simple plan to set up a financial system. American policy makers of the time thought that these financial systems could get set up in two or three years in Eastern Europe. In fact, even in the fastest of them—Poland and the Czech Republic—it took 10 to 15 years, or more. Russia is still struggling 20 years into the transformation.

When I returned to the Fed, the excitement of that initial mission stayed with me. In 1993, Cyrus Vance invited me to run FSVC’s day-to-day operations. This was the opportunity to do what I had been dreaming about for three years.

Beans: You’ve got a very impressive board of directors.

Spindler: I couldn’t imagine a better board. It represents the great and the good in the American financial sector, and in some cases beyond. It includes experts like Josef Tosovsky, the former governor of the Central Bank of the Czech Republic, who was an early recipient of our technical assistance. He then became prime minister of the Czech Republic and is now chairman of the Financial Stability Institute in Basel. To have him on our board, helping to guide our work, is invaluable.

FSVC VOLUNTEER MERRILL REYNOLDS (LEFT), PARTNER, REYNOLDS WILLIAMS GROUP, MEETS WITH REPRESENTATIVES OF THE ALBANIAN ASSOCIATION OF BANKS IN TIRANA, JUNE 2012.



As honorary chairman, Paul Volcker is still a significant influence on our thinking and our work.

The executive committee of the board is made up of five key members who are more involved on a weekly, if not day-to-day, basis in what we’re doing. We go to other board members less frequently; it depends on the specific issue.

John Whitehead has been amazing. He cofounded the organization and has been either cochairman or chairman for the entire 22-year history of FSVC. He was the cochairman of Goldman Sachs during a remarkable era at that firm. He was Deputy Secretary of State. He’s been involved in American philanthropy in unique ways. There are few other people who have made as much of a positive mark on the not-for-profit world over the past couple of decades. His knowledge of finance is tremendous. Even after 22 years, he is deeply involved in what we’re doing, and leading it. I value his advice enormously. These are all inputs that help make FSVC what it is and make it stand apart from so many other organizations.

Beans: What else makes this organization stand apart?

Spindler: Our volunteers, board members, and staff deeply believe in FSVC’s mission. It’s the commitment and enthusiasm of these individuals who have very special expertise and skills that enable FSVC to stand apart. Our international reputation is second to none. Those who seek our help quickly realize that the expertise we deliver is not just sound advice, but also objective. There is no hidden agenda. It comes from the heart as much as from the mind. And it is trusted.

Our volunteers often come back and say, “We’ve gotten more out of this than we provided.” Some volunteers have done 30 or 40 missions.

Beans: How strong is your focus on risk management issues?

Spindler: Risk management issues are front and center in what we’re doing. They’ve been there from the start, but they’re particularly important right now, both in central banks that are asking for our help and in commercial banks and other financial firms.

Another key area is strengthening banks’ capacity to lend to small and medium-sized enterprises, the principal engine for growth and job creation in most emerging-market countries. This area of work also involves critical elements of risk management.

Beans: Your work is so important, yet the FSVC is not widely known.

Spindler: We are a low-profile organization. The work that we do doesn’t lend itself to front-page headlines. We work in confidence with central banks and bankers’ associations to fix problems. Institutions don’t want to advertise their problems or that they relied on an American-based not-for-profit to find a solution to their problems.

We respect that, and we don’t broadcast our successes. We have a quieter satisfaction, but one that is much more appropriate for the nature of our work. ❖



For information about volunteering with the FSVC, contact **Andrea Perraud**, senior program officer, at aperraud@fsvc.org, or visit www.fsvc.org.

