

Initial Statement (Niclaus Bergmann, Managing Director SBFIC)

Chairman and Members of the Committee

Thank you very much for your invitation. As Managing Director of the Sparkassen Foundation For International Cooperation I´m very happy, together with Irish Rural Link and my colleague Harald Felzen, to present you with the essential elements for a new possible Irish Public Banking model.

First of all please let me emphasize that the German Sparkassen will not be opening any Sparkassen branches in Ireland. Nor do we have any financial interests.

Rather the mission for the Sparkassen Foundation in Europe is revitalizing and fostering a 200 year old, proven banking model which successfully combines outstanding banking professionalism with a strong common good and social mandate.

The German Sparkassen model is the answer to many peoples question: What is the purpose of finance?

The financial crisis left many people feeling that finance had been allowed to develop with little sense of purpose beyond its own profitability. This encourages a dangerously narrow view, in which a neutral financial sector operates independently from the real economy.

As the financial crisis showed, the financial sector is built upon the economy, and when it becomes detached then it risks bringing down the economy.

Unless finance can be repositioned within the relationships between economy, society and the environment instead of above and separate from them, future imbalances and instability are assured.

The good news is that those who make financial policy are already recognizing the more interconnected view of finance - and there is a 200 year old value-based banking model already existing.

That model is Sparkassen, incorporating a comprehensive understanding of its links between the real economy, society and a sustainable regional development.

We are deeply convinced that the Sparkassen model represents the realignment of Banking with society and is the old and new answer: What is the purpose of finance?



The concept of the original Savings Banks goes back to the eighteenth century when they first were founded with the philanthropic aim of combating the dire straits of the poor.

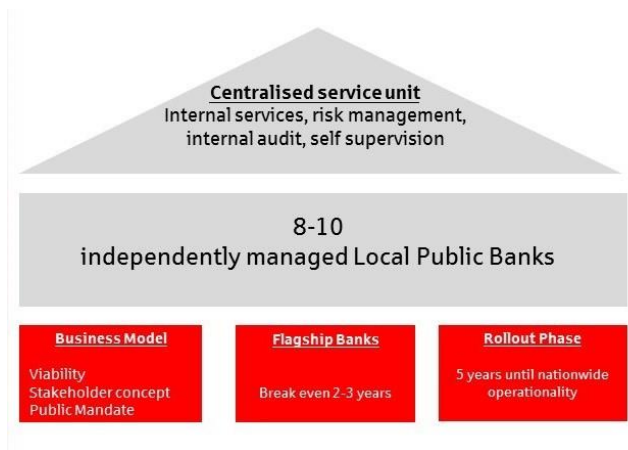
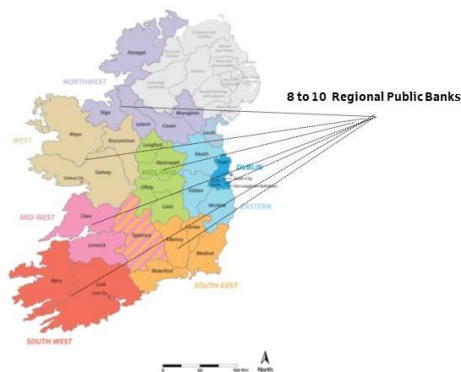
These schemes were progressively developed to include support for local tradesmen, businesses and mortgages.

Most of the Sparkassen were founded by local communities in the following decades.

Sparkassen are nowadays credit institutions under public law and subject to the German Banking Act and the Federal Financial Supervisory Authority like other banks. Sparkassen are not a consolidated group and each Sparkasse is an independent credit institution. Their responsible public bodies (but not owners) are the municipalities. They operate in their own defined business area (regional principle) but they are all members of the Sparkassen Finance Group which plays a key role in efficiently processing the essential downstream activities that any large banking organization requires.

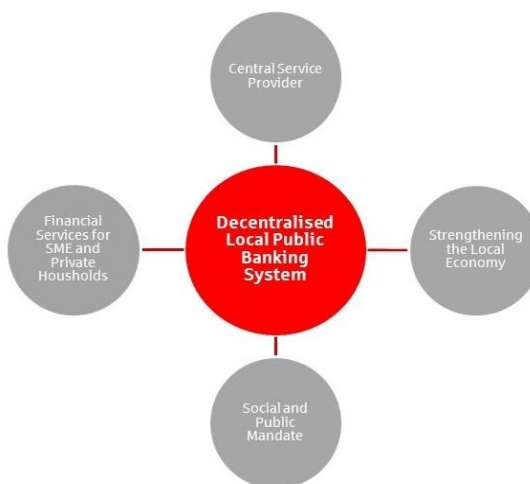
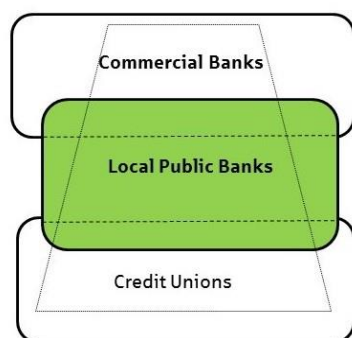
The structure is particular, and cannot be compared with the structure of a group of companies or a holding company. It is held together by a mixture of economic rationality, group ethics, corporate identity, capital connections, special laws and regulation.

It is a unique and most successful banking model which could be a blueprint for a change in the Irish Banking System. Together with Irish Credit Unions a new Public Banking model could shift the Irish Financial industry to a more long-term and more sustainable perspective.



It is the chance to offer people in Ireland financial life perspectives – with the help of good advisory services and high quality financial products; it is the chance that small and medium sized enterprises in all regions of the country should continue to find fair conditions and it is finally the chance to develop a new model which serves all the people in every region in your country.

Fill the gap!



Apart from any technical discussions it is most important that a political consensus is built about the necessity to change the system. We can offer a model, experts, IT etc. but it is your game, your decision if and when you'd like to start.

Confucius said: Talk to me and I will forget. Show it to me and I will remember. Let me do it and I will understand.

Therefore I'm happy to repeat my invitation to come to Germany and have an insight in the existing Sparkassen-world and to talk to all relevant stakeholders in this matter.

Thank you very much

Our Proposal

SBFIC has offered in its Proposal its expertise in developing and implementing a model for Ireland.

Including:

- Project management
- Long /short term experts
- IT
- Knowledge sharing

What is needed?

- Political consensus about a shift in the system
- Basic Government decision to work on a shift in the system
- To appoint a Irish-German Task Force basically for
 - Legislation
 - Funding
 - Start-up