Prospects for Investment after the Crisis: IFC, Korea, and the Role of Developing Countries in the Global Economic Recovery,

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August 20, 2009

Thank you very much for that kind introduction. I hope I can live up to part of the expectation that you set. Good morning, ladies and gentlemen. I am pleased to have this opportunity to speak before this distinguished audience.

South Korea is my first stop on an extended trip to Asia. It has been a long time since I have visited Korea, and it has gone through tremendous changes since then. I think this is a great opportunity to come here at this particular point in time, a time of uncertainty over the future of the global economy, and also a time of hope that we are experiencing the early stages of recovery from a long and deep recession. I arrived on Tuesday and I've already learned a lot and see very clearly that Korea now is coming out of the crisis. Both on the government side and corporate/banking side, Korea is ready to take a new role in the world economy: on the government side- the G-20 chairmanship and on the corporate/banking side- the interest of expanding much beyond Korea and that is exactly where I think we can work very closely with Korea on that effort.

Looking forward, I think Asia will play a critical part in the global economic recovery. Most of the other regions in the world have been hurt by the world recession. Yet, growth especially in India and China has been stronger than in the industrialized countries. It is certainly too soon to say if the Asia's economy has bottomed out. However, most economists are now forecasting a V-shaped economic recovery for Asia. That would be a very good thing for the entire world. I think developing countries in general will play a critical part in getting global investment back on track.

Before I talk further about what I see are the investment opportunities after the crisis, I would like to take just a few moments and speak about IFC and what shapes our perspective.

As you heard, we are part of the World Bank Group. We work very closely with our colleagues especially at the World Bank who deals, as you heard, with governments and the public sector. IFC is the private sector arm in the World Bank. In other words, we finance and work with companies especially and do some work with governments relating to investment climate issues and regulation. We are a development institution. Our goal is to promote job creation and improve living standards, especially for the poorest and most vulnerable people in the world. IFC provides financing, loans and equity, as well as advisory services that help our clients become more competitive.

We are a decentralized organization with 3,500 people, more than 50 percent out in the field, 104 offices in 82 countries and have 90 nationalities working in the organization.

During FY09 which ended here in June, IFC's new investment commitments (both debt and equity) totaled $14.5 billion, including $4 billion in funds mobilized from other investors and banks—down slightly from the record $16.2 billion in FY08. But given that private investments in the world were down about 30 percent, we are very pleased with that. We think that we have fulfilled our counter-cyclical role. We also had a total of 227 new advisory service projects approved bringing our total advisory expenditures during that last year close to 200 million. Let me also say that in contrast to most development organizations, IFC is self-financed. We make profit. In fiscal year rate, we made over 2 billion dollars before giving 500 million to one of our sister organizations as a grant. Last year in spite turmoil in the market we actually broke even before giving some money away. You can then ask, "isn't that against your development mission to make a profit?" That's actually the contrary. If you think about it, a successful company that makes money also develops its company and hires people and therefore has a better chance of having higher environmental and social standards. So it really comes together and those two development impacts on the financial side are very highly positively correlated which is good.

We invest together with local or foreign sponsors who are looking to expand into new markets in developing countries, including some Korean companies. We are proud to have established long-standing and productive relationships with premier Korean banks such as Hana Bank and Kookmin Bank. Just last month our board approved an investment together with Kookmin that will support retail banking and SME finance in Kazahkstan.

IFC was part of the founding of Hana Bank in the early 1970s and it became a financial industry leader. Later we provided support during the Asian financial crisis of the late 1990s, which encouraged other investors. Hana Bank emerged from the Asia crisis stronger than ever. Now, we are working with Hana Bank and we are very pleased with the cooperation in places like Indonesia and we had a nice dinner last night talking about other opportunities.

IFC was the first new foreign investor to enter the Korean market after that crisis. We invested $25 million in Korea Long-Term Credit Bank in 1998. This helped it merge with the larger Kookmin Bank. IFC joined Kookmin's board and worked with the bank to strengthen its accounting and loan classification practices. This allowed the bank to attract new capital. Kookmin, as you know, is now Korea's largest and strongest bank.

In another example, SK Energy and the Korea Export Import bank are partners in our Peru LNG (liquefied natural gas) project. We also met with them yesterday and it is exciting to see how that project is progressing.

Korea is a great example of a country which has evolved from an IFC financing recipient to a financing partner in other countries. I think that Korea's story is a great illustration of what we strive to do with our investments in the financial services industry and in the real sector in developing countries around the world.

We bring financing from commercial investors from around the world into projects with our loan syndication program. This is another way we help companies in developing countries build relationships with financiers from developed countries. Increasingly, we are also attracting financing partners from developing countries looking to invest South-South.

IFC is finding innovative ways to invest in other countries. This year, we actually established a subsidiary, the IFC Asset Management Company, to allow commercial investors to participate in our equity investments. It will manage our Bank Capitalization Fund, which makes equity investments in systemically important banks in poor developing countries where the governments can't afford to do the rescue packages. We created this fund, with a $2 billion contribution from the Japanese government (JBIC), after the financial crisis to limit the impact of the credit crunch on the real economy in smaller and poorer countries which did not have the resources to strengthen the financial sector as the governments in the U.S. and Europe have done.

This approach builds on our experience of what worked during the Asian crisis including here in Korea.

The Asset Management Company will also manage a fund for sovereign investors for pension funds and sovereign funds. This will allow sovereign funds to diversify into the frontier markets where we have expertise and a good track record of investing. If you look at investments in Africa over the last 20 years we have had an annual return on that equity of over 20 percent. So Africa actually has some good opportunities.

The Bank Capitalization Fund is just one of our crisis response initiatives that we launched this year. We have a Microfinance Fund aimed at ensuring that microfinance lenders can get the financing they need to support entrepreneurs in poor countries. We retooled our Advisory Services program to help clients cope with restructuring and bad assets.

When we look at South Korea, it is a very competitive economy. Here, there is great awareness of the benefits of trade. Unfortunately, global trade could fall by more than 10 percent this year. Early on, we recognized that the financial crisis was forcing many banks to withdraw trade finance lines to preserve liquidity. The lack of trade financing compounded the hit to the export sectors of many developing and developed countries. Exporters, already facing a sharp drop in demand from consumers in the developed countries, found they could no longer serve the customers they had because trade finance had dried up.

IFC had already started a very successful trade guarantee program, a program guaranteeing letters of credit. It connects banks in developing countries with partner banks in developed countries. In this way we encourage new relationships for developing country banks and broaden access to trade finance. Demand for our trade guarantees surged last fall, so we tripled the size of the program from $1 billion to $3 billion.

But, we saw that guarantees were not enough. There was also a lack of liquidity. So we developed a new trade liquidity program which has been supported with contributions from several governments including Japan. This whole program will be supporting about 50 billion in trade over three years which is a significant portion of the G-20 announcements where they talked in their communiqué of about 200 billion.

We developed a new infrastructure financing facility aimed at ensuring essential infrastructure projects that can move forward without an interruption in financing. Many of them lost their financing or had not arranged all of the financing and suddenly there was nothing there. Overall, in our initiatives we have raised about $5 billion from public and private sources to support financial crisis response initiatives that will promote economic recovery.

So, where are we in the global economy? There are some encouraging signs as I said earlier. Our economists at the World Bank see a weak economic recovery as the most likely scenario in the next couple months. In other words, a V but a elongated V on the recovery side.

The global economy remains highly dependent on government spending and support from monetary policy authorities. We think that consumers and investors are likely to remain cautious. Yet, the financial system appears to strengthening. Some banks in the U.S. are reporting profits and repaying government support. Business and consumer confidence surveys are improving around the world.

The most recent data on industrial production and consumer spending in several countries show at least a slowing rate of decline. In China, industrial production rose over 3 percent in May and another 4 percent in June.

I know here, in Korea, your open financial system was one of the hardest and earliest hit places in the world from the current financial crisis. But so far, Korea, Singapore, and Taiwan have recovered about half of their declines in industrial production. For Korea and the rest of Asia, economic developments over the short-term, of course, depend in large part on recovery of consumer demand among trading partners in the U.S. and Europe and also linked very much to China since I understand 25 percent of your exports is related to that.

Over a longer time horizon, say five to ten years, I think Asia's growth path will depend increasingly on the strength of demand from consumers in your own developing countries. And I think the best business opportunities will come from meeting the needs of consumers at the bottom of the economic pyramid.

For many more years than anyone thought possible, U.S. consumers propped up global economic growth through unsustainable borrowing. Now, they are saving. I think deleveraging is going to continue for a long time. The U.S. is very unlikely to return to the levels of consumption seen before the crisis. Consumers in developing countries must fill the gap if we are to avoid a long-term slowdown in global output.

One way to support domestic demand-led growth is the development of local financial markets. This is a priority for IFC.

The U.S. and other industrialized countries are facing the immense costs of caring for aging populations. In contrast, the populations of many developing countries, especially in the Middle East and parts of Asia, are much younger and growing faster with vast unmet needs for health and education services. At IFC we are working on some innovative ways to channel investment to these areas. For example, this year we established a private equity fund for investments in the health care sector in Africa.

These fast-growing populations also have vast unmet needs for infrastructure. Over a billion people lack access to safe drinking water. A lot of the food produced in many developing countries is wasted because their producers don't have proper storage and refrigeration facilities. In Africa, when I was there, I heard that 40 percent of the food consumed actually perishes on the way to the consumer. Infrastructure needs are compounded by rapid urbanization as people move to cities and mega-cities. The movement of people from the farm to the city has huge implications for food. Agriculture producers must become more productive and mechanized.

The costs of adapting to climate change are rising as fast as global warming. We have to find new, cleaner and cost-effective sources of energy to fuel the global economy. The International Energy Association predicts 97 percent of the projected increases in greenhouse gas emissions over the next two decades will be coming from developing countries. Developed and developing countries alike need clean energy.

Solutions to these problems are the big business opportunities of tomorrow. And these solutions will have to come from the private sector. The public sector in most countries is now coping with growing budget deficits and resource constraints. The private sector and its entrepreneurship and ability to innovate will be the engine of growth.

I think it is appropriate that Korea takes over leadership of the G20 this year. This is an opportunity for Korea to show global leadership and share its experience in development. It reflects Korea's increasingly important role in the world. As I mentioned earlier, Korean banks once turned to IFC for financing. Now, Korean companies are partners with IFC in providing financing to private sector companies in less developed countries. The G20's growing clout reflects the rising importance of developing countries.

Korea's development, the way it learned and recovered from the Asia crisis, and the way it responded to the current crisis, are examples for the rest of the world.

I will conclude by saying that I think Korea will provide good leadership for the G20, which is now dealing with problems like financial system reform and regulation, promoting sustainable growth and reducing poverty—all areas where Korea has experience. Korean policymakers have expertise in trade, infrastructure, financial market reform, and corporate governance. These are also priority areas for the World Bank Group, and especially for IFC. I hope that we can deepen our relationship with our Korean partners-both on the public and private side.

It is also symbolic that the G20 presidency is in Asia, the region leading the economic recovery. Over the long run, I am very optimistic over the economic opportunities for the region, especially for its developing countries.

Thank you very much for this opportunity to speak and I am happy to take questions.

Q: Thank you Dr. Thunell for your presentation. I have two questions: one relates to today's subject and the other one moves a little away from it, the Swedish bailout of the banks in the past.

First, you mentioned very cautiously that the US consumption level is not likely to come back soon. I think that you are extremely gentle describing it in that way. I would say the time before and after this global crisis are two different worlds. There is no way that the world is going to see a superpower like the US being able to finance global consumption by 6 percent national GDP deficit, which roughly translates to 1.5 percent of the global GDP. Now, as you know, any country that ran over a 3 percent deficit soon had to run to the IMF for help because the national finance was in tatters. The US had the unique power to do this only because it is the owner of the dollar, the world currency. Now, this is never going to be repeated by anybody including the United States. The US is not going to spend that kind of money. So therefore, I would say, first of all, regardless of what we do to fix the economy that the level difference of global consumption is never going to come back. Now, if you take that into account, then the global productive capacity is in surplus in total. From the IFC's investment opportunities, how do you reconcile this with future growth?

Secondly, when Sweden bailed out the banks-the US talked about the Swedish bank bailout model a lot. Sweden managed to do this with equity position in the banks. Therefore, what I understand is that the net result was actually a profit to the government rather than a loss. I would like to know more inside details about that. Thank you.

A: I agree that we are going to see a different world after the crisis in many respects. The risk appetite is going to be different. Compensation systems will hopefully be different. The US consumer, who were not saving at all but actually spending, have moved to a savings rate of about 6 percent. I agree with you that it will have many implications and I think the debate that we have about the US dollar is one of them and it is interesting to see what is happening in Asia on that front and the discussion around the Chinese currency. We are having dialogue, for example, on the possibility of supporting trade in RMB in the future and that is part of our trade finance program. So from our point of view, there has to be more local consumption. The economies in Asia will have to be driven not so much by exports but by domestic consumption. I think that it's very interesting if you look at the Chinese stimulus package, for example, which encouraged the buying of refrigerators and has benefited some Korean companies.

I think those are the kind of things that we are going to see and that is why I said being able to adapt to a specific group and not only the middle class but if you can figure out ways as a developing institution to actually package things for the very poor is a big untapped market. There are several good examples of this. An Indonesian company has actually been able to compete with Proctor and Gamble when it comes to shampoo because they did the packaging very different. They made small single use packages so that poor people could afford to buy them. I think those kind of innovative things in terms of distribution packaging are going to be very important. I think that the business opportunities that we see now in mobile phones and bringing those out is probably the most important thing that we can do as a development institution because we know that if you have got a good mobile phone system, it increases the economic growth potential of any country. Some research indicates that one of the most important things that we can do is to connect people with one another. So these are the types of things that we are trying to focus on and that I am trying to encourage businessmen in the developed world to look at that these high-risk countries by showing them our high returns in Africa which is better than we have had in many other countries. People will have to start questioning their own risk assumptions and looking for new opportunities. I think those will be in the developing countries.

Now, the Swedish crisis was very similar to many other financial crises. It was deregulation and an explosion in borrowing to finance real estate. Swedish business people thought they were brilliant by figuring out a new way to manage risk and therefore they could have much higher leverage than everyone else and outbid everyone for real estate around the world. Of course, it did not work and there was a crisis. The Swedish krona was pegged to the euro and we ended up with very high interest rates overnight, over 500 percent. Then it all crashed and there was a major devaluation. There were a number of banks that ran into problems and especially one bank that I had decided to join as deputy CEO but the crisis hit even before I joined. The bank was taken over by the government and it was then split into two: a good bank and a bad bank. Both were then owned by the government. The bad assets and bad credit were transferred over to Securum as it was called, the bad bank or asset management company which I then headed. We started out with a couple of people and at the top I think that we had about 1,000 people working on the workouts. If you look at the consolidated accounts for that asset management company a year later, we were at 30,000 people because we had a lot of industrial companies that were consolidated. We developed a scheme where, basically, we said that in practice we are owners of these assets so let's not only have bankers in here but let's bring in people like private equity people, real estate people, hotel people- people who knew how to manage these things. Most of the assets were real estate so we were able to sell a single building or we could see a bunch of residential real estate in Stockholm or commercial real estate in Gothenburg. We established not only the assets but also the management structure around it. So, we sold some of them to other companies but we could also introduce a number of companies on the stock exchange. Today, the largest real estate company in Sweden actually came out of this crisis. We introduced an IPO specialized hotel company, a hotel owning real estate assets. I saw them recently and they are over in the US looking for property to buy as part of the US crisis. So things come to run. We had a major industrial company called Nobel Industries which we merged into Akzo-Holland and became what is today known as Akzo-Nobel, a major multinational company focusing on paint. This is the way we tried to work. We were given by the parliament 15 years to sort it out and we always had to tell everybody that we were looking at this as a long-term project. But, of course, in our daily lives we looked at it as though we should do it as quickly as possible but maximizing the money. After three or four years, everything was set up and I was able to move on. The company was able to shut down after 7 years. The Swedish taxpayers actually got their money back.

What were the key successes and why were we able to do it? I think there a couple of things. One was that the government was very wise in that it created a coalition government around this particular issue. They agreed that they would not do politics around this issue. It's like war in a sense because we tried to do what was best for the country and not make short-term political gains out of it. They established a special unit as part of what the finance ministry called the Bank Emergency Board which actually had some independence and that way you distanced it away from the short-term political issues. On the Securum side, even though it was a government owned entity, they put in place a board with the majority of the board members from the private sector and only a few political representatives. Always in these issues, bonuses and compensation were big issues but they established some guidelines that everyone should follow instead of looking at the details of individuals. I think those were some of the reasons why it worked out so well and why it has become a model of how to do it.

I often get the question, "how much of this is applicable in other financial crises like the one in the United States?" I think, obviously, the US is much bigger. It started out with a sub-prime crisis, so it is, in that sense, very different. However, I think that there were some key learning experiences that we had in Sweden. An important one was the governance issue of keeping politics out of the business decisions as much as possible. The other one was the importance of bringing in people who knew the

underlying assets. One more was having a principles based framework from the government's side. The difference with the US, of course, was that it had the sub-prime and securitization issues. One of the problems with securitization is that you do not actually know who owes the asset since it is so split up. In this case, you do not get people to the table. Actually, with the credit default swap markets being part of this, you have people at the table who have sold the risk and they are representing the end investor. These representatives know that they will still get paid if there is a default. So some of the people working on the workouts have an interest in getting a default because that means that they will get paid even if the system does not benefit from it. This same problem was also seen in the crisis of Lloyd's of London, a reinsurance business, back in the 1980s. It was the same thing.
So I think that has been one of the issues that is different between them. And, of course, the size of the US market is very different.

As I said, when Securum was established, along with some other rescue things for other banks, the bills defined a certain amount of money that they put to disposal and a time period to do this. Then the government said that they were allowed to take this. We, at Securum, said no because every time a minister came out said that this has to go fast, the next day I had vulture funds on the phone telling me to sell to them quickly because that is what the politicians were saying. We had to talk about having a long time but we had to execute as quickly as possible. We tried to do that by selling the best way and making the assets as liquid as possible by doing IPOs and then merging, like the Akzo-Nobel example, which gave the government shares of the company. Then after a couple of years, the government could exit that one. It was about making it as liquid as possible and getting it away from politicians.

Q: Thank you for your time and speech. You mentioned co-investing with sovereign funds such as KIC and national pension funds, not just in Korea but in other countries. Now, in terms of investment strategy, I'd like to hear your opinion about the differences between the sovereign funds and IFC when you make decisions.

A: The sovereign funds and pension funds, in general, have to be looked at individually because every country has different characteristics. One common theme is they have a responsibility to their citizens, their retirees and their taxpayers which means that most of them have instructions to try to maximize their profits over the long run with reasonable risks and then they have normal governance where they define what risk level they are willing to take and what time horizon they should have. That gives them the mix between debt and equity and alternative investments. That's how most of them are set up. The good news is that our development impact is correlated with our financial results. So when we look at it in practice we've seen that we actually can meet the returns of any private equity firm that is run with the same type of risk levels as us. As you heard with my example of Africa, that's very clear. So, what we were thinking was with all this money in these funds and with the business opportunities as we see them being in the developing world and that is being seen by all of these sovereign funds as well, they have seen risks that are not risk-free to invest in the United States or Europe or anywhere else meant that they had started to look at how can we come, in a bigger way, into the developing world. That's when we said that there was an opportunity to match these two things: they want to increase their asset allocation to the developing world; the stock markets themselves are relatively limited in these countries; we have a network of a 104 countries and a great track record; and if we can get them in our projects so they will take say 25 percent of our equity investments, that's a perfect match. That's what I think some of these funds are seeing and that's why we hope to have the first closing this fall of a sovereign fund with a number of investors. Some of them are looking at it purely from a financial perspective, looking at the returns and getting access to this network. But also some of the governments that I talk to see the political benefits of actually having a win-win, not only a good financial return but they also could support development in those countries at no cost.

Q: I presume that IFC is active and successful in financing and investment in African countries. As you said, you have experienced about a 20 percent rate of return in African countries, so I wonder how much these developing countries were affected by the current global crisis. Also, do you still see the investment vision in Africa?

A: As I have said in some other speeches, the financial crisis that started on Wall Street was like a tsunami across the world and I don't think that there is a single individual, unless you're in the middle of the Amazon, who has not been affected. So all of the countries in Africa were affected by it. Foreign direct investment was down, exports were down, commodity prices were down, and remittances were down. I even visited Madagascar and although very isolated and not very integrated into the world economy, some of their banks were owned by foreign banks especially French banks and as these French banks looked at their capital position they would withdrawal money out of Madagascar. So even if there was nothing wrong, the problems in France caused problems for Madagascar. These linkages are tremendous and that is why we wanted to start these initiatives and try to mobilize additional funds. The World Bank has done a lot of that as well.

Going forward, I think that if you do it well, you can create very good companies. There is need for infrastructure. Like I said, 40 percent of the food that is produced in Africa is perished on the way to the consumer which to me is a huge business opportunity because the paybacks are extremely quick. However, there exist two problems. One is the lack of government institutions and capacity to make decisions-corruption is part of that. The second one is infrastructure because the way to get products to the export market is almost impossible. Those are the two risks that someone has to look carefully at. We have a lot of experience in these things and that is one of the reasons why companies like to work with us when they dip their toes into a new country.

Q: Thank you for your presentation this morning. I would like to express my gratitude to the IFC and the World Bank. When I started my career in the early 1960s at Korea Development Bank, those two institutions supported and encouraged the development

of the Korean economy. Now, as you know Korea has accomplished becoming the 10th largest economy in the world and a complete democracy.
Now, when you evaluate a potential borrowing country what are your priorities? How do you evaluate these countries? In my long time experience, I'd like to give you some advice. Great country leadership is the best one. Korea had great leadership during that time. Thank you again.

A: First of all, thank you very much for those nice comments. I have received a very warm welcoming and hospitality since being in Korea and I think that it's not because of me but because of the IFC.

When it comes to evaluating projects, we try to look at the development impact. Like you said, if you are going to have an impact, you'll have a much higher chance if you have got good leadership and good context. This is why we look at indicators like that including the one we produce called the "Doing Business Report," which looks at the investment climate but it goes beyond that by including corruption and other things. So first we look at the financial opportunity because that is very much tied to the development impact. We also look at the sponsor and the people we are working with. More and more, we are working with local companies and local entrepreneurs. But, one of the problems is that in some countries politicians' relatives tend to be very much involved in many local businesses. We do not do business with what we call "politically exposed" people. Finally, we look at what we call our "additionality," what we add to it. Is it the financials, our advisory services, political protection or something else? I think that is a very important question because if the private sector can do this by themselves, then they should do it. We should move on to the next thing. This is why we left Korea. If you look at China today, we don't do much business in coastal areas. We have developed a strategy with the Chinese government, consistent with their harmonious policy, to work in the rural areas, on the climate change issue, and work with Chinese companies trying to go abroad.

So, that's how we try to do it. If we go into a very bad and corrupt country, the thing that I would encourage is to work on micro-finance because it is normally not politically affected and you will create small entrepreneurs who can grow. Remember that all big companies were at some point small companies. They can be the basis for economic growth and empower some people to push for democracy and change in the government structure.

Q: Taking into account the current worldwide financial crisis stemming from the American financial system, I would like to hear your thoughts on what is the best financial model.

A: First of all, we can all criticize the system, but I don't think that we have found a better system than the market driven system which is tied to democracy. It creates wealth and well being for people. There really is not an alternative. The real questions are what can we learn from this crisis, how can we improve it and what can we do away with. I think that the regulations have to be overseen. That is happening in most countries. They are looking at the financial regulations. One of the issues is that everyone is looking at their own country, but nobody was looking at the overall system and that is now one of things that is being addressed in discussions in the G20, the IMF, and the Financial Stability Board who are the institutions looking at that. I think that there is going to be some type of mandate to look at the overall world systematic risk. Of course, this is being fought by some. As you said, the crisis started in the US and I'm not sure how much revision the US would like to see of its own system. Another thing is making markets more transparent. One thing that is happening is the moving of trading into exchanges with the CDSs for example. That needs to be done because it reduces systematic risk. There are also two of the issues relating to securitization: one is the role of the rating agencies and their conflict of interest which I think has to be addressed and the other one, which I eluded to, is whether financial institutions selling risk have part of the risk itself. I think that there is a good argument personally that if you securitize something as a bank, you should keep at least part of that risk so that you're involved with it in the future. I think that the whole chain needs to be addressed. You need to have more long-term incentives.

I hope for two things: one is that politicians do not get too populistic and the other one is that they are willing to give up some of their sovereignty. If you look at bank regulations, for example, when I was running the bank in Northern Europe we saw that Latvia had a problem. We had a subsidiary there and so we were talking a lot with regulators in Latvia about this. They asked us to reduce lending and we wanted to do that. The problem was that there were some other banks who were operating outside of Latvia with branches and were not locally regulated. So the only thing that happened when we reduced lending was a loss in market share because the lending was just taken over by someone else. There needs to be a level playing field when it comes to all of the players in a certain market. That is one of things that the IMF and Financial Stability Board is looking at right now.