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Former aide says Francis may close Vatican Bank

John L. Allen Jr. | Apr. 4, 2013 NCR Today
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A former top aide to Pope Francis said yesterday that a little-known aspect of his record as the archbishop of Buenos Aires lends credence to speculation that sooner or later, he may shut down the Vatican Bank.

On Tuesday, the Reuters news agency quoted two Vatican officials anonymously who said that closing the bank, formally known as the ?Institute for the Works of Religion,? is an option Francis might consider.

Yesterday Federico Wals, a layman who served as the future pope?s spokesperson in Buenos Aires since 2007, told *NCR* he believes that may well be the case.

?I think he?ll move everything to the Bank of Italy, or something like that,? Wals told NCR, citing as a precedent a key decision made by then-Cardinal Jorge Mario Bergoglio when he arrived in Buenos Aires in the late 1990s.

During his span as archbishop Bergoglio didn?t maintain a high media profile, so his approach to internal administration isn?t widely known outside local church circles. Wals, however, discussed Bergoglio?s management philosophy with NCR during an interview in his office at archdiocese headquarters.

According to Wals, when Bergoglio took over the archdiocese was essentially broke. One reason, he said, was that the church was a partial owner of several local banks, so it could borrow on highly favorable terms ? a situation, he said, that didn?t encourage fiscal discipline.

?We had the same issues as the Vatican Bank is facing today,? Wals said. ?It was a black hole, so there were basically no limits on what we could spend.?

Wals said that Bergoglio swiftly took personal responsibility for the financial mess. The key move, according to Wals, was that Bergoglio decided to sell off the archdiocese?s bank shares and to transfer its funds to international banks such as HSBC and UBS, ?as a normal client? rather than a partial owner.

That step, Wals suggested, not only imposed greater restraint on borrowing and spending, but it also spared the church the potential embarrassment of being linked as an owner to banking scandals.

Asked if he thinks Francis is likely to take a similar step as pope with regard to the Vatican Bank, Vals said, ?Yes, I believe so.?

The Institute for the Works of Religion has been an occasional source of scandal over the years, and recently has once again found itself facing scrutiny.

In 2010, Roman magistrates froze $33 million the Institute for the Works of Religion held in an Italian bank, charging violations of transparency protocols that the Vatican denied. The money was released in June 2011,

but a criminal investigation of both the bank?s president and its director remains open.

A recent evaluation by Moneyval, the Council of Europe?s anti-money laundering agency, applauded the Vatican for ?coming a long way in a short time? toward greater financial transparency, but also raised serious questions about what evaluators saw as a lack of external regulation of the Vatican Bank.

That history has led some senior prelates to wonder if the bank is still necessary.

?The [Vatican Bank] is not an essential part of the ministry of the Holy Father,? Cardinal John Onaiyekan of Nigeria recently told an Italian television station. ?It?s not fundamental, it?s not sacramental, it?s not part of [church] dogma.?

Defenders of the bank generally make three points.

First, they insist that its current director, Italian layman Paolo Cipriani, is a reformer. Before any recent scandals exploded, they say, Cipriani launched a review to ensure that there are no inappropriate account holders and that there?s a clear paper trial behind the movement of assets.

Second, they note that most of the nearly $7 billion managed by the bank doesn?t belong to the Vatican, but to religious orders, dioceses and Catholic organizations around the world. In that sense, they say, the bank is a service provided by the Vatican to the rest of the church, in part allowing Catholic entities with a global reach to move money easily where it?s needed.

Third, defenders argue, the Vatican Bank can help protect the assets of Catholic organizations in parts of the world where they face hostile legal and political forces. The bank can also funnel support to the church when it?s under fire, they say, as it did in Eastern Europe during the period of Communism.

John Allen is currently in Argentina. Here are two other stories written by him during his time there:

- Nobel nominee aims to 'Bergoglioize' Latin America [1]
- Pope's sister: Francis 'plenty tough enough' to lead [2]

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