



مصرف الإمارات العربية المتحدة المركزي
CENTRAL BANK OF THE U.A.E.

14th High-level Meeting for the Arab region: Global Banking Standards and Regulatory and Supervisory Priorities

Opening remarks

Prepared for:

H.E Mubarak Rashed Al Mansoori

Governor of the Central Bank of the United Arab Emirates

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- H.E. Dr. Abdulrahman Al Hamidy, Director General Chairman of the Board of the Arab Monetary Fund
- Fernando Restoy, Chairman of the Financial Stability Institute (FSI), one of the bodies hosted by the Bank of International Settlements (BIS)
- Caroline Rogers, Secretary General of the Basel Committee for Banking Supervision

Your excellencies,

Distinguished attendees,

Al salam alaikum wa rahmatullahi wa barakatuh,

- Firstly, I would like to welcome you all to Abu Dhabi, and extend my gratitude to the BIS and AMF for organizing this conference and agenda.
- Over the next two days, we will cover several important topics in detail and I would like to take this opportunity to highlight some overarching issues.
- We must continuously reinforce the importance of prudent defenses by regulators against 'traditional' risks in the financial industry. We must strengthen our protection in areas such as capital, liquidity, governance and market conduct.
- Today, we must be aware of the magnitude of the expected risks and threats in these financial sectors.



- Practical management of these risks will require mutual cooperation, creativity and collaboration among financial firms and regulators, as well as support from multilateral organizations such as the BIS and IMF.
- **The efforts made by financial institutions must be concentrated and deliberate and overseeing bodies must ensure that the necessary resources are provided and easily available.**
- **In addition to this, we must provide support to multi-lateral organizations such as the Bank for International Settlements and the International Monetary fund.**
- The risk of money laundering and terror financing are the most prominent examples. **This is an area where the regulatory community has collectively decided to raise standards and, in parallel, enlist the wider financial sector on counter-proliferation financing.**
- It has been proven hard, even for the most advanced countries, to build and enforce a financial system that prevents illegitimate money flows. New digital methods of payments, including the growing number of crypto assets and crypto currencies, adds to the complexity of managing risks that have taken new innovative dimensions.
- Second is the new concept of sustainable finance. Clearly, the financial industry must contribute to this important, long-term agenda to attain the sustainable development goals.



- However, it is fair to mention that the financial industry and regulators are still struggling with the rights and obligations that should be permissible under such sustainable issuance programs.
- *Should adherence to specific issuance criteria be supervised and enforced by regulators?*
- *How should the different sustainability criteria be weighted and, if they are in conflict, how should they be traded off against each other?*
- *Should issuance standards be developed and selected “bottom-up” or is international harmonization called for?*
- As you know, for the UAE, and the region as a whole, the reduction of dependence on fossil fuels and diversification of our economies is a key priority as we continue our path towards sustainable growth in the ‘post-oil’ era. Green finance can be one of many ways to accelerate this development.
- Thirdly, of course, is the issue of cyber risk. While this is a broad term, cyber risk involves threats to IT systems and processes, as well as threats to the integrity of the data itself.



- The internet is a great enabler, and some studies have revealed that it has contributed for as much as one fifth of economic growth over the past years. However, like any innovation it also brings about great risks.
- In recent years, several incidents have shown us how vulnerable our private digital data can be to theft, disruption and sabotage. This has caused great concern for the financial industry and community, as well as central bankers.
- While we strongly support the development of new financial technologies that lower costs, speed up financial intermediation and bring about greater financial inclusion, our responsibility, as regulators, is to ensure that risks to financial stability are contained.
- Finally, I would like to finish on the note of consumer protection. Ultimately, all our efforts cater to enhancing the welfare of our consumers in the financial services sector and wider societies.
- There is no doubt that technology has facilitated financial inclusion and access. In fact, mobile transfers have become the primary method to send and receive money.
- Nevertheless, the power of the internet has also provided unregulated, malicious and fraudulent actors with access, which has increased the risk for financial consumers.
- **This requires us to work harder and unite our efforts to ensure that the financial sector is easily accessible and serves all segments of**



society. We must do this while providing the utmost protection to consumers and companies, as well as promote an environment that facilitates stability for the financial system.

- This will be a challenge for many years to come and international collaboration and joint development of a balanced and robust regulatory framework is the only way to achieve it.
- I am confident the presentations, programmes and deliberations of this conference will inform our agendas to tackle these challenges going forward. This conference will highlight global best practices to protect the stability of the financial sector.
- I look forward to our discussions and wish you all fruitful exchange of ideas and experiences.

Thank you.

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