

Welcoming Remarks

By

**H.E. GOVERNOR OF CENTRAL BANK OF THE UAE
MR. SULTAN BIN NASSER AL-SUWAIDI**

AT THE

**NINTH HIGH LEVEL MEETING FOR THE MIDDLE
EAST & NORTH AFRICA REGION ON
STRENGTHENING FINANCIAL SECTOR SUPERVISION
AND CURRENT REGULATORY PRIORITIES**

ORGANIZED BY

**BASEL COMMITTEE ON BANKING SUPERVISION
(BCBS)**

FINANCIAL STABILITY INSTITUTE (FSI),

&

ARAB MONETARY FUND (AMF)

Tuesday, 18 November 2013

Beach Rotana Hotel

Abu Dhabi

Good Morning

Excellencies

- **The honorable, Josef Tošovský, Chairman of the BIS Financial Stability Institute,**
- **H.E. Dr. Jassim Al Mannai, General Manager & Chairman of the Arab Monetary Fund,**
- **Distinguished Guests,**
- **Ladies & gentlemen,**

It gives me great pleasure to welcome you to the UAE, especially those who traveled a long way to be here with us at the outset of this important high level meeting, and I would mention in particular the **honorable Stefan Ingves, Governor, Sveriges Riksbank and the honorable Eric Rosengren, President & CEO Federal Reserve Bank of Boston,** and the distinguished speakers.

First of all, I take this opportunity to thank the organizers for their careful selection of the meeting title: “Strengthening Financial sector supervision and Current Regulatory Priorities”, also for the choice of the excellent topics of discussion. I believe this meeting will definitely help regulators in the MENA region develop appropriate methodologies, regulations and macro-prudential oversight regimes that would help us all achieve

our objectives, in a more efficient and improved manner.

Regulatory development is currently a key focus for Central Bank of the UAE. Very briefly, I would like to mention our two recent Regulations, namely:

- 1) Regulations Regarding Mortgage Loans, and**
- 2) Regulations re Monitoring Large Exposure Limits**

I would not go into details of these two Regulations, as their details are available on the Central Bank website (or will be available very soon).

However, what concerns us at Central Bank of the UAE, is that with strengthening regulations and related supervision, extension of credit through the banking system will be impacted. And since we are operating in one of the developing economies in the region, we believe that we have to support economic and social development. For this reason we have to focus on certain initiatives that could mitigate the impact that would come through strengthening regulations and related supervision, such as:

1) **Financial Inclusion**: In this respect, and although the UAE is well developed when it comes to Financial Inclusion, there are still unbanked sectors of the society and under banked geographical areas within the UAE.

Therefore, we need to provide the infrastructure necessary for banks and other financial institutions to provide their services including credit, to all sectors of the society and in all geographical regions within the UAE. This will be achieved, sometimes, through using electronic systems.

2) **SME Financing**: We believe that SME Financing will become more difficult when new global regulations are implemented, therefore, we have to find ways and means to improve SME financing outside the banking system. At the moment , the UAE is looking at experiences of other jurisdictions and recently we have at a GCC Banking Conference which was held at the beginning of this month, discussed the experience of Korea. We are also looking at the experiences of Italy and Malaysia.

We believe that SME Financing is very important for job creation. Our region in particular will need to create more jobs in the future, due to relatively young population.

3) Domestic Debt Market: The development of a domestic debt market is, in my view, of a national priority. Companies, particularly large private companies and GREs, need an alternative to bank lending. It is a more reliable source of funding and it is less costly for large corporations. Banks also would need instruments of the domestic Debt Market to fulfill the requirements of Basel 3 regarding liquidity ratios. As local debt markets are at an infancy stage in many countries in the region, this would make it difficult for banks to hold high-quality liquid debt instruments as “preemptive” liquidity buffers against early signs of stress as required by Basel 3.

Therefore, it is necessary for the UAE now to expedite the issuance of the public debt law and to set up the needed market infrastructure, as a first step on the way to a vibrant domestic debt market.

Excellencies

Ladies & gentlemen

With this I come to the end of my speech, but before I close, I would like to thank the Basel Committee on Banking Supervision (BCBS), the FSI of BIS and the AMF, for holding this important high level meeting here in Abu Dhabi, UAE.

I wish you all a successful meeting.

Thank you for your attention...