



Governor's Office

Governor's Remarks

High Level Regional Financial Stability Symposium

Rabat, December 9, 2019

- Mr. Abdellatif Jouahri, Governor, Bank Al Maghrib
- Mr. Rupert Thorne, Deputy Secretary General of Financial stability board
- Mr. Albero Corinti, member of the Executive Committee and Chair of the Macprudential Committee of the International Association of Insurance Supervisors
- Mr. Eudald Canadell, Senior Director at the Spanish Securities Market Commission, representing the International Organization of Securities Commissions (IOSCO)

Distinguished Guests,

Ladies and Gentlemen,

Good Morning,

Let me start by thanking the Governor of Bank Al- Maghrib for inviting me to this regional symposium and for the warm hospitality accorded to me and my delegation since our arrival in this beautiful city of Rabat. I am delighted to be here today, and I bring you very warm greetings from your brothers and sisters, the people of Rwanda.

At the outset, I would like to express my sincere gratitude to Bank Al-Maghrib (the Central Bank of Morocco), the Moroccan Capital Markets Authority, the Moroccan Supervisory Authority for Insurance and Social Security, and the Moroccan Ministry of Finance for convening this high level regional symposium, that has brought together like-minded policymakers and experts from around the region to discuss issues pertaining financial stability. This confirms your commitment towards Africa's economic integration and prosperity, and more so, financial stability and integration. With that being said, let me take this opportunity to thank you all for your presence today. Your presence here today symbolizes your continuous zeal towards a unified and prosperous Africa.

Distinguished delegates,

Ladies and Gentlemen,

On behalf of the Association of African Central Banks, allow me to reiterate our commitment to the integration of the African Financial system.

The Central Bank of Morocco convening us here today, is one of the newest members of our association but at the same time one of the most important players of the association. As we know, Morocco is one of the few African countries with banks that have subsidiaries in many other African countries, my country Rwanda inclusive. This Regional Symposium focusing on Financial Stability is a demonstration of how important the Bank Al- Maghrib is to the AACB. Allow me to once again sincerely thank you Governor *Jouahri* for this great initiative.

Distinguished delegates,

Ladies and Gentlemen

The Association of African Central Banks was founded in 1965, implementing a decision of the African heads of state summit held in Addis Ababa, Ethiopia in 1963.

Among other objectives, the Association's main mandate is to promote co-operation in the monetary, banking and financial spheres on the African continent, with an ultimate objective of forming a monetary union with a single currency and a common central bank.

As we all know, the path towards a prosperous Africa is a collective task. I am happy to note that the Association of African Central Banks has grown exponentially throughout the continent, with all countries in the African union members of the Association.

Distinguished delegates

Ladies and Gentlemen,

We all know that financial stability is a critical foundation for sustained growth of any economy. This therefore, should remain a top priority for African countries individually and collectively as we pursue multiple development goals for the continent. Towards our journey to financial integration, the Association of African central banks has made significant

progress in ensuring financial stability remains an anchor of this integration.

In 2013, the association established a subsidiary body known as “Community of African Banking Supervisors (CABS)”.

The subsidiary started with two main objectives streamlined through two technical working groups, namely “Cross-Border Banking Supervision”, as well as “Crisis Management and Banking Resolution”. However, overtime the scope of CABS mandate has been expanded to include emerging issues on the African continent that could disrupt financial stability as well as derailing the integration agenda we are pursuing. New work streams have been added to facilitate discussions and peer learning on de-risking by corresponding banks, cybersecurity and supervision of Fintech developments.

This year in August, the Assembly of Governors held in Kigali, resolved to move one more step ahead by exploring the feasibility to have signed agreements between Central Banks to facilitate the exchange of cross border information for supervision as well as initiate discussions on the above emerging issues that threaten the stability of financial sector.

Ladies and Gentlemen,

Today's theme on financial stability comes at a time when Africa has achieved a key milestone in regional integration. In March 2018, the African Continental Free Trade agreement was signed in Kigali, by Heads of State of the African Union (AU) member countries.

The main objective of the CFTA is to create a single continental market for goods and services as well as a customs union with free movement of goods and services across the continent. In less than a year of signing the agreement, the First Intra-African Trade Fair was held in Cairo- Egypt. From this trade fair, business deals of over US\$32 billion were concluded, well above the initial target of US\$25 billion. This exceptional achievement is proof to a potent force of what a united Africa is capable of achieving and a vote of confidence to the financial sector integration. It is obvious to say that a stable and integrated financial system is a prerequisite for the success of this bold move taken by our leaders to integrate Africa into one market. In particular we have to integrate our payment systems to allow seamless payments for goods and services across our borders without having to first go thru other financial institutions outside our continent.

Ladies and gentlemen

Our individual country financial sectors remain undeveloped, shallow and vulnerable to many shocks.

There are limited number of financial instruments and low competition in commercial banking, high credit risks with maturity mismatch and large interest margins.

I believe that financial integration will improve the efficiency of the financial system with increased competition, improving the allocation of resources, and hence increasing access to financial services that come with the benefits of economies of scale. In addition, to safeguard financial stability, African regulators need to intervene at 3 levels: (1) prevention of risks, 2) management of risks and (3) resolution of failing institutions. Across these three levels, regional collaboration is very important, given the growing cross-border banking.

Therefore, as we strive to join efforts, it also important that individual Central banks build safer and resilient systems to address systemic risk, in order to avoid incidences like the Global financial crisis.

Ladies and Gentlemen,

During the 2008 Global financial crisis, most African countries were not directly impacted by the crisis and this was mainly due to the fact that the continent's financial integration with global markets was limited.

It is therefore inevitable to say that low level of financial integration was a blessing in disguise, because it shielded most African economies from the direct impact of the financial crisis.

However, we cannot wish to remain undeveloped and unconnected to the global financial systems. It is thru the integration of the African financial systems that we will be able to allow more portfolio diversification, access to funds and more market liquidity, that will build strong financial institutions and increase the capacity of the financial systems to absorb shocks.

Distinguished delegates

Ladies and I gentlemen

As I conclude, let me once again thank the organizers of this symposium and assure you of AACB readiness to collaborate with you as we implement the outcomes of the symposium. I wish you interactive and fruitful discussions

I thank you