



## **AFRICA BLOCKCHAIN SUMMIT 2019**

**Opening speech of Mr Abdellatif JOUAHRI  
Governor of Bank Al-Maghrib**

November 21, 2019



**Dear Governors,**

**Ladies and gentlemen, Heads of regulatory authorities,**

**Ladies and gentlemen, Presidents and Directors General,**

**Dear colleagues,**

**Honourable assistance,**

It gives me great pleasure to welcome you in Rabat in this conference that we hold jointly with Paris Europlace, with the support of HPS and Talan.

First, I would like to thank you all for having accepted our invitation. I wish you a warm welcome and a pleasant stay in Morocco for those of you who have travelled from abroad.

Our meeting today is part of the agenda of events organized by Bank Al-Maghrib to celebrate its sixtieth anniversary, which began last March with a Regional Conference for Africa and the Middle East, held by Bank Al-Maghrib and the International Monetary Fund, on the digital transformation and the implementation of the Bali Fintech Agenda. This shows the importance we attach to this digital revolution, that is gradually transforming the economic, financial and social landscape, and to its national and regional implications.



**Ladies and Gentlemen,**

Fintech is now revamping the financial landscape, expanding the range of products and services while improving their quality, accessibility and cost. It transforms customer relations, payment means, as well as the financing and transfer methods.

The Blockchain, and more broadly the distributed general ledger (DLT) technology, is by far the most disruptive technology of this decade. It is often presented as an innovation of equal importance as the rise of Internet, considering its contributions which would revolutionize digital value exchange between individuals and substantially transform the business models.

This technology is also recognized for its capacity to generate productivity gains for multiple industries, ranging from the financial sector to energy markets, supply chains, intellectual property management, public sector and beyond. Its ability to reduce intermediation, improve transparency and increase verifiability will also help reduce transaction costs, build up efficiency within existing value chains, and open new markets.

We obviously cannot approach the Blockchain without mentioning the Bitcoin which brought this technology to light at its release in 2009. Bitcoin is now the most popular crypto-asset and has paved the way for a myriad of crypto-assets launched by private actors, claiming them to be means of payment or even alternative currencies to those issued by central banks.

As you know, crypto-assets differ from money, including electronic money, in that they do not have their own legal status or framework and they are not



regulated. These are highly speculative assets, which therefore expose their holders to the risk of substantial losses, particularly because they do not correspond to an underlying claim on the issuer. Besides, crypto-assets' high volatility, added to their limited acceptance, discourage their use as a store of value or as a means of payment, and undermines their use as a unit of account.

Today, StableCoins pose new challenges to central banks and public authorities as they are said to carry the "advantages" of crypto-assets while linking their value to "real" assets in order to bring a response to the volatility issue. The reactions of several central banks and public authorities to Facebook's announcement of the LIBRA project are themselves an indicator of the importance of this matter.

In fact, the G7 hastened to set up a working group to examine StableCoins' challenges, potential gains and risks. In its report published a month ago, the working group stated that StableCoins could improve cross-border payments, which remain slow, expensive and opaque even in the most advanced countries with near instant and inexpensive domestic payment systems. However, issuing StableCoins also entails several risks related to money laundering and terrorist financing, cyber-resilience, consumer and investor protection. These challenges and risks are amplified if StableCoins are made widely available, affecting, in particular, financial stability and monetary policy conduct.

On the other hand, as far as central banks are concerned, many studies and experiments are in quick progress to explore the possibility of suggesting a new version of traditional currency that would have the "digital" form of



crypto assets while being a full-fledged "currency". This is called Central Bank Digital Currency (CBDC).

The survey conducted by the BIS as early as 2018 revealed that around 70 percent of the central banks covered have relatively advanced in their works pertaining to CBDCs. This clearly reveals the degree of importance granted to this issue by central banks, and similarly by the major international financial institutions.

The IMF's former Managing Director, Christine Lagarde, spoke on this subject at the "Fintech Festival" held in November 2018 in Singapore, and invited Member States to consider the possibility of issuing a digital currency. Ms Lagarde considers that such currency could meet public policy objectives, particularly with regard to financial inclusion, consumer security and protection and privacy in payments.

As for Bank Al-Maghrib, we closely monitor all these developments and, in consultation with other national regulators and relevant authorities, examine their implications for the country, both in terms of opportunities and risks.

**Ladies and gentlemen,**

We no longer question the role that new technologies may have in developing financial services, particularly in emerging economies. In fact, they help speed up financial inclusion and expand it to the most vulnerable segments of the productive fabric and to the most disadvantaged segments of the population, owing to the broad coverage of mobile networks and Internet penetration.



According to a statement made in November 2018 by the UN Secretary-General, 1.2 billion people have had access, over a period of six years, to financial services owing to technology.

The Mckinsey Global Institute reveals, in a 2016 report, that Fintech could increase GDP of emerging economies by 6 percent, or \$3.7 trillion, and create 95 million new jobs, by the year 2025. According to the same report, two billion individuals and 200 million micro, small, and medium-sized businesses in emerging economies lack access to credit and those who do, face still high costs.

In fact, Morocco intends to use the Fintech contribution in implementing its financial inclusion strategy, which aims, according to the definition adopted by Bank Al-Maghrib, at guaranteeing " for all individuals and businesses a fair access to formal financial products and services to be used according to their needs and means, in order to promote economic and social inclusion while preserving their rights and dignity".

This national strategy, drafted jointly by the Ministry of Economy and Finance and Bank Al-Maghrib based on a participatory approach, rests on two Fintech-related pillars, namely: (1) developing alternative and lower-costs models to reach the most excluded populations in accordance with their specificities, and (2) creating conditions for greater use of financial products by accelerating dematerialization of payments, particularly between the State and the users, to entrench financial inclusion in households' behaviour, and by improving financial education.



As part of this framework, we have also developed, together with the National Telecommunications Regulatory Agency (ANRT) and other stakeholders, an interoperable and real-time national mobile payment solution, which aims not only to diversify the payment means offered, but most importantly to extend access to financial services to the majority of the population.

We also acknowledge the new risks engendered by technological evolution, particularly with regard to money laundering, terrorism financing, cyber security, consumer protection and personal data protection. As a regulatory authority, we are called upon to give enough room to creativity and to the development of innovative financial services, but, at the same time, we are bound to preserve and strengthen the resilience of our financial systems and protect consumers and businesses.

This is actually a difficult balance that involves identifying and classifying risks as well as anticipating any potential effects that innovations and new financial activities may have. This is, by the way, one of the priority projects of our 2019-2023 strategic plan.

**Ladies and gentlemen,**

Harnessing the potential of new disruptive technologies for the financial sector in our region is still in its early stages. The dynamics of promotion and development of Fintech ecosystems initiated at the international level, particularly through the Bali Fintech Agenda, with which Bank Al-Maghrib is perfectly in line, will better channel the ideas and energies of innovative actors towards reaching digital financial services of higher quality, low cost and with



controlled risks.

Our open innovation program "Africa Blockchain Challenge", organized on the side lines of this conference, and whose final phases were held here in the last three days, is in fact a strong message we are conveying to our national and regional ecosystem: We are attentive to the needs of the stakeholders which carry value-added projects for our financial system, and are willing to provide appropriate responses to their questions.

I am very delighted to see the significant interest this program has aroused among our Moroccan and African start-ups and the friendly atmosphere in which it has taken place. I would like to congratulate all the participating start-ups for their mobilization, creativity and innovative spirit, not to forget the staff, who monitored the organization of this event and provided accompaniment and coaching to the participants.

**Ladies and gentlemen,**

The program of this conference, giving the floor to quality panellists, will not fail to shed light on the issues facing us and to enrich the debates on this topical subject.

Best wishes of success for all of us.

Thank you.