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HIGH-LEVEL REGIONAL SYMPOSIUM ON FINANCIAL STABILITY

3rd edition

OPENING SPEECH OF THE GOVERNOR

Rabat, December 9, 2019

Bank Al-Maghrib Training Centre

Governor of the National Bank of Rwanda and Chairman of the Association of African Central Banks (AACB),

Vice-Chair of the Financial Stability Board (FSB),

Chair of the Macprudential Committee for the International Association of Insurance Supervisors (IAIS),

Representative of the International Organization of Securities Commissions (IOSCO),

Ladies and gentlemen, representatives of African regulators,

Honorable audience,

It gives me great pleasure to welcome you in Bank Al-Maghrib's Training Center in Rabat, on the occasion of the third edition of the High-Level Regional Symposium on Financial Stability.

On behalf of the Moroccan Committee for Coordination and Surveillance of Systemic Risks, gathering the three regulators, I wish to thank all the participants and speakers for their interest in this meeting. I would also like to welcome our guests from across Africa, convey to them my gratitude for accepting our invitation and agreeing to share their experiences in the panels held as part of this symposium. My warm thanks go, in particular, to Mr. John RWANGOMBWA, Governor of the National Bank of Rwanda and Chairman of the AACB, for honoring us in this symposium. I wish to underline here that the AACB has, to our great delight, kindly accepted to be a regular partner in the organization of this biennial event, thus reflecting the particular importance it grants to financial stability issues.

I am also grateful for the presence of eminent experts of the Financial Stability Board (FSB), the World Bank, the International Association of Insurance Supervisors (IAIS), the International Organization of Securities Commissions (IOSCO), the French Prudential Supervisory Authority (ACPR), the French Financial Markets Authority (AMF), the International Institute for Sustainable Development (IISD) as well as the different representatives of the Moroccan financial sector.

The contribution of each and every one throughout this event will undoubtedly provide us with valuable insight into the issues and actions to be undertaken in order to strengthen the financial stability framework in our respective countries and, by corollary, in our continent.

Ladies and gentlemen,

As you know, Member States of the African Union have decided, in 2018, to create the African Continental Free Trade Area (AfCFTA). This major step is intended to further integrate African markets for an inclusive and sustainable socio-economic growth and an enhanced competitiveness of African countries, both at the continental and international levels.

Thereupon, increasing financial integration in Africa has become a major requirement to accompany this momentum, particularly through facilitating trade and investment opportunities.

In the same vein, and in line with the vision of His Majesty the King, Morocco strengthened this financial and economic integration by signing various partnerships and cooperation

agreements with African countries. Besides, as part of the financial and the banking sector's compliance with such orientation, Moroccan banks strongly expanded their activities in Africa over the last couple of years and are now present in 27 countries of the continent.

Despite its undeniable benefits and opportunities, financial integration in Africa is not risk-free with regard to financial stability namely due to the possible contagion and spreading of risks between our countries' financial systems. It has therefore become urgent to adjust the risk management measures, to set up an appropriate stress test system, and to strengthen close cooperation between home and host regulators.

Ladies and gentlemen,

Today, considering the significant changes in our internal and external environment, our African financial system must be in constant evolution to cope with the emerging risks and vulnerabilities to financial stability.

These changes relate, first and foremost, to the disruptive implications and impacts of digital transformation and technological innovations on the African financial sphere. The *Fintech* and *Insurtech* impetus, the use of *Big Data*, the alternative financing methods "*crowdfunding*", mobile banking development, as well as the use of *Blockchain* technologies are all examples illustrating the substantial incursion of these innovations in the banking, insurance and capital markets sectors.

Hence, considering that these changes are likely to transform our economic and financial environment, we are compelled to pay them considerable importance. In this regard, we had invited financial sector stakeholders to debate these issues, last March, within the regional conference for Africa and the Middle East on the digital transformation and the implementation of the Bali Fintech Agenda, held jointly with the IMF, and more recently during the Africa Blockchain Summit, held last November.

The risks arising from these disruptive technologies have increased sharply due to the enhanced and expeditious digitalization of financial services. These particularly include the risks of using IT platforms for money laundering and terrorism financing, consumer protection and the resurgence of cyber-attacks targeting the financial sector. On the latter point, international institutions unanimously acknowledge the need to establish a reference framework for cyber security regulation.

In Morocco, financial authorities have, in 2018, elaborated a roadmap to monitor cyber risks in the national financial system, in light of the international standards. In this context, a diagnosis of cyber security maturity at financial institutions is being prepared pursuant to a collaborative approach among the three regulators.

On another equally important aspect, climate change, now an almost irreversible reality, is a critical vulnerability area for the financial sector. As such, the physical risks caused by the increasingly repeated climate disasters and those associated with the transition to a low-carbon economy, notably when abrupt and

unordered, can lead to important disruptions and financial losses which could hamper the resilience of the financial sector.

Consequently, financial regulators are, under their financial stability mandate, called upon to set up climate risks mapping, though still in the making. They are thus required to gradually improve their approaches as to identifying and measuring the financial sector's exposure to such risks. Our African continent is more particularly concerned with this issue, as climate change threat is much more acute.

Furthermore, the last financial crisis of 2008 revealed the necessity to prevent, manage and regulate risks related to bankruptcy of financial institutions, considered until then «too big to fail».

Based on these lessons, the main post-crisis reforms concerned identifying financial institutions of systemic importance and setting up a strengthened supervisory framework for them.

As such, several countries achieved significant progress in this field, and established a resolution and crisis management framework that would define the powers, instruments and funding mechanisms required to address potential resolution cases in an orderly and controlled manner.

Ladies and gentlemen,

Throughout the sessions planned for today, we will be able to debate further on the themes related to these different changes.

This meeting's agenda, marked by speeches of distinguished panelists from the banking and insurance sectors and capital markets, will definitely yield insights into the challenges, lessons and possible tracks for reflection to improve and strengthen our capabilities and mechanisms to further safeguard financial stability in our countries, hence our continent.

I am fully confident that this third edition will be crowned with success. I thank you all for your attention and wish you a pleasant stay in Rabat.