

MEETING OF THE CENTRAL BANKS AND MONETARY AUTHORITIES OF THE OIC MEMBER COUNTRIES

21-22 September 2017, Bodrum, TURKEY

COMMUNIQUÉ

1. We, the Governors of the Central Banks and the Heads of Delegations, met in Bodrum, Turkey, on 21-22 September 2017 to discuss "Fostering Strong, Sustainable, Balanced and Inclusive Growth in a Challenging Global Environment" within the framework of the Standing Committee for Economic and Commercial Cooperation of the Organization of Islamic Cooperation (COMCEC) financial cooperation agenda item.
2. Global economic growth has gained momentum, inflation pressures are restrained and financial conditions are supportive. However, risks remain. We recognize the main risks for the global economy as prolonged policy uncertainty in major countries, rising protectionist tendencies and non-economic factors such as geopolitical risks and global climate change challenges. A faster than expected tightening of global financial conditions, persistently low inflation in major economies, and a possible step back from gains in financial regulation could also adversely affect the global economy.
3. We note that protectionist movements harm global growth by deteriorating trade flows and global demand. We recognize the potential benefits of globalization and support more integrated economies. We are aware of the challenges associated with enhanced trade and financial liberalization, which could be handled through improved resilience, competitiveness and productivity of our economies. We are also cognizant of the challenges faced by the decline in correspondent banking relationships and the need to address such a trend as it hinders trade.

4. We need to increase our efforts to achieve sustainable growth, which can be attained when it is balanced and inclusive in line with sustainable development goals (SDGs) adopted in 2015 at United Nations Summit. Central banks can contribute to sustainable growth via maintaining price stability. Preserving financial stability by addressing emerging vulnerabilities would also contribute to the sustainability of growth. We recognize the importance of macroprudential policies to increase resilience against shocks and capital flow volatility. Exchange rates could be used as shock absorber, where possible.
5. We agree that there is a need to push forward structural reforms promoting productivity, competitiveness and governance in order to achieve strong, sustainable, balanced and inclusive growth. We underline the necessity of sound fiscal policy implementation that supports potential growth and prioritizes high-quality investment.
6. We recognize the importance of financial intermediation in generating growth. The financial sector should focus on its role to efficiently intermediate funds towards productive economic activities. Enhanced regulatory standards in the aftermath of the global financial crisis would improve credit intermediation and increase the financial sector's resilience. We are committed to implementation of these standards, yet being mindful of their unintended consequences. We also need to consider the principle of proportionality and country-specific circumstances while implementing new regulations.
7. Financial inclusion is a key enabler to reducing poverty and boosting prosperity. In order to promote financial inclusion, efforts towards improving access to finance, financial education and consumer protection need to proceed in a coordinated and synchronized manner. We note that more efforts are needed in OIC countries to address these issues.
8. Financial Technology (FinTech) has considerable potential to expand access to financial services as people become better connected and more informed. However, FinTech also poses business, regulatory and technical challenges. We will work to ensure that FinTech develops in a way that maximizes the opportunities and mitigate the risks. As central banks and monetary authorities of the OIC countries, we are of the view that it is essential to develop the

infrastructure of the financial system to allow innovation to flourish while maintaining the safety of the system. We emphasize that it is necessary to safeguard consumer and financial stability from the risks emerging from a more digitized financial services environment.

9. With its growing international dimension, Islamic finance has become an important part of financial inclusion and financial stability in the global economy. We are of the view that enhancing the variety of Islamic financial products, including Islamic social finance, and their wide acceptance would further strengthen the role and impact of Islamic finance. We support the efforts that aim to align Islamic finance related practices with international regulatory principles and standards.
10. We agree to establish two working groups to prepare technical background papers in the following areas: Financial Inclusion, and OIC Economic Outlook. These working groups will report to us in our next meeting in 2018.
11. We reaffirm that enhancing technical cooperation and collaboration among the central banks and monetary authorities of the OIC countries and boosting capacity building and expert sharing programs are crucial to strengthening our institutional capacities. In this regard, we reiterate our active commitment to safeguard the cooperation among our institutions. With the aim of revitalizing, further strengthening and ensuring the sustainability of this cooperation, we welcome the intention of Turkey to host the meetings annually.