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Meeting of the Central Banks and Monetary Authorities of the Member Countries of the Organisation of Islamic Cooperation (OIC)

“Dealing with Financial Stability Risks: Macro-prudential Policy and Financial Deepening in Islamic Finance”

6 November 2014, Surabaya, Indonesia

FINAL COMMUNIQUÉ

1. We, the Governors and the Heads of Delegations participating in the Meeting of the Central Banks and Monetary Authorities of the OIC Member Countries, held in Surabaya, Indonesia, on 6th November 2014, express our gratitude and deep appreciation to Bank Indonesia and the Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRIC), Organization of Islamic Cooperation (OIC) for organizing the Governors Meeting and its preceding Expert Group Workshop, within the framework of the COMCEC financial cooperation agenda item.
2. We are aware that the central banks and monetary authorities should be prepared for any global financial developments and potential shocks, in terms of regulatory and infrastructure support. The implementation of well-functioning macro-prudential policy is pivotal to ensure stability in one particular country as well as regionally, taking into account the potential adverse cross-border spillover. Henceforth, more cooperation and collaboration to allocate resources for technical assistance in developing joint capacity building and expert sharing programs is very important.
3. We are aware that a comprehensive approach that covers the conventional and Islamic financial systems needs to take place in assuring industrial long-term growth without necessarily creating substantial excess of risk. The development of the national economic and financial policy should include Islamic finance in a systematic way. Despite some technical differences, Islamic finance shares the



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- same concerns towards the systemic robustness to withstand any uncertainty coming from either internal or external factors. Dedicatedly designed instruments, infrastructure and policies need to be developed to put the level of prudence of the Islamic finance at the same level as the conventional.
4. We recognize that the Islamic financial industry is still on its way to equip itself with more comprehensive standards that will be implemented and recognized internationally. In this context, we reaffirm that the role of Islamic Financial Services Board (IFSB) and Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) as the international standard setters for Islamic financial industry is pivotal. Despite these efforts and realizing that the regulatory standards of Islamic finance are currently not as comprehensive as the mainstream, regulatory observance to some existing references is unavoidable as long as the frameworks are not in conflict with the sharia principles.
 5. We are of the view that, in the frontier of financial stability, the Islamic financial industry has to be within the coverage of macro-prudential policy. In this context, international collaboration needs to take place more intensely to come up with more comprehensive international standards.
 6. We recognize the importance of the collection, collation, processing and dissemination of data on Islamic Banking and Finance, and, express our support to SESRIC to coordinate the efforts in this context, in collaboration with relevant international organisations, including IFSB, World Bank Global Islamic Finance Development Centre and Islamic Development Bank (IDB).
 7. We recognize the need to optimize and revitalize the Islamic social sector, which has a huge potential to contribute to economic development, especially through enhancing financial inclusion instruments. Despite the potential, in the context of financial inclusion the adequate utilization of resources from Zakat and Awqaf system requires persistent efforts in terms of more systematic development



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program and international cooperation, including in the area of Islamic banking and finance education.

8. We reaffirm that the contribution of technical cooperation and capacity building programs is instrumental in enhancing the capacities of our human resources and institutions to ensure better policy making and supervision. In this context, we acknowledge the need for more active participation in these programs, such as SESRIC central bank twinning capacity building programs, COMCEC financial cooperation programs, and IFSB programs with a view to facilitate the exchange and transfer of knowledge, expertise and best practices among our institutions.
9. We welcome the offer of the Republic of Suriname to host the meeting of the Central Banks and Monetary Authorities of the OIC Member Countries in 2015.

6 November 2014
Surabaya, Indonesia