



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

**“Impact of Recent International Financial Regulatory Reforms on OIC Countries”**

**28 November 2013, Jeddah, Kingdom of Saudi Arabia**

**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 Jeddah, Kingdom of Saudi Arabia, on 28<sup>th</sup> November 2013, express our gratitude and deep appreciation to the Saudi Arabian Monetary Agency (SAMA) and the Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRIC) 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 of the recent international financial regulatory developments, and acknowledge the key role the central banks can play to safeguard the national and global financial stability. The central banks of the OIC member countries need to be vigilant in terms of their supervision of commercial banks to ensure their invulnerability to unexpected global financial shocks. It is imperative that all domestic systemically important banks are stress tested on

a regular basis to ascertain and address potential weaknesses to ensure the stability of the OIC banking industry.

3. We note that the 2007-09 global financial crisis has clearly demonstrated, among other things, the need for robust capital and liquidity buffers along with enhanced risk-based supervision of all banks to ensure financial stability. In this context, we express our support for the timely implementation of Basel III Accord framework within the OIC countries, which intends to raise both the quality and quantity of capital and help build up liquidity buffers that is also suitable for Shari'ah Compliant institutions to contain the impact of unexpected shocks.
4. We recognize the potential impact of the recent international financial regulatory reforms on Shari'ah Compliant institutions. Therefore, we call upon the international regulatory bodies to accommodate the Shari'ah Compliant financial products when setting standards. In this context, it would be highly desirable for OIC Shari'ah Compliant institutions to ensure better alignment with emerging international financial standards to continue safeguarding and promoting Shari'ah Compliant operations.
5. We reaffirm the need for enhancing technical cooperation among the central banks of the OIC countries and encourage them to share their experiences and take joint initiatives to strengthen institutional capacities to ensure better policy making and supervision. In this regard, we acknowledge that the capacity building programmes, including SESRIC programmes for Central Banks, play an increasingly important role in leveraging on our individual strengths through sharing of knowledge and expertise among our countries. We also recommend cooperating in organizing training programmes for supervisors of Shari'ah Compliant institutions.

6. We appreciate, encourage and support the work done by the three OIC Working Groups on Liquidity Management in Islamic Finance, Macro-Prudential Regulations and Payment Systems. In this regard, we welcome and take note of the three Technical Background Reports submitted by these working groups.
7. We took note of the recommendations by the working group on “Liquidity Management in Islamic Finance” to establish the taskforce on “Islamic Liquidity Management” with the aim of implementing the recommendations proposed in the report of the working group on “Liquidity Management in Islamic Finance”.
8. We welcome the voluntary pooling of OIC Central Banks’ international reserves to be invested in Shari’ah-compliant papers; mutual recognition of qualified Shari’ah-compliant papers as eligible collateral for standing facility; and developing relevant capacity building initiatives for Central Banks, public debt management offices as well as Islamic financial institutions.
9. Considering the recent developments that are taking place at the international level in the area of financial regulatory reforms, we acknowledge the importance of implementing well-functioning macro-prudential policies and standards to mitigate systemic risks and to ensure the stability of the financial systems in our countries. We also recognize the need for enhancing our cooperation and collaboration to strengthen the Macro-prudential regulatory frameworks in our respective Jurisdictions through, inter alia, allocate resources for technical assistance in developing joint capacity building and experience sharing programmes.
10. We recognize the increasing importance of the role of payments systems in real economy, financial markets, implementation of monetary policy, pursuit of financial inclusion, maintenance of public confidence in national currency

and improvement of cross-border trade. In this regard, we believe that the implementation of the CPSS-IOSCO “Principles for Financial Market Infrastructures” in our jurisdictions is an important issue to work on it in the forthcoming years. We also reaffirm our commitment to enhance our cooperation in this important area and evaluate the possibility of establishing a permanent OIC committee on payment and securities settlement systems and/or publishing a book on this important issue.

11. We acknowledge the efforts of SESRIC in establishing a Knowledge-sharing Platform on Payment Systems of OIC Member States, which aims to provide country-level payment systems data to serve as a ground for discussions on the future developments in the area of payment systems. We call upon the central banks of the member countries to visit this platform in the website of SESRIC at the link <http://www.sesric.org/payment-systems.php>, and provide the data related to the payment system in their countries by filling the relevant questionnaire therein and return it back to SESRIC by the end of March 2014 at latest.
12. We welcome the offer of the Republic of Indonesia and Republic of Suriname to host the meetings in 2014 and 2015, respectively.

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