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05 October 2023

Agustin Carstens
General Manager
Basel Committee on Banking Supervision
Bank for International Settlements
CH-4002
Basel
Switzerland

Dear Mr. Carstens,

**CIBAFI Response to the Basel Committee's Consultative Document on "Revisions
to the Core principles for effective banking supervision ("Core Principles")**

The General Council for Islamic Banks and Financial Institutions (CIBAFI) presents its compliments to the Basel Committee on Banking Supervision (BCBS) and takes this opportunity to express its appreciation of the work that the BCBS is doing to revise the Core principles for effective banking supervision ("Core Principles")

CIBAFI is an international body representing Islamic financial institutions globally, who offer financial services and products complying with Islamic rules and principles (Shariah). CIBAFI acts as the voice of the Islamic finance industry, and our members comprise more than 130 Islamic banks and non-bank financial institutions, both large and small, from 34 jurisdictions.

We welcome this opportunity to offer our recommendations on the BCBS's Consultative Document (CD) "Core principles for effective banking supervision".

In addition to the appropriate and comprehensive revisions made to the principles contained in the CD, we would like to present the below comments for further enhancement and consideration. The responses contained in this letter represent the views of CIBAFI's Secretariat and feedback received from our members.

First, the revised "Introduction to the Core Principles" enhances our understanding of the concept of proportionality. Nevertheless, some banks have raised concerns about regulators' proper implementation of proportionality, and these concerns have grown more pronounced with the expansion of the principles. In this context, it would be advantageous for the BCBS to initiate additional efforts to provide comprehensive guidance to regulators on how to effectively apply proportionality.

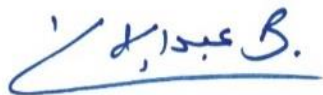
Second, the concept of proportionality should adapt to emerging trends and new types of banks, such as Neo Banks and Fully Digital Banks. It is recommended that further research and exploration be conducted to identify any specific considerations for applying these principles within the context of these innovative banking models.

We remain at your disposal should you need any further clarifications on the above.

The General Council for Islamic Banks and Financial Institutions takes this opportunity to renew to the Basel Committee on Banking Supervision (BCBS) the assurances of its highest respect and consideration.

With kind regards and best wishes.

Yours sincerely,



Dr. Abdelilah Belatik
Secretary General