

## **H E Khaled Mohammed Balama: Future of finance**

Opening remarks by Mr H E Khaled Mohammed Balama, Governor of the Central Bank of the United Arab Emirates, at the "Future of finance" conference, Abu Dhabi, 13 October 2021.

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Al Salam Alikom Wa Rahmat Allah wa Barakatuh  
Your Excellencies,  
Ladies and Gentlemen,  
Dear Guests,

The Central Bank of the United Arab Emirates is honored to welcome you to the "Future of Finance" conference,

held in this magnificent building at "Expo 2020 Dubai", which we are hosting under the patronage of His Highness Sheikh Mansour bin Zayed Al Nahyan, Deputy Prime Minister, Minister of Presidential Affairs, Chairman of the Board of Directors of the Central Bank of the United Arab Emirates.

We aim that the "Futures of Finance" conference will serve as a worthwhile platform for policy makers to exchange ideas and experiences over the next two days.

Officials and experts from various financial fields will discuss strategic topics, CBUAE Classification: Public reflecting our conference's aim of shaping a better future for the global financial system.

Our meeting today is a great occasion at "Expo 2020 Dubai", an international exhibition which embodies human ingenuity and determination, and combines the present, with all of its modern achievements, with the future and its diversity of ambitions and aspirations, here in the United Arab Emirates, the country that offers the world a unique model for creating the future, based on the immortal legacy of the late Sheikh Zayed bin Sultan Al Nahyan, and his brothers, the founding fathers of this country, and the vision of its wise leadership, to continue along the path of development and progress.

Your Excellencies,  
Distinguished Guests,

The United Arab Emirates witnessed this year the historic launch of a programme to shape its future for the next fifty years.

Its long-term vision is based on ten strategic principles.

Its chief economic and developmental aim is to build the best economy in the world, including significant investment in human capital and building excellence in various digital, technological and scientific fields.

Through this conference,  
I invite you all to contribute to translating these visions and aspirations, to participate in

achieving the "Year of the Fiftieth" goals, and to combine our efforts to develop a financial sector that is resilient to risks and can deal with challenges.

In line with the nation's vision for the next fifty years, the Central Bank of The United Arab Emirates has worked to develop a road map for the next five decades.

We were keen to include three important elements:  
adopting artificial intelligence,  
big data analysis in the banking and insurance sectors,  
and the use of SupTech to improve the supervision of licensed financial institutions.

The Central Bank will promote financial inclusion to allow individuals and small and medium enterprises to access financial services they need more easily, and to permit better information-sharing between banks and insurance companies to make it easier for financial institutions to comply with the 'Know-Your-Customer' obligations.

We will also develop an Open Finance Strategy to provide a strong, efficient, secure and well-regulated working environment in the UAE and facilitate the exchange of data between financial institutions and regulated service providers.

We will also work to promote the Emirati dirham as a currency that is used more widely internationally, in international payments and settlement of cross-border trade transactions, in pursuit of our development plan and our ambition for the Central Bank of the UAE to be among the top central banks globally.

Your Excellencies,  
Ladies and Gentlemen,

In line with Expo 2020's mantra "Connecting Minds, Creating the Future", and in support of its focus on its three themes, "Opportunity", "Sustainability" and "Mobility", the Central Bank of the United Arab Emirates is making its own contribution by organising this conference on the future of finance.

During its two days, the conference will focus on digital transformation of the financial sector, as well as on the co-operation between central banks on digital currencies and cross-border payments.

We will also discuss the green financial system, Islamic finance and the National Strategy for Payment Systems, so that our conference provides a practical embodiment of the pillars upon which the future vision of the UAE is based.

Rapid technological developments continue to play an important role in bringing change to the financial sector, and have the potential to facilitate both economic growth and financial stability, by providing the best digital solutions for central banks, financial institutions, and companies, and to satisfy the needs of individuals and customers.

We believe that it is necessary for central banks and other supervisory authorities to create an environment conducive to innovation as they exercise their supervisory and regulatory role, and to manage the risks of these modern technologies in an even more effective manner.

At the Central Bank of the United Arab Emirates, we aim to strengthen the nation's position in the field of digitisation.

The UAE is already recognised as one of the top ten countries in the "World Digital Competitiveness Ranking 2021" by the Lausanne-based independent academic institution Institute for Management Development.

We, as regulators, are keen for our society to benefit from the services enabled by financial technologies, including:

Distributed Ledger Technology (DLT) - also known as "blockchain", cloud computing and artificial intelligence.

Even crypto-assets can play a role in the global financial system, if they are regulated and controlled properly.

Your Excellencies,  
Distinguished attendees,

The financial sector plays a key role in building a sustainable economy.

A greener financial system will contribute to sustaining economic and financial growth, and diversified sources of income.

Climate change is one of the most pressing current issues for central banks and financial institutions.

The signing of the "Abu Dhabi Sustainable Finance Declaration" by many financial institutions in the UAE, including the Central Bank of the UAE, was a critical step towards sustainability and the UAE's green agenda.

This is just the most recent evidence of the UAE's contribution to sustainable transformation and growth. It is also the first of its kind that has integrated in it the various objectives of the United Nations Sustainable Development Agenda. It represents a leading platform for enhancing co-operation between the public and private sectors, to develop innovative solutions to attract and increase green and sustainable investments.

The UAE's launch of its strategy aimed at achieving climate neutrality by the year 2050 also comes as part of the nation's efforts to contribute positively to the issue of climate change and its endeavours in transforming the challenges in this sector into opportunities to guarantee a bright future for the generations to come.

In light of the enormous challenges at the present time, I believe that Central banks and other supervisory authorities around the world should continue to develop safe and effective regulatory and supervisory frameworks to promote green finance and facilitate appropriate management and disclosure of climate risks by financial institutions.

We should work together to enhance the resilience of licensed financial institutions to face the risks of climate change.

We are very pleased that many experts from around the world have joined this conference, to share with us their experiences and their opinions.

Another topic that we will highlight on the second day of this conference is the Islamic financial system, which, with its various sectors, components and tools, has cemented its place in the global financial system through its geographical expansion and its presence in markets far from its traditional base.

Its flexibility during the economic cycle has proven to be impressive, and we are seeing that the world of Islamic finance continues to enjoy high rates of growth, with projections that its volume will reach 4 trillion US dollars in 2025.

The Islamic financial system has supported economic growth, enabled comprehensive national development and enhanced financial stability by linking the financial and real economic activities, in line with the UN Sustainable Development Goals. Islamic finance is based on the Islamic principle of risk-sharing in its transactions, and offering a diverse set of mechanisms, tools and contracts to achieve the economic goals of transactions.

Contemporary Islamic finance has a forty-five-year history since its launch in Dubai in 1975, shortly after the establishment of the United Arab Emirates.

The first Islamic commercial bank in the world provides banking services to this day.

This period was sufficient to demonstrate the strengths and opportunities of the Islamic financial system, and how it has overcome the challenges.

Through our conference sessions, we aim to anticipate its future direction, and to lay the foundations and mechanisms for its success, unleashing its full potential to make an optimal contribution to sustainable global development, and reflecting the UAE's vision to be a centre for Islamic finance.

In conclusion, we look forward to this conference with confidence and anticipation, to formulate creative ideas and innovative visions that contribute to creating a better future for the financial sector and our world.

To achieve and maintain a strong, balanced regulatory framework, international co-operation and joint action remain the only way to find appropriate solutions that enable us to face the challenges and risks effectively, and to build a better future for the global financial system.

We can start to create this new future from the United Arab Emirates today through the "Future of Finance" conference at "Expo 2020 Dubai".

Once more, I would like to thank our wise leadership for their vision and the ambitious strategy for our nation's future.

We welcome you again to the United Arab Emirates and thank you for your participation in this conference.

We also thank all those who joined us virtually.

We wish you successful, constructive and insightful sessions that will benefit the growth of our economies and the development of our societies.