

H E Khaled Mohammed Balama: "Future of finance" conference - day 2

Speech by Mr H E Khaled Mohammed Balama, Governor of the Central Bank of the United Arab Emirates, at day 2 of the "Future of finance" conference, Abu Dhabi, 14 October 2021.

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Al Salam Alikom Wa Rahmatu Allah wa Barakatuh
Your Excellencies,
Ladies and Gentlemen,

I would like to welcome you again in the second day of the "Future of Finance" conference, I extend my heartfelt thanks to those of you here in Dubai, and to those who are attending the conference sessions around the world virtually.

I was very happy with the discussions that took place yesterday in the sessions dealing with topics related to digital transformation, the importance of international co-operation between central banks on issues related to digital currencies, digital payments and green finance, emphasising that we are fully aware of how digitalisation affects the financial sector.

It is not possible to summarise here the large number of ideas that were presented in the first day's sessions, but several important thoughts emerged that I would like to focus on.

First, on the subject of digital transformation: a clear truth emerges.

It is that digital transformation will occupy a prominent position in the future of financial services.

At a time when the wheel of technology is turning rapidly, it is clear that habits and behaviours do not stop shifting either.

This requires the regulatory and supervisory authorities to keep pace with this transformation on an on-going basis.

In a world where digital services have become a major focus, our regulatory and supervisory responsibilities remain, and require collaborative working to study and adopt innovative technology, to use of artificial intelligence and big data, to enhance cyber-security, to develop and improve our ways of working with the objective to ensure protection of our financial system.

The central banks of several countries are developing digital currencies.

We are working with our partners in the GCC and Asian countries to provide innovative and highly efficient cross-border payment options.

Here, I would highlight the "Aber" project, a common proof of concept for a central bank digital currency between the Kingdom of Saudi Arabia and the UAE using Distributed Ledger Technology – or blockchain, as many call it.

In addition, in co-operation with the Innovation Hub of the Bank for International Settlements in Hong Kong, The Monetary Authority of Hong Kong, Bank of Thailand, and the Digital Currency Institute of the People's Bank of China, the Central Bank of the United Arab Emirates recently issued the first report for the Multiple Central Bank Digital Currency (m-CBDC) Bridge Project.

This initiative will facilitate cross-border commercial payments, making them quicker and safer.

The second issue I will address is that of climate change, which was prominent in yesterday's conference agenda.

It deserves special attention.

A few weeks ago, the UN Intergovernmental Panel on Climate Change published a report signaling "Code Red for Humanity".

Since we find ourselves at this crossroads, the importance of international measures emerges as an efficient weapon to combat climate change effectively.

Here, I would like to express my pride in the great strides the Central Bank of the United Arab Emirates has taken in this field for our country.

We are also working with our partners to lay the foundations for further progress towards building a sustainable economy.

Your Excellencies,
Honourable attendees,

Yesterday, I spoke about the position of Islamic finance and its intrinsic characteristics that make it an important tributary of sustainable development, and an essential means to support the diversity of the financial system, reflecting our vision to make the UAE a hub for Islamic economy and finance.

Today, as we look to the future of Islamic finance, we will not forget the lessons learned from its rich experience, capitalise on the opportunities and the added value it provides, and we will continue to address obstacles to its development.

Among these challenges is the unification of regulation, foremost among which are Shari'ah standards, to provide the appropriate regulatory environment and enhancing legal certainty.

I am pleased to assure you that the Central Bank of the United Arab Emirates will continue to work to overcome these obstacles, to provide an optimal environment for Islamic financial institutions, and urge them to unify standards and adopt best practices.

Today's discussions can be the nucleus of an ambitious action plan that guarantee Islamic finance its deserved position, as a promising and important element in the process of sustainable development.

Ladies and Gentlemen,

At the Central Bank, we have started implementing the National Strategy for Payment Systems, with the aim of modernising the payments infrastructure, providing innovative payment solutions, in line with our vision of promoting safe, innovative and convenient digital financial options.

Our strategy focuses on encouraging the adoption of efficient payments, promoting competition to reduce costs, developing a strong financial infrastructure, and enforcing regulations to enhance confidence in the market.

Last, but not least, I would like to say some words about the efforts of the UAE in Anti-Money Laundering and Combatting the Financing of Terrorism, which were extensively discussed yesterday.

To protect and enhance the integrity and stability of the financial system, and to prevent its exploitation to financing illegal activities, everyone here must further intensify their efforts in a way that contributes to the robustness of the anti-money laundering control system in the UAE. It is an important national objective, and it will further enhance the reputation of the UAE as a safe place of doing business.

Finally, as the UAE celebrates its fiftieth anniversary of its founding, the economic, environmental, social and cultural pillars on which Expo 2020 Dubai is based offer a good platform to continue our journey and accompany our ambitious aspirations for the next fifty years. We are all inspired and charged by the ExPO principles of "Connecting Minds and Creating the Future".

In conclusion, I would like to express my warmest thanks and gratitude to our wise leadership in the United Arab Emirates and its government, as this conference would not have occurred without their generous support.

Thanks are due to all governors and deputy governors of central banks and other senior officials who are in attendance, and to the speakers who will enrich our discussions today, and who did so yesterday.

Allow me also to express my utmost gratitude to all conference participants, whether in person or virtually.

We hope that you will join us to build the Future of Finance together.

I wish you valuable sessions and discussions on the second day of this conference.

Thank you.