



CENTER for MEDITERRANEAN
INTEGRATION | CENTRE pour
l'INTÉGRATION en MÉDITERRANÉE
مركز التكامل المتوسطي

IMPACT OF FINANCIAL REFORMS IN THE EURO-MEDITERRANEAN AREA Marseille, 3-4 May 2018

The 2008 financial crisis led to problems of liquidity and capital requirements. The panic and crisis in confidence that followed were further amplified by a domino effect, causing systemic risk in the international financial system. This led the G20 and the FSB to require a strengthening of the prudential framework, known as Basel II, and to set up new rules in macroprudential and resolution areas. The response to the crisis has been strong, however, given the increasing number of standards, the expected impact on financial sector operations and efficiency must be regularly assessed. In this regard the Euro-Mediterranean area challenges homogeneous analysis as it brings together economies that are structurally very different. This diversity raises a very broad spectrum of issues. How are the international reforms implemented by Euro-Mediterranean regulators in their respective national jurisdictions? What is the cost of financial reforms' implementation? What are the side effects and main obstacles? How to deal with problems arising from cross-border interactions?

At the European level, the components of the financial reforms, namely Basel III, macroprudential tools and resolution, are now mainly in force. While it is too early to state the definitive impact of these reforms, they have, nevertheless, achieved to render the financial system more resilient without hampering economic growth. Despite this, the work must be continued as regards shadow banking and on finalizing banking regulation. Finally, important remaining issues concern the effects that prudential regulations have on market liquidity, specifically an exit strategy for the quantitative easing monetary policy that could preserve financial stability.

The implementation of financial reforms in emerging countries is slower and depends on more varied factors than in Europe. The proposed reforms must indeed not only adapt to the institutional and financial structure of emerging countries, but must also respond to their development objectives, in particular inclusive economic growth and financial inclusion. The equilibrium between some internal priorities in developing countries and the pace of the implementation of ever-increasing international standards poses therefore an additional challenge. Nonetheless, some developing countries have already started implementing Basel III and new macroprudential and resolution policies. Finally, local authorities also have to monitor and manage the cross-border impact of international reforms on the economic and financial situations of their own countries.

The objective of this closed-door event is to facilitate high-level policy dialogue among Euro-Mediterranean countries on how financial reforms could achieve financial stability and economic inclusive growth. The event is dedicated to fostering regional cooperation, policy, and partnership will be attended by approximately 30 senior policymakers from Central Banks, Ministries of Finance, and Development Finance Institutions. They will discuss the challenges and the way forward for the Euro-Mediterranean area in the light of the financial reforms' impact, in particular:

- Impact of banking regulation reforms on sector resilience and the systemic stability
- Challenges posed by shadow banking development and regulation
- The funding balance in a given economy between financial markets and banking credit
- Articulation of financial reforms and impacts on financial inclusion
- Cross border cooperation regarding regulation, supervision, monetary and economic policies
- The way forward to finalize reforms and maintain financial stability
- Emerging technology-related challenges including regulating fintech players and cyber-security

Workshop Agenda

Wednesday, 2 May

19:30-22:00 Welcome address: Ms. Giulia Marchesini, Senior Partnership Specialist, Centre for Mediterranean Integration; Mr. Jean-Luc Quémard, Head of the International Banking and Finance Institute, Banque de France

Thursday, 3 May

8:45 Registration at CMI—Villa Valmer

9:00 Welcome address

Mr. Bruno Cabrillac, Deputy Director General, Directorate General Economics and International Relations, Banque de France

Mr. Jean Pesme, Practice Manager, Finance, Competitiveness, and Innovation Global Practice, World Bank Group

9:15 First session Framing Discussion: economic and financial sector issues and challenges in the European and MENA Region since 2008

This session provides an overview of economic and financial sector issues and challenges in the Eurozone since 2008. The speakers will then present an overview of the tools and supervisory frameworks put in place by international standard setters in the aftermath of the 2008 financial crisis. Presenters will touch on the main policy instruments and experiences in introduction and harmonization of such tools across the Euro-Mediterranean zone. Presentations will be followed by a discussion on the utility, challenges, and opportunities presented by these tools.

Lead speakers Mr. Olivier Prato, Head of Basel III Implementation, Basel Committee on Banking Supervision, Bank of International Settlements

Mr. Carmelo Salleo, Head of the Stress Test Modelling Division European Central Bank

Ms. Pamela Lintner, Finsac Representative, WBG

Jean-Luc Quémard, Results of the questionnaire

Roundtable / debate (30 mn)

10:45 Break and Group Photo

11:00 Second session European Perspective: Impact of financial reforms: progress, obstacles, and side effects

Participants will discuss the impact of financial reforms at national and regional levels in Europe, presenting experiences including impact on systemically important financial institutions. Other policy measures to discuss include proportionality, interactions with policy objectives (SME finance, financial inclusion, diversification), and cross border effects and cooperation issues.

Chairman: Ms. Pamela Lintner, Finsac Representative, WBG

Lead speakers Mr. Bojan Fras, Vice-Governor, Central Bank of Croatia

Mr. Frédéric Visnovsky, Deputy Secretary General, Prudential Supervision and Resolution Authority (France)

Mr. Constantinos Trikoupis, Head of Macprudential Oversight Section, Central Bank of Cyprus

Roundtable / debate (30 mn)

12:15 Lunch

1:30 – 2:00 Afternoon Keynote: Economic and Social Outlook in the Middle East and North Africa Region

Mr. Rabah Arezki, MENA Chief Economist, World Bank Group (by VC)

2:00 Third Session

MENA Perspective: Impact of financial reforms: progress, obstacles and side effects

Participants will discuss financial sector reform programs in the Middle East and North Africa (MENA) region since 2008. The panel will discuss country level reform efforts, results and policy challenges, and impact of reform given MENA specific challenges including cross-border cooperation, financial inclusion, de-risking, and economic reform agendas.

Chairman Mr. Jean Pesme, Director, Finance, Competitiveness, and Innovation Global Practice, World Bank Group

Lead speakers Ms. Rana Badawi, Assistant Sub-Governor, Regulations Department, Central Bank of Egypt

Mr. Nabil Felfel, Deputy General Director for General and Permanent Supervision, Banque Centrale de Tunisie

Ms. Hiba Zahoui, Director, Bank al Maghrib

Mr. Mohamad Subhi Amaireh, Executive Manager, Financial Stability Department, Central Bank of Jordan

Roundtable / debate (30 mn)

3:30 Coffee break

4:00 Fourth Session

European Perspective: Impact of financial reforms: progress, obstacles, and side effects

- Chairman: Mr. Carmelo Salleo, Head of the Stress Test Modelling Division
European Central Bank
- Speakers: Mr. Angel Estrada, Executive Coordinator, Associate Directorate
General of International Affairs, Head of Research in the DG
Economic, Statistics and Research, Banco de España
- Mr. Klodion Shehu, Head of Financial Stability Department, Bank of
Albania
- Ms. Neslihan Ozdemir, Senior Chief Banking Specialist, Banking
Regulation and Supervision Agency, Turkey
- Roundtable / debate (30 mn)
- 5:30 End of session

Friday, 4 May

8:45 Registration / coffee at CMI-Villa Valmer

9: 00 Fifth Session

Challenges and the way forward: pursuing financial reforms, improving financial stability, ensuring inclusive economic growth

This session is forward looking and will outline policy agendas moving forward to improve current financial sector reform efforts. The objective of the discussion is to better articulate of financial sector reforms with reference to the appropriate monetary and economic policies.

- Chairman Mr. Frédéric Visnovsky, Deputy Secretary General, Prudential
Supervision and Resolution Authority (France)
- Lead speakers Mr. Giorgio Gobbi, Head of the Financial Stability Directorate, Banca
d'Italia
- Mr. Laurent Clerc, Director of the Financial Stability Directorate,
Banque de France
- Ms. Ana Cristina Leal, Director of the Financial Stability Department,
Banco de Portugal
- Mr. Konstantinos Kanellopoulos, Head of Financial Risks Monitoring
Section, Bank of Greece
- Roundtable / debate (30 mn)

10: 30 Break

11: 00 Sixth Session

Challenges and the way forward: pursuing financial reforms, improving financial stability, ensuring inclusive economic growth

This session is forward looking and will outline policy agendas moving forward to improve current financial sector reform efforts. The objective of the discussion is to better articulate of financial sector reforms with reference to the appropriate monetary and economic policies.

Chairman

Mr. Peter McConaghy, Financial Sector Specialist, World Bank Group

Lead speakers

Ms. Amel Ben Rahal, Director of the Financial Stability Directorate, Central Bank of Tunisia

Mr. Zakaria Nachid, Head of Service, Sectoral Finance Division, Treasury and Finance, Morocco

Mr. Tarik Yousef, Board Member, Central Bank of Libya

Mr. Mohamed Jabri, Executive Director, Training and Development Department, Bank of Lebanon

Roundtable / debate (30 mn)

12:15

Wrap-up & Agreeing CMI website release

Program Committee:

Mr. Hedi Jeddi, Banque de France

Mr. Jean-Luc Quémard, Banque de France

Mr. Peter McConaghy, World Bank Group