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Brief remarks

by

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at the

Annual Conference of the Union of Arab Banks

on the Occasion of its 40th Anniversary

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(via prerecorded video)

Good morning. I am pleased to address the Annual Conference of the Union of Arab Banks (UAB) as it celebrates 40 years of success representing the interests of the Arab banking and financial communities.

The UAB may justifiably take great pride in its many accomplishments during the past four decades. Among other achievements, the UAB has emerged as a key international and regional participant in developing policies that promote financial stability, economic integration, and sustainable development and prosperity. The UAB has also been a champion of sharing best practices and training among regulators and bankers.

The partnership that has developed between the Federal Reserve and the UAB may be counted among these successes. Ten years ago, the Federal Reserve helped establish--with the support of many of the countries represented at this conference--the Middle East and North Africa (MENA) Financial Regulators' Initiative. Sarkis Yoghourtdjian of the Federal Reserve Board, who is attending with you today, was asked to lead this initiative, whose aim has been to provide technical assistance and bank supervision training to central banks and bank supervisory authorities. Now in its 10th and final year, the Financial Regulators' Initiative has sponsored more than 40 training programs and conferences throughout the MENA region, and it has provided many short-term, on-the-job training opportunities for MENA regulators with U.S. banking agencies. We are grateful to the UAB for its many contributions to the success of this initiative.

In addition to celebrating accomplishments, anniversaries also provide a time for reflection and self-assessment. Governments, central bankers, financial regulators, and the banking industry still labor today in the long shadow cast by the global financial

crisis. Against that backdrop, financial regulators around the world are engaged in a historic and sweeping renovation of the global financial structure.

One of the most important goals is to ensure that banks hold more and higher-quality capital, and have sufficient liquid assets on hand, to be able to survive a market shock or severe economic downturn. In addition, we must push banking organizations of all sizes to ensure their compensation practices link pay to performance and do not encourage excessive risk-taking.

Past and current crises underscore an additional lesson. Then as now, international or regional financial crises require a coordinated response to safeguard the stability of the world's financial system. To that end, the UAB can play an important regional role by facilitating efforts to address potential cross-border issues, and by providing a local platform for strong cooperation between home and host supervisors during normal and crisis periods.

At your conference this week, I anticipate you will discuss the opportunities and challenges that lay ahead for your members. Among the topics, no doubt, will be the prospects for partnership between the public and private sectors, the importance of establishing institutions capable of managing crises, the effects of new regulatory and supervisory structures on the banking industry, and the role of the banking sector in promoting economic growth.

We at the Federal Reserve face similar challenges and opportunities, and we look forward to working with you to find common approaches and solutions. I wish you a successful and productive conference. Warm congratulations on your 40th anniversary, and best wishes for another 40 years of success.