

**SBP GOVERNOR PROPOSES ECO CENTRAL BANKS NETWORK**

The Governor, State Bank of Pakistan, Dr Shamshad Akhtar has proposed the launching of an ECO Central Banks Network (ECBN) with a view to enhance cooperation amongst respective central banks of member countries of the Economic Cooperation Organization (ECO).

She made this proposal while addressing the first meeting of the heads/representatives of central banks of ECO member countries at a local hotel in Karachi today.

Dr Akhtar said that the proposed network could focus on exchange of experiences and information on economic and monetary policy approaches and respective banking regulations. The network could also help nurture greater cross border cooperation of financial flows including possibilities of cooperation on anti-money laundering and explore opportunities for harmonization of standards and systems, where feasible, she added.

Dr Akhtar underlined that the cooperation would involve sharing perceptions on the objectives of policy coordination and corresponding institutional coherence for:

- (i) Macroeconomic and Financial Stability. This could cover discussion on exchange rate regimes, prudent debt management domestic financial deepening, and international developments. In addition, there should be discussion on the level and extent of harmonization of banking sector policies and regulations to the extent feasible.
- (ii) Launching of a study to benchmark the state of economies, monetary policy regime and banking sector, their size & dimensions, and comparison of banking sector policies and regulation, and state of corporate governance etc.
- (iii) Developing an agreed approach and framework for encouraging and facilitating opening of bank branches by the member countries in each others' territories.
- (iv) Facilitation to intraregional trade and commerce. To support this, the network should devise an efficient settlement framework and to examine the correspondent banking facilities for trade finance transactions.
- (v) Promoting capacity building among member central banks. Among others, Pakistan would offer its National Institute of Banking and Finance to serve as a regional hub for training of central banks' staff and launching specific courses for banking for the region. Member states should proactively participate in structuring course work and delivery in this hub.
- (vi) Enhancement of supervisory regimes for financial sector in member countries. Work together to strengthen the supervisory regimes in respective jurisdictions by enlightening ourselves with each others' experiences and best practices.
- (vii) Sharing of information and experiences. We need to establish and strengthen regular mechanisms of consultations, communication, the sharing of information and expertise as well as the identification and implementation of joint projects and activities among the member countries.

It may be mentioned that ECO is an inter-governmental regional organization established in 1985 by Iran, Pakistan and Turkey. In 1992, the organization was expanded to include seven new members, namely: Afghanistan, Azerbaijan, Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan.

The ECO region, which has a population of 400 million, has tremendous economic potential and offers promising ground for fostering economic integration. The region is growing at around 6.2% on average, while real gross domestic product in the region aggregates to \$800 billion. The region is home to 8% of the world's crude oil production and 9.2% of global natural gas production.

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