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SBP DEPUTY GOVERNOR OUTLINES FOUR KEY ASPECTS FOR D-8 CENTRAL BANKS' COOPERATION

Mr. Kazi Abdul Muktedir, Deputy Governor, State Bank of Pakistan has outlined four key aspects for D-8 central banks' cooperation for promoting inclusive economic growth amongst the D-8 countries.

In his opening remarks at a workshop on "Central Banks Monetary and Financial Cooperation for Promoting Inclusive Economic Growth in D-8 countries" at a local hotel in Islamabad today, he said that we need to deliberate on sustaining growth in the New Economic Order and enhancing cooperation through trade and capital inflows among the D-8 countries.

He said the D-8 economies have witnessed remarkable growth despite slow recovery in the global economy. 'As the D-8 economies accelerate to a new phase, it is critical for central banks to work towards deeper economic and financial integration through sound monetary policies and macroeconomic management. However, regional economic and financial integration should be based on greater exchange rate flexibility, freer capital mobility, transparent rules and regulations', Mr. Abdul Muktedir added.

He said that sustainability of economic growth can only be ensured through incentives to encourage investment in innovation and technology, and promotion of entrepreneurship. 'Increased cooperation and deeper economic integration will enable D-8 countries to respond effectively to global challenges,' SBP Deputy Governor added.

Stressing the need for cooperation to promote innovative Financial Inclusion Policies in the D-8 countries, he said that developing dynamic risk management framework and innovative financial structures can help the banking industry to exploit the huge potential of micro, small and medium enterprises.

SBP Deputy Governor said that besides sharing experiences of policy and development interventions for financial inclusion, ‘we should also share our progress on innovative financial services such as branchless banking’.

Mr. Abdul Muktadir said that the true spirit of Islamic Financial system is the way forward that may help the global financial system to recover and regain the lost trust of stakeholders. ‘The Islamic banking industry is expected to grow considerably to play its critical role towards the economic growth in any economy. Global Islamic financial industry stands at US\$ 1.1 trillion and recent reports suggest that global Islamic finance market will continue its upsurge and is likely to grow 20 per cent annually between 2011-15 and thereby double in value to reach above US\$2 trillion,’ he added.

He also stressed upon the need to establish information exchange and promote peer learning amongst D-8 central banks and added that D-8 countries with a population of over a billion have a strong potential to be a major economic force in the world.

He said that fostering a stable banking system is the key to ensuring sustainable development. ‘However, recent experience of the global financial and Euro crisis has clearly demonstrated that cooperation and coordination among central banks, especially from emerging markets and developing countries, is necessary to diversify and insulate their economies from global shocks and also learn from each other’s experiences that would help in achieving their respective economic goals,’ Mr. Abdul Muktadir added.

SBP Deputy Governor observed the financial meltdown in advanced economies in 2008 unleashed a global crisis which followed by great recession. ‘The central banks around the world therefore had to adopt both conventional and unconventional policy tools to dampen the impact of global crisis,’ he added.
