

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

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Main Financial Reforms

- **Building resilient financial institutions.**
- **Ending too-big-to-fail (TBTF) .**
- **Making derivatives markets safer .**
- **Transforming shadow banking into resilient market-based finance.**

Main Financial Reforms and Progress

- **Building resilient financial institutions – Implementation of Basel III capital and liquidity standards has generally been timely. However, deviations from the Basel framework identified in the rules of some jurisdictions.**
- **Ending too-big-to-fail (TBTF) – Implementation of higher loss absorbency and more intensive supervision is well advanced for global and domestic systemically important banks (GSIBs), but substantial work remains in operationalizing resolution regimes and plans.**

Main Financial Reforms and Progress

- **Making derivatives markets safer – Implementation of over-the-counter (OTC) derivatives reforms is well underway in the largest derivatives markets. Not so relevant to our markets**
- **Transforming shadow banking into resilient market-based finance – Reforms to address potential financial stability risks in this area are more recent and so implementation remains at a relatively early stage.**

CBJ Financial Reforms

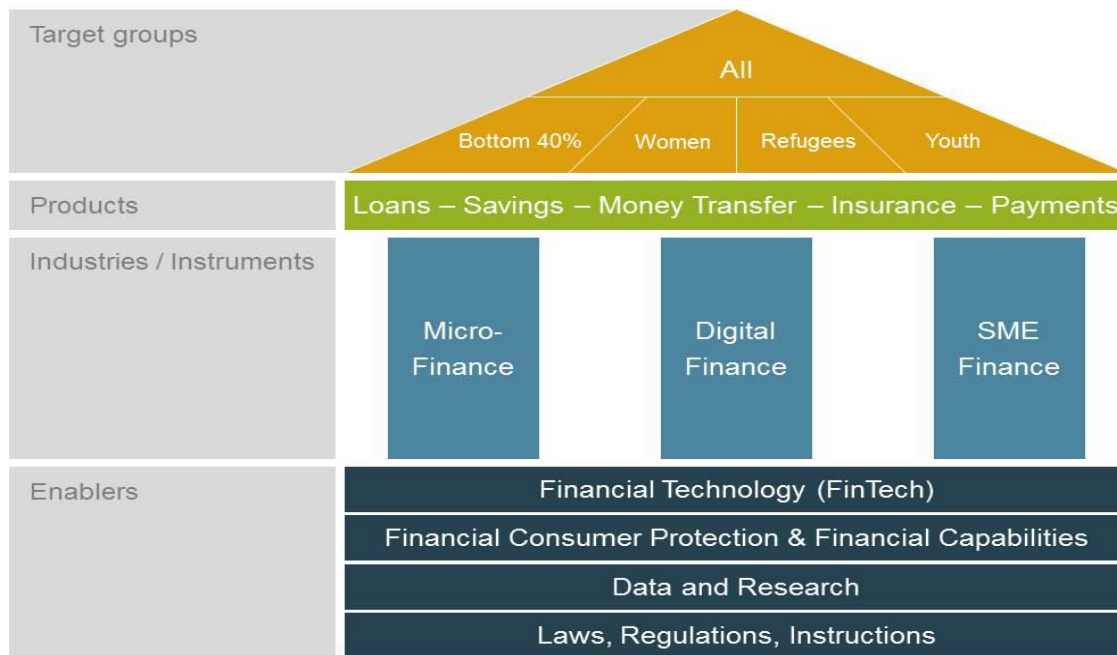
- Establishing Financial Stability Department/ early 2013.
- Corporate Governance new Regulations for conventional and Islamic banks.
- Regulations on Basel III requirements
- New regulations on stress testing

CBJ Financial Reforms

- Issuing D-SIBs quantitative and qualitative requirements.
- Finalizing the Crisis Management Framework
- Implementing IFRS 9.
- Regulating Micro-Finance Institutions.

CBJ Financial Inclusion and Economic Growth Agenda

- The National Financial Inclusion Strategy for Jordan has been launched on 4 Dec 2017.
- The NFIS Focuses on:



CBJ Financial Inclusion and Economic Growth Agenda

- Enhancing access to finance for SMEs.
 - New Start-up Loan Guarantee Fund
 - New Start-up Venture Capital Fund
 - Low cost financing for SMEs
- New Department for Financial Consumer Protection
- FinTech/ Regulatory Sandbox

Impact of Financial Reforms on Financial Sector in Jordan

- More resilient financial sector.
 - Higher quality and quantity capital requirements
 - Higher loss absorbency and more intensive supervising on D-SIBs
 - Well defined banking resolution framework

Impact of Financial Reforms on Financial Sector in Jordan

- Impact of de-risking is limited
- Minimizing regulatory arbitrage through regulating NBFIs.

Thank You