

Excellencies,
Ladies and Gentlemen,

I speak on behalf of the MENA delegation when I say that we, bankers from the MENA region, are pleased and very keen to exchange views with senior US Treasury officials and colleagues from the US and the region; we are equally interested to listen and discuss concerns and interests, as well as potential initiatives.

Nevertheless, amidst these severe financial turbulences, we remain unable to measure the exact impact that this turmoil may also generate. We are sure, however, that this crisis recorded itself in the history books of the global economy of our time.

In all cases, we at the Union of Arab Banks and the World Union of Arab Bankers take the opportunity of our presence here at the US-MENA PSD Dialogue, the platform of communication and interaction, to brainstorm on issues, such as:

- how can we mobilize our specialized Dialogue amidst the global current financial crisis?
- what have we achieved in terms of earlier PSD recommendations and dialogues?

We have no doubt entered a new era in the global financial and investment system. Policies calling for non-intervention, deregulation, liberalization, and greater openness to the world markets are now in retreat, giving room to government intervention, more regulations, reforms and tighter controls. The current situation also underscores the need for reinvented techniques for supervision of large, complex and internationally active institutions, geared by more international coordination and collaboration.

Although most practices that generated these turbulences occurred outside our borders in the Arab region, Arab economies and Arab capital markets have been badly hit by this "Worldwide Credit Cyclone" and are still struggling to avoid its devastating repercussions.

The considerable exposure of many Arab banks and financial institutions to international banks demonstrates the inter-connectivity of world financial markets, and the contaminating effects of any crisis onto other markets in the global village.

Regrettably enough, the negative loop is intensified by the weakened financial institutions, slowing growth, significant inflation dangers, sharp fluctuation in oil and commodity prices, not to mention the lack of food in emerging economies, mainly due to the high prices of cereals. Some countries are transforming these cereals into methanol to utilize it as gas for their cars. Can we possibly accept that, as

human beings, and not only as bankers? Let us also consider how poverty contributes in creating a climate for crimes.

Nonetheless, this credit crunch, which we believe and hope will be a temporary phase that will be overcome, owing to the resolute and combined efforts of the world community, should not deter us from our pursuit in the fight against money laundering and financing terrorism, which pose continuous threats to our civilizations.

Indeed, countering and preventing financial crimes, including financing terrorism and money laundering activities, remain the core concerns of the International Community, the US representative authorities and the MENA region financial institutions.

It is relevant here to emphasize the tangible achievements that followed previous US-MENA PSD Dialogue forums, expressed in a strengthened cooperation between the US department of treasury authorities, regulators from both sides, and the concerned parties in the MENA banking system. Moreover, our PSD Dialogue became a platform to highlight and channel outstanding efforts of all parties involved, pave the way to a better understanding of each partner's needs and requirements, and a better assessment of risks inherent to each area.

I reiterate that our presence here today, is meant to ascertain the line of conduct adopted during former reunions of the US MENA PSD for a long-term action plan, and underline the know-how, expertise and pro-active steps of awareness and endeavors undertaken, in view of securing the international financial environment from illicit financial abuses.

Awareness raised against AML/CFT activities changed the banking culture and practice in the MENA region. Banks are increasingly adopting and implementing world-class AML software. Principles of KYC, high standards regulations of corporate governance and transparency and focused programs, are put in place to encourage healthy investments in the economic environment of the MENA region. At the Union of Arab banks and the World Union of Arab Bankers (WUAB), we are adamant on pursuing this endeavor throughout the entire region.

In this perspective, the WUAB established under its umbrella the Group of Certified Compliance Officers, GCCO, gathering compliance officers of major banks in the region, in an endeavor to synergize efforts and combine best practices in combating fraud and financial crimes. We are also raising awareness through valuable contributions to conferences, summits, and workshops to form a professional elite that will be part of the private sector outreach dynamism.

On a final note, I firmly believe that fighting financial crimes in all aspects and enormous sizes, makes it so important for all governments to work effectively and in cooperation with private sector professionals and regulators. Working in partnership and shared ownership are key themes of the needed vision for the financial, security and social stability around the globe.

The Arab region weighs the significance of being part of the global economy, affected by the worldwide inter-connected crises, and playing a dynamic role therein.

Surely, this is a time of tremendous challenges, but also a time of partnerships and opportunities, to move through these difficult adjustment phases on the international scene. In order to prepare the future in this spirit that animates us, bilateral and multilateral cooperation would be keys to success. Investing in cooperation sometimes remains the most efficient and high yielding return.

At last, allow me to wish you an enriching dialogue and all the success to this Fourth US-MENA-PSD forum.

Thank you.

Speech of Dr. Joseph Torbey during the Fourth US-MENA PSD CEO Meeting held in Washington DC, USA on 9 October, 2008.