

**ASSOCIATION OF AFRICAN CENTRAL BANKS (AACB)**  
**41<sup>th</sup> ORDINARY MEETING OF THE ASSEMBLY OF GOVERNORS**

*(Sharm El-Sheikh, Egypt, 9 August 2018)*

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**PRESS RELEASE**

The 41<sup>st</sup> Ordinary Meeting of the Assembly of Governors of the Association of African Central Banks (AACB) was held on August 9<sup>th</sup>, 2018 in Sharm El Sheikh, Arab Republic of Egypt. It registered the participation of 35 member Central Banks and the African Union Commission (AUC).

The Assembly of Governors meeting was preceded by a Symposium on August 8<sup>th</sup>, 2018. The opening ceremony of the Symposium, entitled "Declining correspondent banking relationships and illicit capital flows: risks and strategic challenges for Africa", was chaired by Mr. Mostafa MADBOULY, Prime Minister, Representative of the President of the Arab Republic of Egypt, His Excellency Mr. Abdel Fattah El SISSI.

In his opening speech, the Prime Minister, on behalf of the President of the Arab Republic of Egypt, welcomed the different delegations. He said that AACB meetings are an important event for the African continent, given the value of the participating institutions and the number of represented African countries. He added that this Symposium of 2018 should allow African central banks and continental and international institutions to discuss the important issue of the deterioration of relations between African banks and their foreign correspondents. He noted that this Symposium is an opportunity for Egypt to share its experiences on the issue, taking inspiration from the recent evolution of its economic and financial situation, considered as a positive example, thanks to the important reforms implemented in the recent years. The Prime Minister wished great success of AACB activities. He hoped that the discussions during the Symposium would lead to recommendations that are relevant to the entire African continent.

During the Symposium, participants discussed the impact of the deterioration of correspondent banking relationships on financial sector development and economic growth in Africa. They proposed initiatives and actions to be carried out in African countries to deal with this unfavorable situation. They emphasized also the challenges and strategic implications of illicit capital flows in African countries.

The debates focused on the factors that led to the deterioration of correspondent banking relationships. In this regard, some factors have been particularly identified:

- weak regulation and information for a good process of “Know your customer” (KYC)
- inability of some primary banks to handle the financial requirements led by correspondent banking relationships;
- constraints related to the application of new accounting and banking standards;
- rising risks, due to armed conflicts and acts of terrorism
- weakness of the transactions to be carried out with correspondent banking
- relatively higher level of correspondent accounts management costs, from the point of view of foreign banks.

The discussions also focused on possible solutions to deal with this negative situation. For African countries, it’s necessary to strengthen or adapt the regulatory framework, to continue the communication with foreign correspondents and to set up regional bank branches able to provide interbank clearing operations on a sub-regional scale.

Regarding the increase of illicit capital flows in some African countries, the exchanges of views during the Symposium have led to note the weakness of the supervisory and regulatory institutions and the socio-political instability as factors conducting to the rise of this phenomenon. To fight the phenomenon in Africa, it's necessary to strengthen the regulatory framework, undertake training of actors and show strong political will.

The 41<sup>st</sup> Ordinary Meeting of the Assembly of Governors was chaired by Mr. Lesetja Kganyago, Governor of the South African Reserve Bank (SARB). At the end of their work, the Governors adopted:

- the report on the AACB Symposium held on August 15<sup>th</sup>, 2017 in Pretoria, South Africa;
- the report of the 40<sup>th</sup> Ordinary Meeting of the Assembly of Governors of the AACB, held on August 16<sup>th</sup>, 2017 in Pretoria, South Africa;
- the report of the AACB Continental Seminar for the year 2018, and
- the Report on the implementation of the African Monetary Cooperation Programme (AMCP)

A performance analysis shows that 18 out of 52 countries (35%) have met all the first rank criteria in 2017 compared to none in 2016, before the refinement of convergence criteria, in relation to the improvement of the international environment and structural reforms implemented by several countries.

The Assembly of Governors also approved a report on the refinement of convergence criteria and a report on the monitoring framework and a peer review mechanism for macroeconomic convergence. Both documents will be presented at the next meeting of the African Union Specialized Technical Committee (STC) on Finance, Monetary Affairs, Economic Planning and Integration.

In addition, the Assembly of Governors approved an Initiative for the Integration of Payment Systems in Africa. This report was submitted by the Chair of the Subcommittee on Payment Systems of the Assembly of Governors of Central Banks. The Southern African Development Community (SADC), notes that some sub-regions in Africa have made progress towards the promotion and the integration of their payment systems. It considers, at this stage, that attention needed to be paid to initiatives to integrate payment systems on the continent at this stage. Workshops will be organized in 2019 to identify the modalities for the integration of payment systems on the African continent.

Finally, the Assembly of Governors took note of the AACB membership of Bank Al-Maghrib, which joined the Sub regional Committee for North Africa. The Assembly of Governors also took note of the admission of the Central Bank of Haiti as an observer pending further engagement with the AUC on this issue by the Chair of the AACB.

At the end of proceedings, the Assembly of Governors has elected Mr. Tarek Amer, Governor of the Central Bank of Egypt, as President of the AACB for the period from August 2018 to August 2019. He will also occupy the presidency of the Community of African Banking Supervisors (CABS).

For the year 2019, the Assembly of Governors has chosen the theme of the Symposium and the theme of the AACB Continental Seminar, which are respectively;

- Rising African Sovereign Debt : Implications for Monetary Policy and Financial Stability
- Renewed Protectionist Tendencies : Some Implications for Macroeconomic Policy in Africa

At the end of proceedings, the new Bureau is as follows:

- Governor of the Central Bank of Egypt, Chairperson of the AACB;
- Governor of the Central Bank of Rwanda, Vice-chairperson of the ACCB;
- Governor of the Central Bank of Sierra Leone, Chairman of the West Africa subregion;
- Governor of the Central Bank of Liberia, Alternate of West Africa subregion;
- Governor of la Banque d'Algérie, chairman of the North Africa Subregion;
- Governor of la Banque Centrale de Tunisie, Alternate of the North Africa subregion ;
- Governor of la Banque Centrale du Congo, Chairman of the Central Africa subregion,

- Governor of the Bank of Central African states (BEAC), Alternate of the Central Africa subregion,
- Governor of la Banque Centrale des Comores, Chairman of the East Africa subregion ;
- Governor of the Bank of Tanzania, Alternate of the East Africa subregion ;
- Governor of the Banky Foiben'I Madagasikara, Chairman of the Soutern Africa subregion,
- Governor of la Bank of Zambia, Alternate of the Soutern Africa subregion,

On behalf of all Governors, Hon. Rwangombwa John, Governor of the National Bank of Rwanda, expressed the gratitude and warm thanks of the participants to the President of the Arab Republic of Egypt, His Excellency Mr. Abdel Fattah El SISSI, to the Government and people of the Arab Republic of Egypt, for the warm welcome and legendary hospitality they have received, as well as for the excellent arrangements, which contributed to the success of the meetings.

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