



ORGANISATION FOR ECONOMIC
CO-OPERATION AND DEVELOPMENT



Strengthening Corporate Governance of MENA Banks: Lessons Learned From the Financial Crisis

11 October, 2009

12.30-17.30

Dubai International Financial
Centre

Draft Agenda

Meeting held in partnership with



And with support of



Background

The financial systems in Middle East and North African (MENA) countries are dominated by banks - listed, privately held and state-owned. Banks constitute a significant proportion of the stock market capitalisation in the region. Banks also represent the most important source of external finance for the corporate sector. In addition, banking sectors in a number of MENA countries are continuing to experience growth, owing to the development of financial infrastructure in the region and the greater need for financial intermediation associated with higher economic growth. Banks are especially well placed both to benefit from and to lead efforts to improve governance practices in the region. Improving corporate governance of banks in the MENA region is therefore a priority. Improved board structures, risk management procedures and disclosure would not only go a long way to advancing the corporate governance structures of banks, but also minimise systemic risk to the financial systems, enable banks to allocate capital efficiently and contribute to the overall economic growth.

*The Dubai Declaration*¹ emanating from the joint OECD-Hawkamah meeting held on November 2006 highlighted the participants' consensus that improving the corporate governance of banks in the region should be of priority. Following the Dubai Declaration, a *Task Force on Corporate Governance of Banks* was established with participation of Central Banks, banking associations, and banking representatives from across the region. Since then, the OECD has worked with the *Hawkamah Institute for Corporate Governance* and the *Union of Arab Banks*, but also with representatives of banking associations and individual banks on documenting good practices and challenges in bank governance. A number of Task Force meetings and consultations have been held to date, notably in Amman in February 2007, in Doha on November 2007, in Paris in June 2008, and in Beirut in May 2009. These discussions have supported the drafting of the *Policy Brief on Improving Corporate Governance of Banks in the MENA Region*, to be presented at this meeting.

This exclusive meeting will gather primarily representatives of Central Banks and banking associations from the MENA region to discuss corporate governance practices and challenges in the region. The objectives of the meeting are to: 1. draw lessons from the financial crisis for corporate governance of banks in the region; 2. share experiences regarding appropriate policy responses, developed in the region and internationally; 3. release the *MENA Policy Brief on Corporate Governance of Banks*; 4. decide on next steps in relation to dissemination and awareness-raising. The participants will receive a draft Policy Brief in advance to enable them to prepare specific questions and issues to discuss at the meeting. Their input will be sought in particular with respect to policy recommendations and the strategy for implementation of the Policy Brief.

Selected Issues for Discussion

What are the main challenges to implementing corporate governance reforms in MENA banks? What progress has been made since the launch of the Task Force? What current initiatives of MENA banks and their supervisors brought about tangible results?

To what extent do governance challenges in MENA banks bear resemblance to those of their counterparts in OECD member countries and/or emerging market economies? What governance-related explanations can be advanced to explain the performance of banking sectors across the region, and/or of specific banking institutions?

What has been the role of boards in minimising the impact of the global financial crisis on MENA banks? Have they received adequate information about the risk profile of the banks on whose boards they sit? Have risk management procedures in MENA banks been found adequate post-crisis?

What role can Central Banks play in improving corporate governance of banks? Have governance codes and related recommendations introduced for banks been effective in raising awareness around good corporate governance practices?

What is the scope for co-operation in reforming corporate governance of MENA banks among national institutions, regional and international players? How could the recommendations of this Policy Brief be most

¹ Available at: <http://www.oecd.org/dataoecd/8/46/38194688.pdf>.

effectively implemented?

12:30 – 13:00 **Welcome Remarks**

- **Dr. Nasser Saidi**, Founder and Director, Hawkamah Institute for Corporate Governance; Co-chair, MENA-OECD Programme on Corporate Governance
- **Dr. Rainer Geiger**, Senior Consultant, MENA-OECD Investment Programme; Co-chair, MENA-OECD Task Force on Corporate Governance of Banks, OECD
- **Representative**, Central Bank of the United Arab Emirates (tbc)

13:00 – 14:00 **Panel I: Risk management practices - lessons from the financial crisis**

- **Mr. Toshio Tsuiki**, Secretary of the Corporate Governance Task Force of the Basel Committee
Basel Committee Principles on Corporate Governance of Banks
- **Dr. Melhem El-kik**, Deputy Director, Legal Department, Central Bank of Lebanon
Risk management practises in Lebanese banks
- **Representative**, Abu Dhabi Commercial Bank
Case study: risk management practices in a UAE based bank
Open discussion

14:00 – 15:30 **Panel II: The role of boards in governance of banks (working lunch provided)**

- **Dr. Hala El Said**, Executive Director, the Egyptian Banking Institute
Presentation on the draft corporate governance code for banks
- **Mr. Jonathan David Lyon**, CEO, Burgan Bank
Case study on governance practices of a Kuwaiti bank
- **Representative**, Central Bank of UAE
Presentation of the draft regulations on corporate governance of banks
Open discussion

15:30 – 16:30 **Panel III: The role of supervisors and regulators in promoting corporate governance**

- **Dr. Mohammed Al Hashel**, Deputy Governor, Central Bank of Kuwait
Supervision of Kuwaiti banks, lessons learned from the financial crisis
- **Mr. Bryan Stirewalt**, Director, Supervision, Dubai Financial Services Authority
Progress and challenges in regulating off-shore
- **Mr. Yousif Hassan**, Director, Retail Banking, Central Bank of Bahrain
Strengths and weaknesses of a single supervisor model for improving corporate governance
Open discussion

16:30 – 17:30 **Next Steps**

- **Ms. Alissa Koldertsova**, Policy Analyst, OECD
Presentation of other activities of the Working Group and next steps
- **Dr. Fouad Shaker**, Secretary-General, Union of Arab Banks
Presentation of the UAB Toolkit for Bank Executives
- **Mr. Nick Nadal**, Director, Hawkamah Institute for Corporate Governance
Suggestions on practical measures for dissemination of policy recommendations

Open discussion