

**Meeting of the Central Banks and Monetary Authorities of the Member
Countries of the Organization of Islamic Cooperation (OIC)**

**“Promoting Strong and Stable Capital Flows among OIC Countries: Roles of the Financial
Sector and Central Banks”**

15 May 2012, İstanbul, Turkey

DRAFT FINAL COMMUNIQUÉ

1. We, the Governors and the Heads of Delegations participating in the Meeting of the Central Banks and Monetary Authorities of the OIC Member Countries, held in İstanbul, Turkey, on 15th May 2012, express our gratitude and deep appreciation to the Central Bank of the Republic of Turkey and the Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRIC) for organizing the Governors Meeting and its preceding expert-level meeting, within the framework of the COMCEC financial cooperation agenda item.
2. We acknowledge the vital roles and responsibilities of Central Banks and global financial sectors in promoting both Islamic and conventional finance to boost intra-OIC cross-border connectivity and investment opportunities, and take note of the importance and contributions of the intra-OIC capital market linkages and the development of Islamic capital markets to the socio-economic well-being of OIC Member Countries.
3. We affirm that promoting strong and stable capital flows among OIC Member Countries requires macroeconomic and financial stability, transparency, and adequate and effective structural policies in place, including necessary regulatory and legal frameworks, to support investor confidence. Countries should rely on policy measures, including macro-prudential measures, to address comprehensively the effects of volatile capital flows. The size, depth, and level of development of the domestic financial sector, as well as the institutional and regulatory strength of a country can play a key role in enhancing the effectiveness of different policy measures.

4. We recognize that financial sector stability requires a long-term perspective and broad-based consultation in policy formulation, decision-making, and implementation at all levels. Within this framework, as OIC Member Countries, we aim to strengthen and improve governance at all levels for an effective implementation of prudent policies and continued dialogue with all financial sector stakeholders.
5. We recognize the importance of having an environment that is conducive to strong and stable capital flows between our countries, which includes strengthening of our regulatory and supervisory frameworks. In this regard, we recognise the role of Islamic finance in supporting these endeavours, which should take place within a transparent and stable regulatory environment. We also recognise the importance of understanding the causes and consequences of macro-financial risks, credit and asset price bubbles, sudden stops, and reversals in capital flows, as well as financial fragilities.
6. We agree to establish working groups to prepare technical background papers in the following areas: Payment Systems (Co-chairs: Turkey and Indonesia), Macro-Prudential Regulations (Co-chairs: Sudan and United Arab Emirates), and Liquidity Management in Islamic Finance (Co-chairs: Malaysia and Bahrain).
7. We acknowledge that the capacity building programmes, including SESRIC programmes for Central Banks, play an increasingly important role in leveraging on our individual strengths through sharing of knowledge and expertise among our countries. We, therefore, reaffirm our commitment to ensuring that the cooperation among our respective institutions in building our capacities remains open and dynamic.
8. We welcome the offer of the Kingdom of Saudi Arabia and the Republic of Indonesia to host the meetings in 2013 and 2014, respectively.