

Workshop organised by the IEMED with the support of
the Organisation for Economic Cooperation and Development (OECD)

FINANCIAL INTEGRATION IN THE EURO-MEDITERRANEAN REGION

Spanish National Securities Market Commission (CNMV)
Carrer Bolívia 59, Barcelona - Meeting Room "Can Tiana"

Barcelona, 19 November 2024

This workshop is organized in the context of the preparation of a monitoring report on Regional Integration in the Union for the Mediterranean produced by the OECD, which follows the first edition launched in 2021. The second edition, expected for Q1 2025, will assess integration across five dimensions: trade, finance, infrastructure, mobility of people, and research and higher education. It will incorporate analysis of three cross-cutting dimensions: digital economy, women empowerment, and environmental sustainability. The aim of the report is assessing the status of regional integration and provide recommendation about policy initiatives to promote integration as an engine for sustainable economic growth and social development.

Financial integration is a crucial factor in shaping economic relationships between countries via capital flows and cross-border investments. The report uses specific indicators to measure progress in financial integration, offering a data-driven foundation for policymaking. These indicators evaluate the interconnectedness and efficiency of regional financial markets, helping policymakers design strategies that maximize the benefits of integration while mitigating risks. By leveraging these tools, the report aims to guide governments and the financial sector to strengthening financial linkages, enhancing investment opportunities, and promoting sustainable economic growth across the Euro-Mediterranean area.

Building on the report's findings on capital market integration within the region, the workshop will assess preliminary policy recommendations to support and guide further integration efforts. Invited participants represent central banks, ministries of finance and stock markets from selected UfM countries.

Participants are encouraged to actively engage by reviewing the proposed indicators and policy recommendations to ensure their accuracy and relevance, helping to advance more effective regional financial integration.

PROGRAMME

09h00

Welcoming remarks

Senén Florensa, Executive President, European Institute of the Mediterranean (IEMed)

Manuel Montobbio, Deputy Permanent Representative of Spain to the OECD

Hamed El Etreby, Senior Economic Advisor, Economic Development and Employment, Union for the Mediterranean (UfM)

Carlos Conde, Head of the Middle East and Africa Division, OECD

Johannes Laepple, Head of Office in Spain, GIZ

09h15

Keynote Speech: Importance of Capital Markets in Supporting Development and Integration

Developing strong capital markets, reducing financing costs and increasing investment in R&D are key to foster competitiveness and long-term sustainable growth. Relaunch of the Mediterranean Partnership between securities Regulators.

Keynote Speaker

Montserrat Martínez Parera, Vice-president, Spanish National Securities Market Commission (CNMV)

09h30

Setting the scene: Supporting regional integration in the financial sector

Introduction of the objective and the structure of the financial chapter of the Union for the Mediterranean Regional Integration Report.

Speakers

Mariarosa Lunati, Senior Advisor, Middle East and Africa Division, OECD

Alejandra Medina, Head of Unit, Financial Economics Team, Directorate for Financial and Enterprise Affairs, OECD

Q&A

10h00

Coffee break

10h20

Indicator. Financial market development

The Financial Market Development Index measures how advanced and accessible a country's financial system is. It combines two key components: the Financial Institutions Index, which looks at how deep, accessible, and efficient banks and other financial institutions are, and the Financial Markets Index, which assesses the same factors for financial markets. This index helps to understand how well a country's financial system supports economic activity and

connects with global markets, offering insights into the overall maturity and strength of its financial infrastructure.

Indicator. Banking System

The banking sector holds a central role in the financial landscape of UfM economies. Analysing the banking system within the region is crucial for understanding the broader financial sector and its integration dynamics. The indicator also provides valuable insights into how banks contribute to financial sector stability, economic growth, and the promotion of greater integration across the UfM region.

Speakers

Alejandra Medina, Head of Unit, Financial Economics Team, Directorate for Financial and Enterprise Affairs, OECD

Tour de table

11h15

Indicator. Financial capital restrictiveness

Capital account openness is an important measure of how accessible a country's financial markets are to the rest of the world. It helps assess the progress and impact of financial reforms by showing how open a country is to international investments. The Chinn-Ito index is used to track this openness, providing insight into how easy it is for capital to flow in and out of a country across different types of assets. This makes it a key tool for understanding a nation's level of financial integration and development over time and compared to other regions.

Speakers

Alejandra Medina, Head of Unit, Financial Economics Team, Directorate for Financial and Enterprise Affairs, OECD

Tour de table

12h00

Indicator. Portfolio investment flows

The portfolio investment flows indicator helps us understand how connected the capital markets are within the UfM region. By tracking the movement of investments into and out of UfM countries, this indicator shows how much foreign capital is coming in and how much local capital is being invested abroad. These investment patterns are key to measuring financial integration because they reveal the level of trust and openness between economies.

Speakers**Blanca Moreno-Dodson**, Senior Advisor in International Economics*Tour de table*

12h30

Lunch

14h00

Indicator. Remittance flows and costs

Remittance flows are an important part of financial integration in the UfM region, especially for MENA and Balkan countries. These money transfers from immigrants to their home countries play a vital role in supporting local economies. The volume of remittances depends on both the number of immigrants and how efficiently financial systems handle these transfers. By looking at remittance flows and the costs of sending money, we can better understand the financial links between countries and how accessible and effective money transfer services are for those who rely on them.

Speaker**Blanca Moreno-Dodson**, Senior Advisor in International Economics*Tour de table*

14h45

Closing session**Carlos Conde**, Head of the Middle East and Africa Division, OECD**Roger Albinyana**, Managing Director, European Institute of the Mediterranean (IEMed)