

report

9th ANNUAL CONFERENCE OF GOVERNORS OF MEDITERRANEAN CENTRAL BANKS

Harnessing Innovation and Integration
for Sustainable and Inclusive Development
in the Mediterranean Region



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HARNESSING INNOVATION AND INTEGRATION FOR SUSTAINABLE AND INCLUSIVE DEVELOPMENT IN THE MEDITERRANEAN REGION

November 2025

9th Annual Conference of Governors of Mediterranean Central Banks

Co-organized by the Central Bank of Egypt, Banco de España, the Organisation for Economic Cooperation and Development, the European Institute of the Mediterranean, and the Union for the Mediterranean



On 1 October 2025, the 9th Annual Conference of Governors of Mediterranean Central Banks took place in Cairo, hosted by the **Central Bank of Egypt** in collaboration with the **Banco de España**, the **Organisation for Economic Cooperation and Development (OECD)**, the **European Institute of the Mediterranean (IEMed)**, and the **Union for the Mediterranean (UfM)**.

Since its launch in 2014 in Barcelona, this high-level dialogue has grown into a central annual platform for economic and financial cooperation across the Mediterranean. It brings together **governors of central banks, senior**

policymakers, international financial institutions, think tanks and academia to exchange views on the key economic challenges and structural transformations shaping the region.

The 2025 edition was convened under the theme **“Harnessing Innovation and Integration for Sustainable and Inclusive Development in the Mediterranean Region”**. The event gathered **ten central banks** and representatives from regional and international institutions, marking one of the most inclusive editions since the initiative’s inception.

The conference addressed how the Mediterranean can leverage technological innovation, sustainable finance, and regional cooperation to build resilience in the context of continued global uncertainty and accelerating economic transformation. Over the course of the day, discussions were structured around four thematic sessions: the first focusing on artificial intelligence and innovation in central banking; the second examining financing for sustainable development; the third exploring financial inclusion for all; and the fourth analysing financial integration in the Mediterranean.

The opening session was moderated by the Central Bank of Egypt and featured welcoming remarks by **Hassan Abdalla**, Governor of the Central Bank of Egypt,



José Luis Escrivá, Governor of Banco de España, **Meltem Büyükkarakaş**, Deputy Secretary-General of the UfM, **Luiz de Mello**, Director of the Country Studies Branch at the Economics Department at the OECD, and **Senén Florensa**, Executive President of the IEMed.

Together, their interventions set a tone of **renewed partnership**, recognizing the Mediterranean's shared challenges and the strategic potential of cooperation across its northern and southern shores.

Governor Abdalla (Central Bank of Egypt) opened the conference by welcoming participants to Cairo, highlighting Egypt's long-standing role in Mediterranean exchanges and reaffirmed the country's commitment to multilateral cooperation.

The Governor underscored that the Mediterranean faces a global landscape marked by trade frictions, inflationary pressures, supply chain disruptions, and the risks posed by climate change. He stressed that **regional cooperation and economic diversification are essential to mitigate external shocks and strengthen resilience**.

In his remarks, Abdalla outlined four pillars shaping the Mediterranean's collective financial agenda. First, he highlighted technological revolution and artificial intelligence as both an opportunity and a risk, noting the Central Bank of Egypt's use of machine learning-based GDP nowcasting and an AI-powered CPI tracker to enhance data-driven supervision. Second, he emphasized sustainable finance as a cornerstone of resilient growth, citing Egypt's issuance of green bonds, renewable-energy investments, and the Central Bank of Egypt's cooperation with European counterparts in the area of knowledge sharing. Third, he stressed the importance of financial inclusion, advanced through digital lending, financial education, and initiatives targeting underserved populations and MSMEs. Finally, he underscored financial integration as essential for inclusive growth, calling for regulatory alignment, broader access to finance, cross-border payment integration, and modern infrastructure to build a more connected Mediterranean financial ecosystem.

In his conclusion, Governor Abdalla reminded participants that **“the Mediterranean has always been a bridge between continents and cultures, and today it must also become a bridge toward cooperation, innovation, and shared resilience.”**

Governor Escrivá (Banco de España) highlighted that the 2025 Cairo edition marked the continuation of a process initiated in Barcelona in 2014. He recognized the **IEMed’s decisive role in sustaining this annual forum and reaffirmed Banco de España’s commitment to its success.**

He observed that the global economic context remains fragile, with wars in Ukraine and the Middle East weighing heavily on the global outlook. Rising geopolitical tensions and protectionist tendencies, including tariff disputes, are contributing to extraordinary volatility and risks to global growth.

Against this backdrop, Escrivá outlined several central challenges for policymakers, including the need to navigate monetary-policy normalization through data-dependent, meeting-by-meeting approaches, to address high debt levels and borrowing costs through credible fiscal consolidation, and to implement structural reforms aimed at boosting potential growth while advancing both the green and digital transitions.

He stressed that **the multilateral system is under pressure but remains indispensable for solving transnational problems.** Cooperation is essential to address global challenges such as climate change, technological disruption, and financial instability.

In reference to the conference’s theme, Escrivá underlined that innovation and integration are mutually reinforcing forces for resilience. The day’s agenda, he noted, would span topics from AI and green finance to inclusion and regional integration, all of which lie within the mandate of central banks.

Speaking on behalf of the Secretary-General of the UfM, Deputy Secretary-General Meltem Büyükkarakas expressed appreciation to the Central Bank of Egypt and all partners for convening the meeting.

She noted that the Euro-Mediterranean region is warming 20 percent faster than the global average, making it a climate-change hotspot with deep implications for economic and social stability. The green transition, she argued, is therefore both an environmental necessity and an economic opportunity.

Büyükkarakaş also warned that **the Mediterranean remains one of the least integrated regions in the world, with billions of euros lost each year due to fragmentation.** The UfM's "Second Progress Report on Regional Integration", prepared with the OECD and supported by German Cooperation, identified persistent barriers to the movement of goods, capital, people, and ideas.

She called for reducing barriers to capital flows, easing restrictions on foreign direct investment (FDI), lowering remittance costs, and expanding financial instruments beyond traditional banking. These measures, she said, are essential to unlock the region's growth potential.

Finally, she informed participants that the UfM is undergoing a major internal reform aimed at making the organization more agile and fit for purpose, ensuring it can effectively deliver on the objectives of the Barcelona Process, which celebrates its 30th anniversary in 2025.

Luiz de Mello (OECD) thanked Egypt for its warm hospitality and emphasized the OECD's long-standing cooperation with the country. He noted that the Egypt-OECD Country Programme, the second-largest bilateral programme in the OECD, provides a comprehensive framework for dialogue and reform support.

He stressed that this partnership, alongside Egypt's co-chairing of the MENA-OECD "Initiative on Governance and Competitiveness", reflects Egypt's leadership role in promoting reform and regional dialogue.

De Mello observed that **global growth remains resilient but uneven, hindered by rising trade barriers, persistent policy uncertainty, climate shocks, and geopolitical tensions.** Within this context, the Mediterranean faces significant

development and investment gaps, as well as unequal access to finance across countries and social groups.

He reiterated that **central banks have a critical role to play not only in maintaining stability but also in supporting innovation, sustainable finance, and inclusive growth**. The OECD, he said, remains committed to supporting Mediterranean partners through evidence-based dialogue, peer learning, and policy recommendations grounded in recent analytical work, including the 2025 OECD-UfM progress report on regional integration.

IEMed President Senén Florensa welcomed the participants and reflected on the continuity and success of this forum. Since 2014, the conference has taken place in multiple cities, from Rabat and Tunis to Madrid, Istanbul, Split, and now Cairo, evolving into a unique platform for Mediterranean financial dialogue. He celebrated the strong engagement of central banks from both North and South, whose participation enriches the dialogue.

Senén Florensa underlined that **the Mediterranean faces mounting pressures: ongoing wars, global trade tensions, debt distress, and climate-related risks**. In this context, **the region needs strong central banks as anchors of stability**.

He noted that artificial intelligence represents both a challenge and an opportunity for the financial sector. Central banks must act as both innovators and guardians, ensuring that technology enhances inclusion and efficiency without undermining stability.

Turning to climate finance, Senén Florensa recalled that climate change in the Mediterranean is no longer a distant threat but a current reality. Central banks must integrate climate risk into their stability mandates and help channel capital flows toward green transition priorities.

Finally, he emphasized that financial inclusion and integration remain long-term priorities that are essential for equitable growth and resilience.

SESSION I – Artificial intelligence, central banks and the financial sector

The first session of the conference addressed the rapidly expanding role of artificial intelligence (AI) in central banking and the financial system. Moderated by **José Luis Escrivá**, Governor of Banco de España, the discussion brought together **Edward Scicluna**, Governor of the Central Bank of Malta, **Michael Faulend**, Vice-Governor of the Croatian National Bank, and **Mehmet Zahit Ateş**, Executive Director of Information Technologies Department at the Central Bank of Türkiye, to exchange perspectives on how AI can reshape central bank operations, regulatory frameworks, and financial-sector practices.

Introducing the session, Governor Escrivá described AI as a general-purpose technological innovation whose diffusion across the economy is already producing deep structural change. He traced the development of AI to a long series of interconnected technological advances (supercomputing, data storage, cloud infrastructure, and digital connectivity) accumulated over the past 25 years. Together, these innovations have transformed how information is processed, creating exponential gains in analytical capacity. The governor underlined that while **AI holds enormous promise for improving efficiency and predictive power in monetary policy, supervision, and payments, it also presents substantial risks.** The opacity and limited explainability of large language and deep-learning models raise concerns about accountability and governance. For central banks, **the challenge lies in moving from small-scale experiments and proof-of-concept projects toward systematic, institution-wide adoption supported by clear ethical and operational frameworks.**

In their interventions, the panellists explored how central banks at different stages of technological maturity are approaching this transformation. Governor Scicluna emphasised that while AI adoption is still in its early stages globally, even among advanced economies, smaller central banks cannot afford to delay action. He recommended that each institution establish a dedicated AI and advanced-analytics unit reporting directly to senior management to coordinate experimentation, develop in-house expertise, and facilitate external collaboration.

For larger central banks, embedding AI specialists within individual policy or statistics departments may offer greater relevance and integration.

He noted that success depends not only on structure but also on infrastructure and talent. High-frequency and alternative data sources, ranging from port activity to tourism and energy flows, require new data-management protocols, secure storage, and high-performance computing capacity, whether cloud-based or on-premise. Equally important, he argued, is **the need to recruit new profiles such as machine-learning and natural-language-processing engineers, while also training economists and analysts to communicate AI-based insights clearly to non-technical audiences.** These capabilities, he said, will allow central banks to move from fragmented pilot projects to practical, data-driven applications that enhance decision-making and productivity.

Vice-Governor Faulend shared a similar perspective, describing **European central banks as being in a learning-by-doing phase.** Most institutions, he explained, are **still developing strategies for AI adoption and ethics frameworks,** with fewer than two-thirds of Eurosystem central banks having deployed internal AI tools and fewer than one-fifth of their employees having direct access to them. In this early stage, he highlighted the importance of creating centralised models for coordination, particularly when financial and human resources are limited. Over



time, these can evolve into hybrid structures combining central governance with decentralised implementation.

Faulend stressed that while technology enables more granular and real-time analysis, it also carries new risks. The detachment of users from the origin of data may lead to **misinterpretation or loss of methodological transparency**. Central banks therefore need to ensure that staff understand the data underlying AI models and remain capable of validating outputs. He underscored the human dimension of innovation: successful adoption depends as much on staff motivation, ethics, and continuous training as on the technology itself.

The representative of the Central Bank of Türkiye, Mehmet Zahit Ateş, discussed how **AI governance can be institutionalised through clear structures and leadership**. Drawing on his bank's experience, he explained that Türkiye has established an AI Governance Committee, an interdisciplinary body responsible for coordinating projects, assessing their relevance, and setting implementation priorities. The central bank has also developed what it calls a "data highway," allowing the collection and analysis of high-frequency data from multiple sources in near real time. This infrastructure supports both innovation and operational efficiency, ensuring that AI applications are aligned with the bank's strategic objectives and ethical standards.

He emphasised that senior leadership and clear governance are crucial to the success of AI strategies. Institutions must present coherent, medium-term projects that attract skilled professionals and demonstrate public value. He noted that many AI specialists are motivated not only by financial incentives but also by the opportunity to contribute to public goods, which central banks are well placed to offer.

In the ensuing exchange, Governor Escrivá highlighted the **Banco de España's decision to establish an AI experimentation centre in Barcelona**, with 25 engineers recruited to develop prototypes and applied research on data analytics, forecasting, and natural-language processing. The strong interest from international candidates, he noted, demonstrates that central banks can be

competitive employers for AI talent when they combine technical ambition with a clear public-interest mission.

Overall, the session revealed that **AI adoption in central banking remains at an early but accelerating stage**. Participants agreed that central banks across the Mediterranean and Europe share common challenges: bridging data and computing constraints, building specialised human capital, ensuring ethical and transparent use of AI, and embedding innovation within institutional structures. While no one expects AI to replace traditional models of economic and monetary analysis, it is increasingly seen as a complementary tool capable of enhancing forecasting precision, supervisory oversight, and policy communication.

As the session concluded, speakers underscored that embracing AI is not merely a technological choice but a strategic necessity. For central banks, the task ahead lies in moving from experimentation to integration; developing coordinated governance frameworks, investing in skills and infrastructure, and fostering a culture of innovation that keeps pace with a rapidly changing digital economy.

Special Intervention by HE Angelina Eichhorst, EU Ambassador to Egypt and the League of Arab States



The EU Ambassador to Egypt, Angelina Eichhorst, delivered a special address before Session II, outlining the European Union's renewed commitment to the Mediterranean.

She announced **the forthcoming [Pact for the Mediterranean](#), to be presented during the 30th anniversary of the Barcelona Process**. This initiative aims to deepen regional integration through co-ownership, co-creation, and shared responsibility, encompassing political, economic, and social dimensions.

Ambassador Eichhorst outlined three main areas of the European Union's engagement in the Mediterranean. The first focuses on people, through investments in education, skills development, youth employment, and mobility opportunities. The second centres on the economy, promoting cooperation in trade, energy, climate adaptation, and digital transformation. The third area concerns security and resilience, aiming to strengthen regional stability, good governance, and effective migration management.

She stressed that the EU is now reinforcing its institutional architecture by creating a **new Directorate-General dedicated exclusively to the Mediterranean** and appointing a **Commissioner for the Middle East, North Africa, and the Gulf**.

Eichhorst reaffirmed the EU's full political and financial commitment to the region, recalling the €5 billion macro-financial assistance package for Egypt, the second largest worldwide after Ukraine, as a tangible sign of solidarity.

She also highlighted **the importance of central bank independence as a foundation for macroeconomic stability and investor confidence**. Commending the Central Bank of Egypt's recent monetary policies, she noted that Egypt has succeeded in reducing inflation and restoring credibility in foreign-exchange markets.

In conclusion, Ambassador Eichhorst underscored that financial diplomacy, credible institutions, and public-private partnerships are the cornerstones of sustainable development in the Mediterranean.

SESSION II – Financing for sustainable development

The second session of the conference focused on financing for sustainable development, a theme that resonated strongly throughout the day's discussions. Moderated by **Hassan Abdalla**, Governor of the CBE, the session gathered **Fethi Zouhair Nouri**, Governor of Central Bank of Tunisia, **Primož Dolenc**, Acting Governor of the Bank of Slovenia, **Abderrahim Bouazza**, Deputy Governor of Bank Al-Magrib, and Marie-Hélène Ferrer, Deputy Director for Economics and International Cooperation at Banque de France, to examine how central banks and financial regulators can accelerate the mobilisation of resources for green and inclusive growth.

The conversation began by acknowledging the profound shift taking place in the global financial landscape, in which **climate change, environmental degradation, and social inequalities have emerged as central policy priorities, recognising the critical role of the financial system in addressing these challenges**. Participants agreed that sustainable finance has become an integral part of central banking and macro-financial policy, requiring not only awareness but operational action. The challenge, they noted, lies in **translating sustainability goals into concrete financing mechanisms** and in **ensuring that these instruments are accessible, affordable, and credible**.

Governor Abdalla opened the session by stating the important role the Central Bank of Egypt plays in supporting the green transition, which is done by introducing sustainable finance regulatory frameworks, encouraging green financing solutions and building the capacity of the banking sector. To finance the green transition, Governor Abdalla cited that we must align capital flows with sustainable investment priorities and manage climate change risks.

Participants from other Mediterranean countries highlighted similar national experiences. The Governor of the Central Bank of Tunisia, Fethi Zouhair Nouri, outlined efforts to strengthen the regulatory framework for sustainable investment and promote renewable energy finance through targeted credit lines.

Tunisia's approach focuses on capacity building within banks to identify and manage climate-related financial risks, a step considered essential for long-term resilience.

Deputy Governor Abderrahim Bouazza discussed the development of national strategies to attract private investment into green sectors, supported by the creation of taxonomies aligned with international standards. Morocco has also launched several initiatives to encourage the issuance of green and sustainability-linked bonds, complementing public financing with private sector participation.

From the European side, Acting Governor Dolenc and Deputy Director Marie-Hélène Ferrer shared experiences in integrating sustainability into monetary operations and financial supervision. They highlighted that the European Central Bank and several European central banks are now implementing climate stress tests, integrating environmental risk into collateral frameworks, and supporting disclosure standards. This experience, they noted, can offer a roadmap for Mediterranean partners seeking to develop their own sustainable-finance ecosystems.

The OECD contributed insights from its recent analytical work, stressing the importance of regulatory convergence and credible taxonomies for attracting international capital. It noted that investors increasingly seek harmonized frameworks that ensure transparency and comparability. Without these, developing economies may face higher risk premiums and limited access to green finance.

A recurring theme throughout the session was **the importance of blended finance to de-risk projects and attract private investments**. By combining concessional public funds, development-bank guarantees, and private capital, countries can mobilize large-scale financing for green infrastructure while maintaining fiscal discipline. Participants provided several successful examples, including renewable-energy partnerships in Egypt and Morocco, and green public-transport projects in Tunisia, which demonstrate how multilateral and bilateral financing can crowd in private participation.

Speakers also emphasized that **sustainability must not be limited to environmental objectives but should incorporate social dimensions**, particularly inclusion, employment, and gender equality. They called for a broader definition of sustainable finance that encompasses the “triple bottom line”: economic viability, social equity, and environmental stewardship.

Throughout the session, there was a **strong consensus that central banks can play a catalytic role in shaping the green transition**. By setting incentives, providing data, and guiding financial institutions through regulation and supervision, they can ensure that capital is channelled toward sustainable activities without compromising financial stability. Several governors argued that **sustainability-related risks are financial risks, and therefore directly relevant to central banks’ mandates**.

Participants also underlined that **the success of sustainable finance depends on credible measurement tools and data transparency**. Many banks in the region face challenges in collecting and reporting data related to sustainability, especially from small and medium enterprises. **Developing standardized**



reporting frameworks and regional data platforms could therefore enhance both supervision and investor confidence.

The session concluded that financing for sustainable development must evolve from a niche concept to a mainstream component of economic governance. The Mediterranean, as a climate-vulnerable yet opportunity-rich region, stands at a critical juncture. Mobilizing sustainable finance at scale will require a combination of policy innovation, regulatory coordination, and public–private partnership. The experience shared by participating countries reflected a shared determination to move from dialogue to implementation, and to make sustainability a vital pillar of Mediterranean financial cooperation.

SESSION III – Financial inclusion for all

The third session of the conference explored one of the region's most enduring priorities: ensuring that economic growth and technological transformation translate into genuine opportunities for all segments of society. Chaired by **Roger Albinyana**, Managing Director of the IEMed, the session featured a keynote address by **Maya Morsy**, Minister of Social Solidarity of the Arab Republic of Egypt, and brought together **Antonio Gomes**, Deputy Director for Financial and Enterprise Affairs at the OECD, **Mohammed El Idrissi**, Head of the Sectoral Financing and Financial Inclusion Division at the Ministry of Economy and Finance of Morocco, **Rym Ayadi**, Founder and President of the Euro-Mediterranean Economists Association (EMEA), and **Essma Ben Hamida**, Co-founder of the Tunisian based microfinance institution Enda Tamwil.

In his introduction, Roger Albinyana recalled that financial inclusion has been a recurrent focus in the Mediterranean Central Banks Conferences since their inception, reflecting both the scale of the challenge and the determination of regional institutions to address it. He noted that, while financial systems across the Mediterranean have expanded considerably in recent years, access to finance remains uneven, and the benefits of digitalization have not yet reached everyone.

targeted efforts to improve literacy, protect consumers, and ensure equitable access to digital infrastructure.

Participants pointed to several promising examples from across the region. In Egypt, the Tahwisha digital savings and lending platform has proven particularly effective in empowering women in rural communities, who are benefitting from financial literacy modules and access to credit. Similar experiences were cited in other Mediterranean countries, where partnerships between central banks, financial institutions, and women's organizations are helping to reduce gender disparities in financial access and entrepreneurship.



Discussions also emphasized that **financial inclusion is not only a social goal but a macroeconomic necessity**. Expanding access to finance fosters entrepreneurship, strengthens social cohesion, and deepens domestic markets, thereby reinforcing both growth and stability. The link between inclusion and financial stability was stressed repeatedly: when citizens and small businesses are better integrated into the financial system, trust increases, savings expand, and economies become more resilient to shocks.

Participants agreed that **central banks have a crucial role to play as coordinators and catalysts of inclusion**. Their responsibilities extend beyond regulation to promoting innovation, financial education, and partnerships with the private sector and civil society. In this regard, the experience of national financial inclusion strategies, such as those adopted in Morocco, Tunisia, and Egypt, illustrates how coordination across institutions can yield measurable progress. At the same time, challenges remain in closing gender and regional gaps, improving data collection, and addressing persistent financial illiteracy.

In his concluding remarks, Roger Albiniana underlined that **financial inclusion should no longer be treated as a secondary or social policy objective, but rather as a core dimension of monetary and financial policy**. He observed that the Mediterranean has made tangible advances but still faces a considerable distance to travel before inclusion becomes universal. Sustained progress will depend on continued cooperation among central banks, governments, and international partners, as well as on maintaining the momentum for innovation and reform.

The discussion demonstrated a growing consensus that the region's approach to inclusion is evolving, from focusing merely on access to ensuring empowerment and effective use. The initiatives presented showed that inclusive finance, when



integrated with broader social and digital policies, can act as a cornerstone of sustainable and equitable development across the Mediterranean.

Session IV – Financial integration

The final session of the conference was dedicated to financial integration, a theme that has become increasingly relevant in light of the region's efforts to foster shared prosperity and stability. The session was moderated by **Luiz de Mello**, Director of the Country Studies Branch at the OECD, and was opened with a keynote speech by **Hala Elsaid**, Economic Advisor to the President of the Arab Republic of Egypt and Former Minister of Planning and Economic Development. The panel featured **Carlos Conde**, Head of Middle East and Africa Division of the Global Relations and Cooperation Directorate at the OECD, **Ahmed Kamaly**, Macro Economist at the American University in Cairo and former Deputy Minister at the Ministry of Planning & Economic Development of Egypt, and **Cumhur Coşkun Küçüközmen**, Professor of International Trade & Sustainable Finance at the Izmir University of Economics. Together, they examined the current state and future prospects of financial linkages across the Mediterranean, highlighting both national experiences and regional policy priorities to advance integration.

The discussion opened with an overview of Egypt's experience, which was presented as a compelling case study in how coherent reforms can create the conditions for greater integration. Over the past decade, Egypt has undergone a wide-ranging programme of economic stabilization and financial reform, built around exchange-rate flexibility, disinflation efforts, fiscal consolidation, and a redefined role for the state. These measures, participants noted, have not only restored macroeconomic balance but have also laid the groundwork for a more dynamic and internationally connected financial system.

Speakers emphasized that integration is not merely a technical or institutional process but also an outcome of coherent economic policy. Egypt's trajectory illustrates this well: over recent years, financial inclusion has expanded dramatically, with more than 54 million Egyptians now holding

transactional accounts out of a total eligible population of about 70 million. This expansion was made possible by regulatory modernization, enhanced digital infrastructure, and improvements in financial literacy, demonstrating how the combination of inclusion and digital transformation can underpin integration.



Participants underlined that such progress reflects three broader lessons that can resonate across the region. First, **inclusion at scale must be accompanied by effective regulation**, ensuring that growth in access is matched by safeguards for consumers and institutions. Second, **private-sector participation is essential**. In Egypt, a clearer delineation between the state's role as regulator and market participant has helped open space for private investment and innovation, creating a more competitive financial environment. Third, **alignment between monetary, fiscal, and structural policies enhances credibility and encourages investor confidence**. Integration, participants agreed, cannot occur in isolation; it depends on consistent policy signals that reduce risk and promote long-term engagement.

Beyond Egypt's national case, the discussion turned to the regional perspective, guided by findings from the 2025 OECD–UfM progress report on regional integration. The report revealed that, **despite progress in trade and infrastructure, the Mediterranean remains one of the least financially integrated regions in the world**. While EU economies on the northern shore

maintain advanced financial systems with deep capital markets, those in the southern and eastern Mediterranean continue to face fragmentation, limited diversification, and restricted cross-border flows.

According to the report, FDI in the MENA region accounts for an average of 2.4 percent of GDP, compared to more than 6 percent in the Western Balkans, a gap that illustrates how integration can directly translate into higher capital inflows. Moreover, domestic credit to the private sector remains relatively low, at around 30 percent of GDP in many southern Mediterranean economies, compared with figures exceeding 90 percent in several European peers. These disparities highlight the need for structural reforms to deepen financial markets, strengthen investor protection, and diversify financing sources beyond traditional banking.

Participants noted that **bank-based financing remains predominant in most Mediterranean countries, limiting access for small and medium-sized enterprises and innovative firms that require alternative instruments.** Developing capital markets, venture funds, and green-finance mechanisms could therefore play a critical role in enabling regional investors to diversify and in attracting international partners.

A key issue raised during the debate was the **fragmentation of regulatory frameworks.** Participants agreed that differences in banking supervision, capital controls, and financial legislation hinder cross-border operations and create uncertainty for investors. There was broad **support for advancing regulatory convergence, at least in selected areas such as digital finance, payments, and sustainable-finance standards.** Establishing common principles, mutual recognition frameworks, and shared data standards could facilitate the cross-border expansion of financial institutions and reduce the costs of doing business across jurisdictions.

Speakers also stressed the importance of **digital transformation as both a driver and an enabler of financial integration.** Egypt's Vision 2030 was cited as an example of how digitalization can improve access to finance. The nationwide 5G

rollout, the licensing of the country's first fully digital bank, and the creation of fintech regulatory sandboxes and innovation funds illustrate how technology can serve as an entry point for integration. These developments support faster cross-border payments, enhance transparency, and promote the participation of small firms in regional and global value chains.

Participants emphasized that **digital integration must be complemented by physical and sustainable infrastructure**. Investments in transport corridors, ports, and logistics networks were described as equally crucial to reducing trade friction and facilitating capital flows. Egypt's programme to develop new highways, dry ports, and smart logistics zones was presented as a model of how connectivity in the real economy reinforces financial connectivity.

The discussion also highlighted the social and governance dimensions of integration. Integration, participants argued, is not solely about removing barriers but about **building trust and shared confidence**. Transparent institutions, the rule of law, and effective regulatory enforcement are indispensable to attract long-term investment. As one participant put it, "confidence is the first currency of integration." This trust must be nurtured through **clarity in policy direction, predictability in regulation, and collaboration between national and regional institutions**.

To move from dialogue to implementation, the session identified several areas for concrete action. One proposal was to establish a Mediterranean Financial Integration Observatory, a common institution to monitor progress, harmonize data, and provide policy guidance. Another idea was to develop a regional framework for digital-finance standards, encompassing instant payments, digital identity, data protection, and consumer safeguards. Such a framework would allow innovations tested in one country to scale regionally with legal certainty and technical interoperability.

Participants also discussed the potential for a blended cross-border connectivity facility, combining guarantees, equity instruments, and outcome-based contracts

to de-risk large infrastructure and energy projects. By pooling public, private, and multilateral resources, such a mechanism could accelerate investments in digital and green corridors linking both shores of the Mediterranean.

The OECD-UfM report further underscored the importance of improving data availability and comparability. Many countries in the region still lack harmonized indicators to measure capital flows, financial depth, and cross-border linkages. **Developing standardized methodologies and promoting data transparency would make it easier to assess progress and identify policy priorities.**

The session concluded with **a strong call for renewed multilateralism.** Participants recognized that financial integration cannot be achieved through isolated reforms or bilateral agreements alone. It requires continuous dialogue, policy coordination, and shared commitment among all Mediterranean partners. Platforms such as the Annual Conference of Governors of Mediterranean Central Banks were acknowledged as essential vehicles for advancing this agenda.

Ultimately, the discussions reaffirmed that **financial integration is both an economic and institutional process**, one that depends as much on shared governance and trust as on capital flows and technology. The Mediterranean's



diversity, rather than being an obstacle, can serve as a source of complementarity and dynamism if underpinned by a coherent framework of cooperation. Participants agreed that the region's financial future lies in deepening connectivity across borders, aligning regulatory standards, and fostering an integrated market that promotes growth, resilience, and inclusion for all.

Conclusion

The 9th Annual Conference of Governors of Mediterranean Central Banks, titled “Harnessing Innovation and Integration for Sustainable and Inclusive Development in the Mediterranean Region”, held in Cairo, Egypt, provided an essential platform for governors and representatives of central banks from across the region to engage in high-level dialogue on the economic and financial transformations shaping the Mediterranean.

Throughout the conference, participants reaffirmed **the importance of maintaining cooperation and credibility in an increasingly complex global environment marked by geopolitical tensions, supply-chain disruptions, and accelerating technological change**. The discussions underlined that central banks must continue to balance their traditional responsibilities of ensuring monetary and financial stability with new and emerging priorities related to digital innovation, sustainability, and inclusion.

The opening session set the tone for this collective reflection, emphasising **the enduring value of multilateralism and the need to reinforce the channels of coordination among Mediterranean central banks**. Participants highlighted that effective policy responses in the current context depend on robust institutions, clear communication, and shared data frameworks that enhance transparency and trust.

The session on AI underscored the transformative impact of digital technologies on central banking and the wider financial sector. Governors and senior officials highlighted that AI has become a general-purpose technology capable of

enhancing forecasting, supervision, and data analysis, while also introducing new challenges related to transparency, governance, and ethics. Participants shared institutional experiences in establishing AI units, developing data infrastructures, and creating governance frameworks to manage innovation responsibly. The discussion concluded that central banks must move from experimentation to integration, ensuring that technological progress serves both institutional efficiency and the public good.



A central theme of the conference was the growing role of sustainable finance in supporting the region's transition towards greener and more resilient economies. The session on financing for sustainable development demonstrated that climate-related risks are increasingly recognised as financial risks, requiring their integration into monetary policy and supervision frameworks. Participants showcased national experiences in issuing green bonds, developing sustainable-finance taxonomies, and leveraging blended-finance instruments to mobilise investment for renewable energy and infrastructure. The discussions reaffirmed that the Mediterranean, as both a climate-vulnerable and opportunity-rich region, stands at the forefront of the global green transition.

Equally prominent was the session on financial inclusion, which underscored the importance of expanding access to finance for women, youth, and micro-entrepreneurs as a foundation for inclusive and equitable growth. Participants presented policy frameworks that link financial inclusion with social protection and empowerment. The dialogue revealed that digital innovation, when combined with financial education and consumer protection, can significantly reduce long-standing inclusion gaps across the region.

The final session on financial integration examined the state of regional connectivity and the structural barriers that continue to limit cross-border capital flows. Participants discussed the findings of the 2025 OECD–UfM progress report on regional integration, which identified regulatory fragmentation and limited diversification of financing sources as key constraints. The session highlighted promising national experiences, where digital transformation and policy coordination are helping to align national systems and encourage private-sector investment. Calls were made to enhance regulatory convergence, harmonise data standards, and strengthen cooperation mechanisms such as a prospective Mediterranean Financial Integration Observatory to track progress and guide reforms.

In conclusion, the 9th Annual Conference of Governors of Mediterranean Central Banks demonstrated **the continued relevance and vitality of the Mediterranean Central Banks dialogue as a unique forum for shared reflection and joint action**. Across all sessions, governors and policymakers agreed that innovation and integration are mutually reinforcing drivers of resilience and prosperity. The deliberations reaffirmed that central banks, by fostering trust, transparency, and cooperation, play a pivotal role in advancing sustainable development and financial stability throughout the region.

The event closed with a **renewed commitment to deepen collaboration among Mediterranean central banks and partner institutions**, recognising that the path toward a more sustainable, inclusive, and integrated region will require both technical innovation and sustained political will. Building on the decade-long

tradition of this dialogue, participants agreed to meet again next year for the 10th edition of the Annual Conference of Governors of Mediterranean Central Banks to be held in Roda de Berà, Spain, to continue advancing a shared vision of stability, innovation, and cooperation across the Mediterranean.

