

Information Note¹

Event: Special Session devoted to Resolution 1540 (2004) during the International Arab Banking Summit 2013

Organizers: Union of Arab Banks and the UN Office for Disarmament Affairs (UNODA),
Date and Venue: 28 June 2013, Vienna, Austria

Participants: *Private sector and national finance institutions:* Abu Dhabi Islamic Bank (UAE); Al Ansari Group (Bahrain), Arab African International Bank (Egypt) ; Al Baraka Bank (Egypt); Al Baraka Bank (Sudan); Al Baraka Banking Group (Bahrain) ; Al Jazeera Sudanese Jordanian Bank (Sudan); Al Nile Bank for Commerce (Sudan); Al Salam Bank (Sudan); Al Shamal Islamic Bank (Sudan); Al Shourouk (Egypt); Alinma Bank (Saudi Arabia); Amman Chamber of Industry (Jordan); Arab International Bank (Egypt); Arab Investment Bank (Egypt); Arab Monetary Fund (UAE); Banca Ubae (Italy); Banque BIA (France); Banque du Caire (Egypt); Banque du Maghreb Arabe pour l'Investissement et le Commerce (Algeria) ; Blue Nils Mashrek Bank (Sudan); Burgan Bank (Kuwait); Byblos Bank (Lebanon); Central Bank of Lebanon; Central Bank of Oman; Central Bank of Qatar; Cihan Bank (Iraq); CMA-CGM (France); Cooperative and Agricultural Credit Bank (Yemen); Credit Libanais (Lebanon); Dabbas International Group (Iraq); Development Bank (Libya); Dijlah and Furat Bank (Iraq); Doha Bank (Qatar); Economy Bank for Investment and Finance (Iraq); Egyptian Arab Land Bank (Egypt); Emirates NDB (UAE); Faisal Islamic Bank (Sudan); Fransabank (Lebanon); General Union of Chambers of Commerce (Lebanon); Global Resources Europe Limited (UK); Housing and Development Bank (Egypt); Islamic National Bank (Iraq); Jordan Ahli Bank (Jordan); Jordan Commercial Bank (Jordan); Jordan Islamic Bank (Jordan); Jumhouria Bank (Libya); Kuwait International Bank (Kuwait); Libyan Foreign Bank (Libya); Mastercard Worldwide (US); Misr Bank (Egypt), Commercial International Bank (Egypt); Mosul Bank for Development and Investment (Iraq); National Bank of Egypt; National Bank of Iraq; National Commercial Bank (Libya); National Commercial Bank (Saudi Arabia); National Islamic Bank (Iraq); National Pensions Fund (Sudan); National Societe Generale Bank (Egypt); Oman Housing Bank (Oman); Qatar National Bank (Qatar); Real Estate and Saving Bank (Libya); Sahara Bank (Libya); Sudanese French Bank (Sudan); Tadamon Islamic Bank (Sudan); Trade Bank of Iraq (Iraq); United Bank (Egypt); United Bank for Investment (Iraq); United Securities (Oman); World Finance (UK); Zaatari Citro Fruit Company (Lebanon);

International organisations and multilateral finance institution : Council of Arab Economic Unity, International Monetary Fund, MENAFATF, OPEC Fund for International Development, Organisation for Security Co-operation in Europe, 1540 Committee group of experts

Civil society and industry associations: Association of Banks (Jordan), Association of Banks in Jordan (Jordan), Association Professionnelle des Banques et des Etablissements Financiers (Algeria), Child and Youth Finance

¹ For information –not an official report. The views expressed here do not necessarily represent those of the 1540 Committee or of the organizers or participants in the event.

International (Netherlands), European Banking Federation, Federation of Egyptian Banks, Stimson Center, Sudan Banks Association (Sudan), Union of Arab Banks, World Union of Arab Bankers

Media : Al-Ahram Newspaper; Bank Med; Business Life ; Bloomberg News; Al Diyar Newspaper; Executive Magazine, El-Murakeb El-Inmai Magazine; Thomson Reuters;

States: Austria, Italy (MFA), Jordan (MFA), Lebanon (Ministry of Foreign Affairs; Ministry of Information)

1. **Objectives**

- Deliver a presentation to raise awareness of resolution 1540 (2004) among the participants, highlighting the obligations placed upon States, and other relevant aspects such as working with and informing the industry and the private sector, including to prevent proliferation financing.
- Gather contextual information on directions taken by the financial sector in the framework of the guidance decided by States, including in the context of the Financial Action Task Force

2. **Background**

- Resolution 1540 (2004) calls upon States to develop appropriate ways to work with and inform the industry (operative paragraph 8 (d)), which implies the banking industry, bearing in mind the respective roles and responsibilities.
- The Union of Arab Banks was established to foster cooperation between Arab banks; develop Arab financial business; and enhance the financing role of Arab banks in the Arab region (www.uabonline.org).
- Initial engagement of the Union of Arab Banks on 1540-related matters occurred at the 2012 *Conference of International, Regional and Sub-regional Industry Associations on resolution 1540* held on 23-25 April 2012 in Wiesbaden, Germany, organized by the UN Office for Disarmament Affairs in cooperation with the Government of Germany. Subsequently, at the 2012 International Arab Banking Summit, referenced in the 2012 Annual Review (S/2012/963), the Union of Arab Banks added resolution 1540 (2004) at the agenda, and UNODA delivered a keynote address.

3. **Highlights**

Opening

The special session was chaired by the Head of the UNODA Vienna Office, **Mr. Franz Kolar**.

The session was introduced with a video-message by the High Representative for Disarmament Affairs, **Ms. Angela Kane** conveying a message from the UN Secretary-General. The **UN Secretary-General** stated that resolution 1540 (2004) established an effective roadmap of actions to prevent non-State actors from acquiring and using nuclear, chemical and biological weapons. He noted that Governments all over the world are working hard and in harmony to implement its requirements. Noting that in today's interconnected world, the interbanking system is the backbone of our global economy, the UN Secretary-General expressed the concern that criminals, terrorists and WMD proliferators will attempt to misuse the banking system in order to finance their illicit activities. The banking sector therefore finds itself at the forefront of the fight to prevent WMD proliferation (text available at <http://www.un.org/disarmament/update/20130708/>).

The Secretary General of the Union of Arab Banks (UAB) called for an active involvement of banks in support of resolution 1540 (2004), and highlighted the role that the civil society and industry can play in this regard, and in particular the UAB. **Mr. Wissam Hassan Fattouh** called for a more active role of the 1540 Committee to engage the banking sector, underscoring the growing importance of public-private partnerships. He suggested that a questionnaire could be sent by UAB to the Arab banks to collect information on measures they take in areas covered by resolution 1540 (2004).

The representative of the 1540 Committee delivered a message on behalf of the 1540 Committee Chairman (available at <http://www.un.org/en/sc/1540/transparency-and-outreach/outreach-events/pdf/statementjune2013vienna.pdf>). **Mr. Khalil Hashmi** underscored that preventing the financing of proliferation-related activities requires active efforts from States, in partnership as appropriate with the relevant private sector entities. He noted that the 1540 Committee is aware of efforts and initiatives by States to actively engage the financing sector, and recommends that such efforts are intensified. Mr. Hashmi conveyed that the Committee noted with appreciation the adoption of revised standards by FATF, and in particular its important Recommendation 2 that addresses the matter of proliferation financing, recommending that “countries should ensure that policy-makers, the financial intelligence units, law enforcement authorities, supervisors and other relevant competent authorities, at the policy-making and operational levels, have effective mechanisms in place which enable them to cooperate, and, where appropriate, coordinate domestically with each other concerning the development and implementation of policies and activities to combat money laundering terrorist financing and the financing of proliferation of weapons of mass destruction”.

The representative of UNODA stressed that UNODA considers its support to the 1540 Committee to be an integral and important part of its overall activities and that currently, UNODA focuses on three key areas: facilitating national implementation efforts of Member States including through enhanced regional approaches to the 1540 implementation; bringing together relevant intergovernmental organizations in order to build synergies of their efforts in support of their respective Member States in implementing the key requirements of resolution 1540 (2004); and the creation of productive and innovative partnerships with civil society, which increasingly contributes to disarmament and non-proliferation efforts of the United Nations. He reiterated that UNODA was committed to building productive and effective cooperation and partnerships with Governments, international organizations, civil society, industry, scientific, other expert and professional communities in support of the non-proliferation objectives of resolution 1540 (2004).

Session on the role of the banking and financial sector in the context of resolution 1540 (2004) and resolution 1977 (2011)

The **1540 Committee expert** delivered a presentation on resolution 1540 (2004), presenting the key obligations for States and the role of the 1540 Committee. The expert emphasized the importance of international cooperation, noting the role played by the Financial Action Task Force in particular. The expert gave an overview of the implementation of resolution 1540 (2004) in the League of Arab States region. The expert recalled that resolution 1540 (2004) creates obligations for States. He underscored though that the banking sector can provide its unique expertise and understanding of the financial mechanisms to help States shape the most appropriate legal and regulatory frameworks to fully implement resolution 1540 (2004). The banking sector can assist States in their efforts, in particular in their task “to work with and inform the industry”, by being responsive and proactive partners in the public-private dialogue and cooperation. Banking associations such as the UAB can be useful channels to convey the right messages in a coordinated way. Communication should be in both directions: from States to the banking industry, and from the banking industry to States. The expert acknowledged the importance of corporate social responsibility, public relations and reputation management for the banking sector, and invited to think on how resolution 1540 objectives could fit into this broader framework.

A representative of **Middle East and North African Financial Action Task Force (MENAFATF)** described the role of MENAFATF in support of States implementing guidance developed in the context of the FATF. The speaker presented FATF activities aimed at tackling the challenge of proliferation financing.

Dr Brian Finlay, researcher at Stimson Centre delivered a presentation highlighting positive aspects of the ongoing globalization of the economy, as well as new challenges and risks, and possible convergence between money laundering, piracy activities, corruption, trafficking in narcotics, and WMD proliferation. In this context, States and societies need to develop their capacity to become resilient, and new market opportunities appear; over the next 25 years, the equivalent of \$60 Trillion will be spent in security infrastructures. To some extent, non-proliferation can be “monetized”.

A lawyer specialized in international law presented resolutions 1540 (2004) and 1977 (2011) in the context of regional and international efforts to combat terrorism. **Dr. Antoine Sfeir** (Lebanon) emphasized the importance of combating proliferation financing, and highlighted the consistency of such efforts with the principles of Islam. The speaker mentioned efforts by Arab States to combat terrorism, underscoring the establishment of the UN Counter-Terrorism Center in Saudi Arabia.

A representative of the Italian Ministry of Foreign Affairs underscored the importance of the banks in support of non-proliferation and disarmament activities in general. Microcredit and support to small and medium companies are helpful to develop activities and offer new perspectives.

An interactive discussion followed.

Message of appreciation

A message of appreciation was delivered by the Union of Arab Banks to the High Representative for Disarmament Affairs, for the role played by UNODA in organizing the session dedicated to resolution 1540 (2004).

4. Additional comments

More information on the 2013 International Arab Banking Summit is available at www.uabonline.org

For further information, please contact the 1540 Committee’s Group of experts by e-mail at 1540experts@un.org.