

Comparing regulation of bank provision for two countries

[Finance](#), [Banks](#)



Comparison of the Provisions for the Regulation of Banks- UAE and Iraq Table
of Contents Regulation Provisions of the Banks Comparison- UAE and Iraq3
Works Cited6

Regulation Provisions of the Banks Comparison- UAE and Iraq

The Iraqi banking system is founded on the key role of the Iraqi Central Bank in fostering a regime of stable prices in the domestic market, and the development of a financial system that is robust as well as competitive. The law establishing the Iraqi Central Bank was passed in 2004. The year prior, Iraq's Banking Law was passed, the essence of which is the adherence of the country's banking system to sound international tenets and standards in banking. It is the role of the Iraqi Central Bank to accept and to evaluate for approval or disapproval the applications of private parties for banking licenses, as stipulated in law. Part of the functions of the Central Bank of Iraq, as can be gleaned from the above, is the regulation of the banking system to make sure that players abide by the rules and the law. It also serves to shape the policy relating to the money supply, as well as occupies the role of the lender that banks and other entities can turn to when there are no other venues to source loans (Central Bank of Iraq; Munro 4). The way that the Iraqi Central Bank has vast power over the money supply is evidenced in recent news, for instance, relating to the bank imposing rules to regulate the way banks and other entities in Iraq are able to purchase US dollars (Albawaba Business).

In similar fashion, the Central Bank of the UAE is likewise founded on the basis of a founding law, passed this time around in 1960, and its powers mirror the powers that are bestowed on the Iraqi Central Bank. The founding

laws are said to be based on the principle that the UAE Central Bank ought to be autonomous and self-functioning, and on the principle of the importance of sound monetary policy crafted outside of the usual pressures associated with temporal politics. The independence of the Central Bank is an aspect of its independence to set monetary policy for the whole of the UAE. Moreover, as in the case of the Iraqi Central Bank, the intention of the law and of attempts to modify the founding laws of the UAE Central Bank, is to make sure that it operates along the lines of international law and international banking standards, as can be gleaned from the Basel Committee formulations. As with the Iraqi Central Bank too, the UAE Central Bank has vast powers to regulate the members of the banking system, to impose the rules, and to make sure that players adhere to those rules. On the other hand, while the Iraqi Central Bank's more recent moves involve the restricting of foreign currency trades, especially with the US dollar, the current concerns of regulations tied to the UAE Central Bank are those tied to better management of lending by the bank and by other members of the system, to make sure that the forces for conservatism are well-represented in the crafting of bank rules tied to lending. Among the restrictions are the limits the Central Bank of the UAEs imposed on how much money banks are able to lend to other parties (Hunter). Some notable recent news reflecting the supervisory and oversight functions of the UAE Central Bank include those that narrate the way the UAE Central Bank cites existing law to control the issuance of checks. This is said to be an aspect of the UAE Central Bank's mandate to better manage how banking system players manage the risks associated with lending (Hilotin; Central Bank of Iraq; Munro 4; Albawaba

Business). There are aspects of the regulatory powers of the UAE Central Bank that deal with the monitoring of bank fees, as an aspect of its focus on lending practices by industry players (Hadeef & Partners).

The short of it is that both central banks operate on the principles of alignment with international law, as well as an inner consistency in the way their existence are based on founding laws. Both have legal mandates and vast powers to police the system and to craft monetary policies. The two diverge in terms of individual regulatory emphasis. The Iraqi Central Bank currently focuses on foreign exchange transactions, while the UAE Central Bank leans towards a greater focus on lending practices (Hilotin; Central Bank of Iraq; Munro 4; Albawaba Business).

Works Cited

Albawaba Business. "Central Bank of Iraq tightens rules on buying US dollars". Albawaba. com. 3 April 2012. Web. 30 October 2012. Central Bank of Iraq. "Laws and Regulations". Central Bank of Iraq Website. 2012. Web. 30 October 2012. Hadeef & Partners. "New Banking Regulations for the UAE Retail Banking Sector". Hadeef & Partners. 5 October 2011. Web. 30 October 2012. Hilotin, Jay. "UAE banks violating blank cheque regulations". Gulfnews. com. 28 June 2012. Web. 30 October 2012. Hunter, Gregor Stuart. "UAE Central Bank prepares bank law overhaul". The National. 15 April 2012. Web. 30 October 2012. Munro, David. "Overview of the Iraqi Banking System: the State-Owned Banks". USAID. 21 March 2007. Web. 30 October 2012.