



The SEACEN Centre



BANK INDONESIA
BANK SENTRAL REPUBLIK INDONESIA

SEACEN–BANK INDONESIA JOINT INTERNATIONAL SEMINAR ON CENTRAL BANK FINANCE

“Issues, Challenges and Impact of Dynamic Global Changes”

31 October 2016
Bali, Indonesia

GENERAL INFORMATION

BACKGROUND

The global economy is facing challenges from a slow and uncertain recovery in major economies with knock-on effects on emerging markets in Asia and elsewhere. In addition, unpredictable and volatile capital flows resulting from divergent monetary policies in advanced economies are adding to pressures on emerging economies.

In response to dysfunctional financial markets, slow growth, and low inflation some central banks adopted unconventional monetary policies or quantitative easing (QE) designed to ensure the availability of liquidity in the financial markets, improve monetary transmission mechanism, and ultimately to stimulate aggregate spending. As a result of these policies, their balance sheets expanded significantly. Some central banks also introduced negative policy interest rates.

The increased capital flows to emerging market economies raised challenges to their central banks, both from a monetary policy perspective and from a balance sheet management perspective. From the perspective of monetary policy, continuous capital inflows led to appreciation pressures on the local currency contributing to maintaining low inflation but at the same time threatening external competitiveness. From the perspective of balance sheet management, increased capital inflow provided central banks with an opportunity to increase the level of their foreign exchange reserves, while at the same time increasing their liabilities either in terms of bank reserves or central bank sterilization bills.

In the environment of declining global interest rates, central bank faced additional challenges in terms of their foreign reserves management. In order to preserve the value their reserves, some central banks applied new diversification strategies including utilizing derivative instruments in their foreign reserves management strategies.

The increased size of central banks' foreign currency holdings has exposed their balance sheets and income statements to currency risk. Central banks are exposed to volatility in their profit and loss accounts due to unrealized gains/losses from changes of exchange rates.

Against the background of the increasing size and risk exposure of central banks' balance sheets this seminar will bring together experts to exchange views and share experiences related to the implications for monetary policy and balance sheet management. Questions to be addressed include the effects of the size and variability of the balance sheet on monetary policy effectiveness, the consequence for profit/loss sharing with the government, and challenges to central bank credibility and how to communicate effectively with the public.

Central bank financial statements play an important role in explaining the financial impact of any policies taken by the central bank. In order to increase their credibility, there have been considerable efforts to enhance the transparency of central bank financial statements, including the adoption of internationally recognized accounting standards such as IFRS. As the IFRS by design is intended for commercial entities, many central banks have adopted central bank specific accounting standards such as ECB Accounting Guidelines, or develop their own.

A number of international institutions such as the BIS, IMF, ECB, and World Bank, have published studies on central bank finance, the choice of accounting framework and its impact on financial statements. In the South East Asian region, SEACEN has recently published the outcomes of a research project on central bank financial reporting with the objective to raise central bankers' awareness about the importance of cooperation on central bank finance in the region. The findings of this project will be presented and discussed in the seminar.

TIME AND VENUE

Monday, 31 October 2016

CONRAD BALI

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SEMINAR OVERVIEW

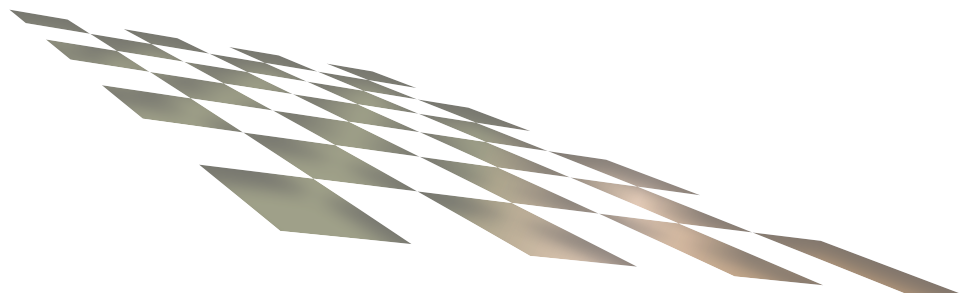
The conference is featuring exposition from central bank accounting experts, latest updates from international accounting standards setting bodies, shared experiences from major Asian and European central banks, and last but not least, the result of SEACEN customized research project.

Drawing on experiences of central banks in all parts of the world, the conference aims to add an extra dimension to global understanding the crucial position and variety of practices of central bank financial reporting framework across the globe.

The conference is aimed at the director level or its equivalent for central banks, research centers, universities, accounting practitioners, and international accounting professional bodies.

The conference is organized by the SEACEN Centre in cooperation with Bank Indonesia.

The conference will be free-of-charge for invited guests, with an audience of 100-150 expected to attend.



PROVISIONAL AGENDA

SUNDAY, 30 OCTOBER 2016

Time	Program
19.00 – 21.00	RECEPTION DINNER HOSTED BY Dr. Perry Warjiyo, Deputy Governor, Bank Indonesia

MONDAY, 31 OCTOBER 2016

Time	Agenda	Resource Speakers
08:00 – 08:30	Registration and Coffee	
08:30 – 08:50	Welcome Remarks	<i>Welcome remarks:</i> Mubarakah , Executive Director, Bank Indonesia Dr. Hans Genberg , Executive Director, The SEACEN Centre
08:50 – 09:15	Keynote Address	<i>Keynote address:</i> 'Central Bank Financial Reporting: Issues and Challenges Towards Dynamic Global Changes' Dr. Hendar , Deputy Governor, Bank Indonesia
09:15 – 09:30	Group Photo (tentative) or Morning Refreshments	
09:30 – 10:30	SESSION ONE: Global Financial Developments: Implications for Central Bank Finance	<i>Session Chairperson:</i> Ahmad Hidayat , Finance Director, Bank Indonesia <i>Address :</i> Global Economic Outlook and Its Impact for Central Bank Policies <i>Speaker:</i> John Nelmes , IMF <i>Discussion:</i> Hoe Ee Khor , AMRO (TBC) David Fernandez , Barclays Bank PLC
10:30 - 11:30	SESSION TWO: SEACEN Research on Central Bank Financial Reporting Framework	<i>Session Chairperson:</i> Kenneth Sullivan <i>Address :</i> 'Fundamental Principles of Central Bank Financial Reporting Framework: A Preliminary Study in SEACEN Economies' M. Agung Hastowo , Bank Indonesia <i>Discussion:</i> Robert Shotter , World Bank Rosita Uli Sinaga , Bank Indonesia Financial Accounting Policies Committee
11:30 – 13:00	Lunch	

Time	Agenda	Resource Speakers
13:00 – 14:40	<p><i>SESSION THREE:</i> Financial Reporting for Central Banks</p>	<p><i>Session Chairperson:</i> Michael Zamorski, The SEACEN Centre</p> <p>Panel discussion:</p> <ul style="list-style-type: none"> ◆ The Challenges for IFRS Implementation by Central Banks ◆ The applicability of IPSAS on Central Bank ◆ The Eurosystem Accounting Framework: A Central Bank-specific Accounting Standards ◆ The Public Sector Specific Financial Instruments <p><i>Panelists:</i> Darrel Scott, International Accounting Standard Board Ian Jupp, Senior Adviser, Reserve Bank of New Zealand Polychronis Karakitsos, European Central Bank Ross Smith, International Public Sector Accounting Standards Board</p>
14:40 – 15:00	Afternoon Refreshments	
15:00 – 16:50	<p><i>SESSION FOUR:</i> Central Bank Capital, Accounting for International Reserves, and the Needs of Governance of Central Bank Finance</p>	<p><i>Session Chairperson:</i> Hans Genberg, The SEACEN Centre</p> <p>Panel discussion:</p> <ul style="list-style-type: none"> ◆ Exchange Rate Appreciation, Central Bank Losses and Communication Challenges ◆ Do central banks need capital? ◆ Applying IFRS 9 to Central Bank Foreign Reserves ◆ Governance of central banks finance <p><i>Panelists:</i> Kenneth Sullivan Robert Shotter, World Bank David Schickner, KPMG</p>
16:50 – 17:00	Closing Remarks	<p><i>Closing remarks:</i> Dr. Hans Genberg, Executive Director, The SEACEN Centre</p>
17:00	End of Seminar	

