

OPENING REMARKS BY
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AT THE OPENING CEREMONY OF THE
SEACEN COURSE ON CRISIS PREPAREDNESS IN
INTERCONNECTED MARKETS
Jakarta, Indonesia, 17 – 22 February 2013

Mr. Ronald Waas
Deputy Governor
Bank Indonesia

Dr. Phang Hooi Eng
Program Director
The Toronto Centre

Course Participants

Ladies and Gentlemen

Good morning and a very warm welcome to the **SEACEN Course on Crisis Preparedness in Interconnected Markets**, hosted by Bank Indonesia, in collaboration with the Toronto Centre and World Bank, in Jakarta.

First of all, I wish to express my deepest appreciation to the Governor of Bank Indonesia, Dr. Darmin Nasution, for hosting this learning programme and for his continuing support to The SEACEN Centre.

I would also like to thank Mr. Ronald Waas, Deputy Governor for officiating this opening ceremony and delivering the opening remarks. My special thanks go to the Human Capital Development Centre and its secretariat team lead by Deputy Director, Mr. Sony Handoko. The team has been working closely with The SEACEN Centre months before this event to ensure that excellent arrangements and warm hospitality are extended to the participants and resource speakers.

Please allow me to take this opportunity to extend my deepest appreciation to The Toronto Centre and the World Bank for sharing the international best practices with The SEACEN Centre by co-organising this learning program, and for putting in tremendous efforts to coordinate with all other collaborators and resource speakers to ensure the success of this Course. We are confident that our participants would

learn much from you throughout this week – lessons that will positively impact their own preparations in the event of a financial crisis.

Ladies and Gentlemen,

In this opening day of this Crisis Preparedness programme, I would like to share with you some of my thoughts on how we should understand two different faces of financial progress. I mean its good and bad consequences in the economy over the long run.

Many of us believed that well-developed financial infrastructures, such as banks, bond markets, stock markets, insurance and financial derivatives, performed better over the long run by achieving a more efficient allocation of resources. If capital goes to the wrong uses or does not flow at all, the economy will operate inefficiently, and ultimately economic growth will be low.

Yet financial progress has not been a smooth one. On the contrary, financial history is a roller-coaster ride of ups and downs, bubbles and busts, manias and panics, shocks and crashes. Even today, global finance remains as vulnerable as ever to crisis, despite the sophistication of our institutions and instruments. Moreover, the cycle of financial ups and downs has always varying magnitudes and durations, driven by varying forces in the economy.

Looking at the recent events, are we, in the SEACEN economies, well prepared to face another financial crisis? What are the issues or matters that need to be taken into consideration in designing a good contingency or crisis preparedness plan? What are the options available for bank resolution? What would be the best way in communicating internally and externally during the crisis? What is the role of macroprudential surveillance in the strategies to tackle the crisis?

With this in mind, I am pleased to inform that this training programme has been designed timely to explore key issues on how we can effectively address the downs, busts, panics, shocks and crashes in our financial system in times of financial crisis. Since central banks are key policy institutions involved in crisis resolution both as lender of last resort and as financial regulator, I believe we can share a lot of valuable experiences and practical knowledge on this important topic during this course. I am also confident that all our course participants will be able to

enrich their perspectives for crisis resolution policies and thereby make even greater contribution to their nation's financial system stability in the future. In addition, we have experts from The Toronto Centre, central banks and deposit insurance authority who will be sharing their knowledge and expertise on what and how we should act when we face financial crisis.

In fact, one of the key features of this Course is the financial crisis simulation exercise. This simulation allows participants to practice dealing with real challenges that arise when managing cross-border banking groups in a potentially systemic financial crisis. Participants will experience how different policies and intricate processes of domestic and international regulatory authorities could complicate the assessment and decision making process. Overall, the course objective will be achieved through a highly engaging learning experience with a dynamic mix of interactive case studies, simulation exercise, discussions, presentations and development of implementable contingency plan.

We trust this learning programme is timely and highly relevant to central bankers in this region. This is evident from the overwhelming response received to our invitation for nomination. It is my pleasure to inform that we have a total of 24 well-qualified and suitable participants representing 13 institutions. I am confident that the next five days will be a highly intensive time of learning. The SEACEN Centre believes that the interactions between participants and speakers would enrich their learning experience. Furthermore, this event also provides a regional platform for sharing of knowledge and experience as well as fostering closer co-operation among central bankers, supervisory agencies and deposit insurance corporations.

Ladies and Gentlemen,

Allow me to say a few words about The SEACEN Centre. As approved by the Board of Governors in February 2011, our vision is "To be the Regional Learning Hub for Central Banks in the Asia-Pacific Region". As a Learning Hub, SEACEN aspires to drive central bank excellence in learning for the region, by being a platform for collaboration for members to synergise efforts in central bank learning among themselves, and across SEACEN's network base. The vision would be achieved through SEACEN's mission in building capacity in central banking and fostering networking and collaboration. With strong commitments from our

stakeholders as seen in this Course, we are confident that our vision will become a reality.

Coming back to the Course, I hope that the participants will find it both fruitful and rewarding. Above all, the interaction among participants and with the resource speakers will provide an opportunity to learn from one another and strengthen the bond of friendship and cooperation. I also hope that you will be able to find the time to enjoy the culture and beauty of Jakarta.

Allow me to conclude by thanking once again Bank Indonesia for hosting this event; organizing committee and the secretariat team from Human Capital Development Centre for the excellent arrangements and warm hospitality; to The Toronto Centre for their continuous support, to all the resource speakers and their respective institutions for the generosity and support; and finally to all our member central banks and associates for nominating suitable participants for this Course. I wish you a productive and rewarding learning experience.

Thank you.