

**OPENING SPEECH OF  
MR. HOOKYU RHU  
EXECUTIVE DIRECTOR, THE SEACEN CENTRE  
ON  
PERPETUATING REGIONAL GROWTH & STABILITY  
FOR  
SEMINARS FOR DIRECTORS OF RESEARCH AND TRAINING  
*Colombo, Sri Lanka, 9 September 2013***

Deputy Governor Dr. P Nandalal Weerasinghe,  
Central Bank of Sri Lanka,

Distinguished Resource Speakers;

Professor Sattar Bawany, Senior Advisor of Corporate Learning Solutions and CEO of the  
Centre of Executive Education,

Dr Feng Zhu, Senior Economist of Bank for International Settlements, and

Dr. Somsak Tambunlertchai, Associate Professor, Faculty of Economics, Thammasat University,  
Thailand.

SEACEN Directors of Research and Training,

Seminar Delegates,

SEACEN Colleagues,

Good morning!

On behalf of The SEACEN Centre, I would like to extend a warm welcome to all of you to the  
35th Meeting of SEACEN Directors of Research and Training with the theme “**Central Bank’s  
Capacity Building in Driving Economic Growth and Stability**”.

Ladies and Gentlemen,

The world has seen the worst financial crisis since the great Depression of the 1930's. After half a decade into the global financial crisis, the world economy continues to be challenged by its inability to hold a sustained recovery. This clearly has important implications for Asia, being export-oriented economies. It is undeniable that development in the advanced economies has transmitted financial contagion across geographical borders and different asset classes to emerging Asia, resulting in potential financial instability. For example, the effect on asset prices in emerging Asia.

As I speak, although it has not even taken off in the developed countries, the potential tapering of the quantitative easing is already starting to generate expectations concerning the lower growth prospect and deepening sell-off of assets in the region. I am not sure whether this expectation is rational or irrational behavior but it certainly has a real effect. We have seen massive capital outflows in the region and the exchange rates in the region have been volatile. While this is seen as a potential threat, I have no doubt central banks in the region can certainly manage these emerging turmoils and eventually ride out of the headwind. For now, most Asian countries, except those with deepening fiscal and current deficits or persistently high inflation, can mobilize monetary and fiscal policies and institute structural reform policies, should a major shock materialize. Naturally, for some countries with large fiscal and current account deficits or high and persistent inflation, there is a critical need to implement fiscal consolidation and accelerate broad-based structural reforms.

Dear Participants,

The bigger question is what is the role of central bank in maximizing regional growth and stability in the long run? As economic integration deepens, central banks need to cooperate to promote regional economic growth and stability. Broad-based regional growth could offer economic benefits and resilience for the common goods. It could also minimize vulnerabilities to external shocks in the long run.

Please allow me to explore a few issues.

Firstly, the implementation of effective micro and macro-prudential policies to deal with large and volatile capital flows needs to be further strengthened across the region at this time of reemerging financial turmoils.

Secondly, the financial safety network established after the Asian financial crisis to safeguard local currencies on both bilateral and multilateral support mechanisms needs to be further bolstered with expanded size and enhanced efficiency.

Thirdly, the need to examine the potential role of China in generating sustainable regional growth and find ways to leverage on the stable and vibrant Chinese economy to promote converging economic growth across the region. Tomorrow's research seminar will discuss some of these very important issues.

Ladies and Gentlemen,

Looking from another angle, just like other high-performing organizations, central banks are also facing challenges in Talent Management, Talent Retention, Talent Development and Succession Planning. The competition for key talent becomes more intense, and numerous scholars predict that talent shortages are going to increase well into the next decade, which will limit the ability of organizations to perform optimally and could even jeopardize their chances of survival, as global competition becomes more intense. These long term shortages are the result of Baby Boomers retiring, slower population growth, increased global competition for talent and the Millennials and Gen Y not getting the education or experience to advance into more responsible and demanding jobs.

With more Millennials and Gen Y entering the banks, they enriched the workforce diversification by having four different generations working together with each having their own distinctive styles, values and belief systems and views of viewing work-related issues. This can breed various multi-generation work environment issues, which, if not properly managed, will lead on to more expensive issues such as staff turnover, staff development, manpower and succession planning.

Dear participants,

Building up the manpower capacity is not the only solution to solve the talent management issues. Central banks need other interventions, such as training and development to enhance the skills, knowledge and performance of staff. These interventions may work in preserving certain portion of talent management issues in the organization. But it is very clear: At the end of the day, what should we do to train, develop and retain talent. The two learning workshops will touch on these very important issues.

Ladies and Gentlemen,

In this regards, I am very grateful to the Central Bank of Sri Lanka and Governor Ajith Nivard Cabraal of Central Bank of Sri Lanka for hosting the 35th Meeting of SEACEN Directors of Research and Training and the back-to back seminars.

I would also like to thank Dr. P Nandalal Weerasinghe, Deputy Governor, Central Bank of Sri Lanka for delivering the Keynote Address on “**Central Bank’s Capacity Building in Driving Economic Growth and Stability.**” I would like to thank the Deputy Governor for delivering another Keynote Address in the research seminar on “**The Role of Central Bank in Maximising Regional Growth and Stability.**”

We are also very fortunate to have a panel of distinguished speakers to lead the discussion in the learning workshops and research seminar. There are by order of appearance:

For the two learning workshops,

1. Professor Sattar Bawany, Senior Advisor of Corporate Learning Solutions and CEO of the Centre of Executive Education

For the research seminar,

2. Dr Feng Zhu ,Senior Economist, Bank for International Settlements,
3. Dr. Somsak Tambunlertchai, Associate Professor, Faculty of Economics, Thammasat University, Thailand

I would also like to thank our panel speakers, namely Dr. Tzong-Yau Lin, Director General, Central Bank, Chinese Taipei, and Mr. JPR Karunaratne, SEACEN Visiting Researcher and Superintendent of Currency, Central Bank of Sri Lanka and three of SEACEN staff

Last but not least, many thanks to the organizing committee from their Central Bank of Sri Lanka for their hard work.

Ladies and Gentlemen,

Finally, allow me to conclude by wishing everyone here a productive and rewarding Seminar. If you require any assistance during your stay here, please do not hesitate to contact anyone of our secretariat members. To all delegates, I also hope that you will be able to find the time to enjoy the city of Colombo.

Thank you.