

## **Joint Press Communiqué: 54th SEACEN Governors' Conference / High-Level Seminar and the 38th Meeting of the SEACEN Board of Governors**

The Central Bank of Sri Lanka hosted the 54th SEACEN Governors' Conference / High-Level Seminar and the 38th Meeting of the SEACEN Board of Governors between 29 November and 2 December 2018 in Colombo, Sri Lanka.

Ten years since the onset of the Great Financial Crisis, the overall theme of the Conference was “Monetary Policy in a Rapidly Evolving Environment.” Governors and Managing Directors as well as delegates from SEACEN member Central Banks and Monetary Authorities participated in the event.<sup>1</sup>

Following the welcome remarks by Mr. Indrajit Coomaraswamy, Governor, Central Bank of Sri Lanka, Mr. Veerathai Santiprabhob, Governor, Bank of Thailand, and Mr. Hans Genberg, Executive Director, The SEACEN Centre, Mr. Mitsuhiro Furusawa, Deputy Managing Director, International Monetary Fund (IMF) delivered the Opening Address. He provided an overview of IMF's view of current economic policies and prospects for Asia, focusing on the need to strengthen macroeconomic building blocks. Overall, Asian economies are well positioned to weather future monetary and financial challenges, although there is a need for continuous vigilance and encouraging structural reforms, prudent fiscal policies, safeguarding the credibility of central banks and ensuring strong financial institutions through a mixture of both micro- and macroprudential policies.

The Conference / High-Level Seminar consisted of three sessions. In the first session, Governors discussed rapid technological changes and their implications on the issuance of currency in the future. The Keynote Speaker, Ms. Cecilia Skingsley, Deputy Governor, Sveriges Riksbank, shared the Swedish experience of substantially declining usage of cash, the rise of alternative electronic means of payments and the prospects of a central bank-issued digital currency (CBDC). Governors discussed the benefits and challenges of CBDC relative to physical cash and its impact on central banks' mandated roles of promoting monetary and financial stability as well as efficient payment and settlement systems.

One of the challenges for monetary policy since the Great Financial Crisis has been an environment of persistently low inflation in many countries around the world, including SEACEN member economies. The second session saw a presentation by Mr. Ayhan Kose, Director, Development Prospects Group of the World Bank, on the stylised facts about inflation and inflation dynamics in emerging and developing economies, with a special focus on the implications for monetary policy frameworks. Governors deliberated on the implications of the changing determinants of inflation, with a much greater influence of international – rather than domestic – drivers. Another topic of discussion was how emerging market central banks should

---

<sup>1</sup> SEACEN comprises the 19-member central banks and monetary authorities of Brunei Darussalam, Cambodia, China, India, Indonesia, Hong Kong SAR, Korea, Lao PDR, Malaysia, Mongolia, Myanmar, Nepal, Papua New Guinea, Philippines, Singapore, Sri Lanka, Chinese Taipei, Thailand and Vietnam, as well as eight Associate Members and eight Observers.

react if the economic recovery under way in advanced economies will lead to heightened global price pressures.

In the third session, Mr. Már Guðmundsson, Governor of the Central Bank of Iceland, shared policy challenges in Iceland as a small open financially integrated economy. Governors discussed the regional experience of conducting monetary policy in a rapidly evolving environment and its lessons in light of broader developments in the world economy, such as geopolitical risks, uneven growth, accumulating financial imbalances, the more politically-charged context in which monetary policy is conducted and capital flow volatility. Governors agreed that complications from political uncertainty and threats to central bank independence have made for a more challenging assessment of threats to both monetary and financial stability. How best to tailor the monetary policy regime to the rapidly evolving internal and external environment remains a key challenge, although participants agreed that there should be more flexibility accorded to capital flow management measures. Governors welcomed the IMF's ongoing assessment of its institutional view of appropriate policy responses to external shocks.

The Board of Governors expressed their appreciation to the outgoing Chairman, Mr. Veerathai Santiprabhob, Governor, Bank of Thailand, and to the Central Bank of Sri Lanka for the excellent arrangements and warm hospitality in hosting this year's SEACEN Governors' Conference / High-Level Seminar and the Meeting of the SEACEN Board of Governors. Governors elected Mr. Indrajit Coomaraswamy, Governor, Central Bank of Sri Lanka as the new Chair of the SEACEN Board of Governors. In addition, Governors approved the 2019 SEACEN financial budget as well as the programme of training courses and other activities for 2019.

Governors accepted with thanks the offer of the Monetary Authority of Singapore to host the 55th SEACEN Governors' Conference /High-Level Seminar and the 39th Meeting of the SEACEN Board of Governors in 2019.