

WELCOME REMARKS BY
MR. HOOKYU RHU
EXECUTIVE DIRECTOR, THE SEACEN CENTRE
AT THE
9TH SEACEN INTERMEDIATE LEADERSHIP COURSE:
LEADING WITH CHARACTER: THE NEW LEADERSHIP PARADIGM IN
CENTRAL BANKING
Seoul, Korea, 10-15 May 2015

Dr. Yuba Raj Khatiwada, former Governor, Nepal Rastra Bank

Mr. Hyeonjin CHA , Director General, Bank of Korea Academy

Dr Luke Novelli, Jr., Chief of Intellectual Capital, Leadership Development Resources Global

Officials from The Bank of Korea

Course Participants

Ladies and Gentlemen

Good Morning.

On behalf of The SEACEN Centre, I would like to extend to all of you a warm welcome to the **9th SEACEN Intermediate Leadership Course, with the theme Leading with Character: The New Leadership Paradigm in Central Banking**, hosted by The Bank of Korea.

First of all, let me extend my deep appreciation to Mr. Hyeonjin CHA, Director General, Bank of Korea Academy for taking time from his busy schedule to officiate this opening ceremony. Next, I would thank Dr. Yuba Raj Khatiwada, former Governor, Nepal Rastra Bank for accepting our invitation and taking time to deliver the Keynote Address on 'Leading with Character: The New Leadership Paradigm in Central Banking' this morning. I am certain that with his vast experience and knowledge as a central bank Governor, we will benefit immensely, as I am certain that it will

be a very insightful presentation. I would also like to express my gratitude to our Course Director, Dr. Luke Novelli, President and Chief of Intellectual Capital, Leadership Development Resources Global for his support in partnering with SEACEN in conducting this Course. In addition to them, we are pleased to have resource persons from the central bank and private sector in the Asia Pacific region to share their wealth of knowledge and experience with us. They are namely, in the order of appearance:

1. Ms. Elvira E. Ditching-Lorico, Managing Director, Human Resource Sub-sector, Concurrent Head, Human Resource Management Department, Bangko Sentral ng Pilipinas
2. Mr. David Ng, General Manager, International SOS

With this group of experienced leaders, I am sure this learning programme will be a fruitful one.

On this opening day of 9th SEACEN Intermediate Leadership Course, I would like to share some of my thoughts on central bank leadership under this continuously changing global economic environment.

If we look back on the evolving roles of central banking in retrospect, early central banks were essentially a clearing house for gold. In other words, central banking system to manage the supply of nation's currency was based on people's credit on gold under the gold standard system. Even under the Bretton Woods system which introduced a new managed currency system in most countries after the Second World War, the ultimate resort of the US dollar value, the most important key currency of the world, had been linked to gold, until Nixon Administration eventually declared the demonetization of gold in 1971.

By contrast, today's global monetary system has virtually no gold backing and depends entirely on people's faith on central banks' overall capacity for managing good monetary policies. This is perhaps the most important and unique factor of modern central banks. Along with the progress of macroeconomic theory, since Keynes in the 1930s, people's wisdom on the role of money has been expanded. As a result of decade-long debates, the role of central banks has steadily evolved from strength to strength, drawing more and more attentions and expectations from people. Modern central banks had been traditionally regarded as an Inflation Fighter, if I speak in a simple

term. However, after the Global Financial Crisis (GFC), central banks are also widely anticipated to act as a Guardian of Financial Stability in addition to an Inflation Fighter.

To meet people's growing expectations under changing global economic environment, central banks now need leadership with new perspectives. Central banks are facing diverse expectations in wide areas, including good performance in conducting monetary policy (or exchange rate policy), safeguarding soundness of financial system, and providing expert advice – perhaps even decisions – on economic development.

First and foremost, people's credit is an essential part of successful modern central banking. Central banks are part of the state sector but they usually need to have a degree of independence from politics that extends to their policy operations. Also central banks are closely linked with market participants, always interacting with the private sector through financial markets. Moreover, in this internet and ICT based new world, the dynamics of central banking policies in the economy and financial markets will change endlessly. These basic characteristics of modern central banks imply that there should be multiple and evolving factors of good leadership required for successful central banks. These will expose a lot of interesting leadership issues in practice, including operational independence and integrity, transparency and accountability, synergy and harmony with the government and financial institutions, and effective communication with the people.

Ladies and Gentlemen,

In order to cope up with all these leadership issues, a leader must possess certain leadership traits or competencies. These leadership competencies provide the foundation that a person needs to become a leader. Without a strong foundation, the leadership will soon crumble and fall as the base gives away. This learning programme is designed based on the SEACEN leadership competencies developed with inputs from all the SEACEN member banks which was introduced to you yesterday. This programme will benefit participants like you who aspire to expand their leadership capacity and effectiveness. It is a pleasure for me to note that we have received encouraging responses from our member and invitee central banks nominating 30 participants from 15 institutions for this learning event.

Ladies and Gentlemen,

Let me say a few words about the SEACEN Research and Training Centre. 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 its network base. The vision would be achieved through SEACEN’s mission in building capacity in central banking and fostering networking and collaboration.

I am pleased to inform that the SEACEN Centre has incorporated Adult Learning principles into the designing and implementation of our learning solutions to enhance their effectiveness. Rather than relying on the traditional one-way delivery by the speakers, the SEACEN Centre has employed key adult learning principles to foster an interactive way of learning between the participants and speakers. Thus, SEACEN courses have been transformed to be learners-centered which requires high involvement of the participants as you will experience in this Seminar.

Ladies and Gentlemen,

Coming back to the programme, participants will find it both fruitful and rewarding to learn from the resource speakers as well as from the other participants. The interaction among participants and with resource speakers will not only provide an opportunity to learn from one another but also to strengthen the bond of friendship and cooperation. As most of the participants in this Course have long and wide experience in central banking, you can add value to the programme by actively participating during the training event.

Let me once again thank all our resource speakers and their respective institutions for their support and all our member and invitee central banks for nominating suitable participants for this programme.

I would like to conclude by quoting what Nelson Mandela said about leadership. **“It is better to lead from behind and to put others in front, especially when you celebrate victory when nice things occur. You take the front line when there is danger. Then people will appreciate your leadership.”** So, this is a time for central bank leaders to take the front line. I wish you a productive learning experience and memorable stay in Seoul.

Thank you.