

OPENING REMARKS BY
Mr. HOOKYU RHU,
EXECUTIVE DIRECTOR, THE SEACEN CENTRE
AT THE SEACEN SEMINAR ON CENTRAL BANK GOVERNANCE:
ISSUES IN CENTRAL BANK FINANCING
(SIGNATURE PROGRAMME)
Bali, Indonesia, 11-13 February 2015

Mr. Hendar, Deputy Governor, Bank Indonesia
Dr. Gavin Bingham, Partner, Systemic Policy Partnership
Distinguished Speakers
Seminar Delegates,
Ladies and Gentlemen

Good Morning.

On behalf of The SEACEN Centre, I would like to extend a warm welcome to all of you to the SEACEN Seminar on Central Bank Governance, with the theme “Issues in Central Bank Financing”.

First of all, let me extend my deepest appreciation to Deputy Governor, Mr. Hendar for his great support in championing this learning initiative and to deliver the keynote address. I would also like to express my gratitude to Dr. Gavin Bingham, our Seminar Director, who has been working with The SEACEN Centre for the past few months in crystallizing the Seminar design. We are indeed privileged to have reputable thought leaders from central banks, international financial institutions and regional learning and research institutions serving as the faculty members for this Seminar.

In addition to Dr. Bingham, we have 5 other resource speakers who have travelled from far and near to share their wealth of knowledge, expertise and experience in this Seminar. They are namely, in the order of appearance: Mr. Paul Moser-Boehm, Bank for International Settlements; Mr. Robin Darbyshire, formerly Bank of England; Mr. Werner Studener, European Central Bank; Mr. Peter Stella, formerly of the International Monetary Fund (IMF) and Mr. Kenneth Sullivan, IMF for sharing your experience in this Seminar.

My special thanks go to the Bank Indonesia and its secretariat team lead by Mr. Yusuf Wicaksono. 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.

With such an impressive combination of speakers, I am certain our participants would learn much from this Seminar which will help them to develop and enhance their knowledge in “Issues in Central Bank Financing”.

Ladies and Gentlemen,

Allow me to share some thoughts on the mentioned theme. 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 was based on people’s credit on gold under the gold standard system. By contrast, today’s global monetary system has virtually no gold backing and depends entirely on people’s faith on central banks’ good governance, particularly on their transparency, accountability and independence from politics.

Central banks need financial resources – adequate framework for funding and a credible balance sheet. Access to such financial resources, depending on who has control, can be an important source of independence, or of influence. Central banks are part of the state sector but they usually have a degree of independence that extends to their finances. These two basic characteristics of modern central banks imply that there should be right balance between independence and accountability in the management of financial resources and central banking operations. These will expose a lot of interesting issues in practice, including central bank financial independence and integrity, central bank accounting conventions, financial relations with the government and financial institutions, etc. Our resource persons in this seminar will share their expertise and experiences with seminar participants to bring about our shared perspectives on how to deal with emerging new issues on central bank financial management in this region moving ahead.

Ladies and Gentlemen,

In view of the above, The SEACEN Centre embarked on curriculum development in the area of central bank governance, one of the strategic initiatives in 2012. One of the deliverables includes learning programme on central bank governance. In pursuing this initiative, The SEACEN Centre worked closely with Dr. Gavin Bingham who serves as the

subject matter expert, working with the SEACEN team in designing this signature learning programme. This programme marked our second effort in conducting full sketched programme on central bank governance to meet the learning needs of our member banks.

This Seminar provides a platform for central bank decision-makers to discuss and deliberate the design and governance of the central bank financing. Led by the speakers and Seminar Director, participants will learn to help central bank decision-makers determine the financial arrangements for the central bank that will enable them to achieve its public policy objectives.

This meeting of minds between the Seminar participants and the resource persons, especially the sharing of experience, will definitely bring us a fruitful and rewarding learning experience.

Ladies and Gentlemen,

Let me say a few words about the SEACEN Research and Training Centre. As approved by the Board of Governors in 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 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,

Allow me to conclude by thanking once again the Bank Indonesia for hosting this event; organizing committee and the secretariat team of the BI for the excellent arrangements and warm hospitality; 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 Seminar.

I would like to restate that there is “no one size fits all” best practice governance framework. The individual central banks should continue creating or upgrading their corporate governance in their own rights, rather than for some common operational governance model. I am sure that this signature programme will provide you the avenue to do so. With that, I would like to conclude by wishing all of you a great and productive learning experience and memorable stay in Bali, Indonesia.

Thank you.