



BANK FOR INTERNATIONAL SETTLEMENTS



# Activities of the Representative Office for the Americas

## 2009/10

Annual Report for the Americas on the occasion  
of the BIS Annual General Meeting 2010

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# Background

The BIS Representative Office for the Americas was established in November 2002. It is located in Mexico City.

## Mission

The purpose of the Americas Office is to strengthen relations and promote cooperation between the BIS and the central banks and supervisory authorities based in the region. The Office accomplishes that goal by improving the exchange of information and data, facilitating the organisation of meetings and seminars and contributing to the Bank's financial and economic research on the Americas. By providing customers in the region with information and technical advice on BIS banking services, the Office also actively promotes the role of the BIS as a bank for central banks and international financial organisations.

In short, the Office enables central banks, financial authorities and international organisations in the Americas to have greater access to the BIS. As an integral part of the BIS that reports directly to the General Manager, the Office also strives to add a Latin American and Caribbean perspective to all aspects of BIS operations.

## BIS regional focus

BIS member central banks from the Americas are those of Argentina (since 1999), Brazil (1996), Canada (1930), Chile (2004), Mexico (1996) and the United States (1930).

At the end of 2009, the term of Guillermo Ortiz as Governor of the Bank of Mexico expired, and hence he stepped down as member (and Chairman) of the BIS Board of Directors. In January 2010, the Board elected Henrique de Campos Meirelles, Governor of the Central Bank of Brazil, as a member of the BIS Board for the remainder of Mr Ortiz's three-year term ending on 30 June 2012. Other members of the BIS Board from the region are Ben Bernanke, Chairman of the Board of Governors of the Federal Reserve System; William Dudley, President of the Federal Reserve Bank of New York; and Mark Carney, Governor of the Bank of Canada.

The Governors of all regional BIS member central banks constitute the BIS Consultative Council for the Americas (CCA), established by the BIS Board in May 2008 to provide a vehicle for communication between BIS members in the Americas and the Bank's Board and Management on matters of interest and concern to the central bank community in the region.

## Staffing

The Americas Office staff comprises the Chief Representative, the Deputy Chief Representative (and Banking Representative for the region), two Economists,<sup>1</sup> a Research Assistant and two Administrative Assistants/Event Managers.

Gregor Heinrich was appointed Chief Representative in 2002. Before joining the Americas Office, he was the Head of the Secretariat for the Committee on Payment and Settlement Systems (CPSS) for three years and, before that, the Head of Legal Research and International Cooperation in the Legal Service of the BIS.

Hugues Antheaume was appointed Deputy Chief Representative in 2008. He has been a BIS staff member in various areas of the Bank for more than 30 years. Before joining the Americas Office, he served for 10 years as a relationship manager in the Central Bank Services unit of the Banking Department and, before that, he was Head of the Central Bank Secretariat.

Carlos Montoro joined the Office as Senior Economist in 2010, succeeding Alejandro Jara, who returned to the Central Bank of Chile after two years in the Office. Mr Montoro was previously the Head of the Macroeconomic Modelling Division at the Central Reserve Bank of Peru. He has a PhD in economics from the London School of Economics.

Following a reorganisation of the BIS Monetary and Economic Department (MED), a new position of Head of Economics for Latin America and the Caribbean was created within the MED. Ramon Moreno, former head of the Emerging Markets group in MED, was appointed to this position as of 1 June 2010. Based in Basel, he is the functional line manager for the economists working in the Americas Office. His responsibilities include supervising the economic research and analytical work on topics of interest to central banks in the region.

One of the motivations for the reorganisation was to have similar reporting structures for economists working in the regional offices in Asia-Pacific and the Americas. At the same time, the overall staffing of economists working on Latin American and Caribbean issues has been increased by one third; this is also a step towards implementing an earlier recommendation by the CCA to enhance BIS research work on the region.

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<sup>1</sup> Camilo Tovar, Senior Economist, who had been at the BIS/Americas Office for five years, is leaving the Bank at the end of June. The BIS is in the process of recruiting to fill the vacancy.

## Activities during 2009/10

### Bank for central banks

The BIS has active business relations with some 30 central banks and six international or regional financial organisations in the Americas. Deposits from the region increased more than threefold between end-2002, when the Office was established, and end-2009.

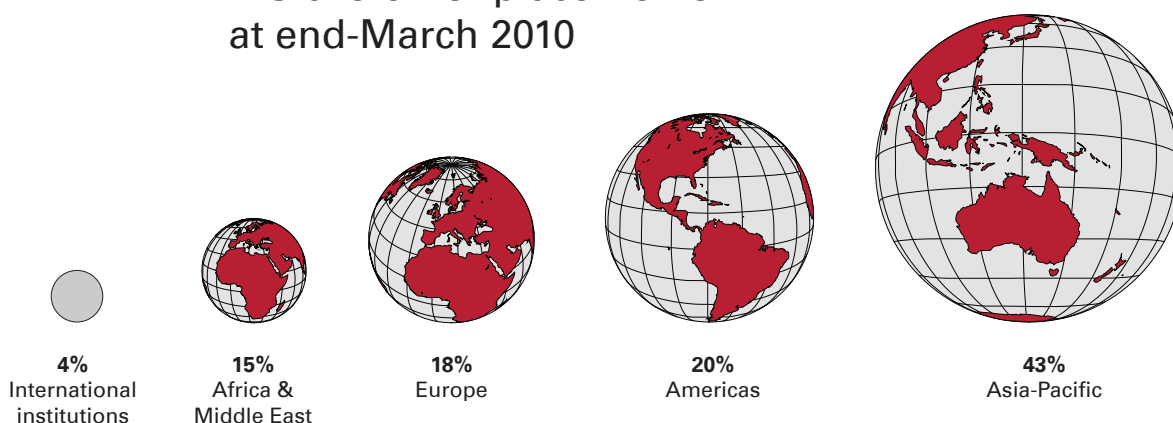
This expansion has not always proceeded steadily and smoothly over the years. In late 2008 and early 2009, the financial crisis led to a temporary marked decrease in business volumes as a result of the defensive actions adopted by the BIS to protect its balance sheet. However, the subsequent progressive return to more normal market conditions in the course of 2009 enabled BIS banking relations in the region to strengthen again and even exceed previous business levels. At end-March 2010, therefore, the region still held a substantial position in the BIS balance sheet (with a **share of 20%** of total customer deposits).

Unlike the BIS Representative Office for Asia and the Pacific, the Americas Office does not conduct treasury operations or have a dealing room. Nonetheless, it facilitates BIS banking activities by providing marketing support and technical advice to BIS customers in the region. One highlight in this regard was the **Third Americas Meeting on Risk for Reserve Managers**, jointly organised in Brasilia in September 2009 by the BIS and the Central Bank of Brazil (see below).

The Americas Office has started preparations for another high-level event in the region: a **Reserve Management Workshop** which will be held in Acapulco, Mexico, in late November. This event is part of a special Training Workshops programme which the BIS is offering throughout 2010 to risk and reserve managers from central banks and international organisations.

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### BIS customer placements at end-March 2010



During the period under review, numerous business relationship and technical **visits** were paid to central bank customers and to regional and international organisations based in North, Central and South America and the Caribbean. The BIS also participated in various risk and reserve management **seminars** organised by other institutions, in particular the Centre for Latin American Monetary Studies (CEMLA) and the Latin American Reserve Fund (FLAR).

## Forum for central bank cooperation

The BIS provides a forum in which central banks can discuss issues of common concern. Most often, this cooperation takes place at the expert level or in the form of meetings for Governors. Some of the meetings that had been planned for the period under review had to be postponed due to a refocusing of BIS efforts on the financial crisis. Nevertheless, a number of relevant events took place.

In the Americas, the Office organised or supported the following BIS-related events:

- June 2009: The Committee on the Global Financial System (CGFS) held an “Americas roundtable” on cross-border finance, chaired by Mario Mesquita (at the time Board Member of the Central Bank of Brazil), in Sao Paulo.
- September 2009: Third Americas Meeting on Risk for Reserve Managers, organised in Brasilia by the BIS and the Central Bank of Brazil. This event was attended by 30 central banks from the Americas and from the other four continents, together with four international organisations (World Bank, IMF, FLAR and EBRD). This was the largest event of its kind to be held in the area.
- October 2009: Two BIS-sponsored sessions at the Annual Meeting of the Latin American and Caribbean Economic Association (LACEA), held in Buenos Aires: a plenary session on “Central banks and the global crisis: lessons and challenges” chaired by Philip Turner, at that time Head of Secretariat Group in MED, and a parallel session on “Monetary policy in an integrated world”. Both sessions were prepared by the Americas Office. The panel at the plenary session was composed of Vittorio Corbo (Former Governor, Central Bank of Chile), Michael Dooley (UC Santa Cruz), Hernán Lacunza (General Manager, Central Bank of Argentina) and Eduardo Loyo (Former Deputy Governor, Central Bank of Brazil). The second session had as panellists Luis Felipe Céspedes (Head of Economic Research – CBK Chile), Alberto Torres (Head of Economic Research, Bank of Mexico), Fernando Alvarez (U Chicago) and Ramon Moreno (BIS-MED). The BIS published the presentations made at the plenary session in its *BIS Papers*, no 51, March 2010.
- October 2009: Working Party on Monetary Policy in Latin America, chaired by Philip Turner and hosted by the Central Bank of Chile, aimed at the seven



major central banks from the region plus selected central banks from other regions.

- November 2009: The second “Regional meeting of central bank computer experts”, held on the occasion of the Meeting of the G10 Group of Computer Experts, Mexico City.
- December 2009: Open Economies Meeting on “The global crisis and the Latin American and the Caribbean economies: some policy implications”, chaired by Robert McCauley, Senior Adviser, BIS-MED, held in the Dominican Republic and attended by 13 central banks from the region, including those of Argentina, Brazil, Canada and Mexico.
- March 2010: The first regional research conference held under the auspices of the CCA, on “Systemic risk, bank behaviour and regulation over the business cycle”, hosted by the Central Bank of Argentina and chaired by Stephen Cecchetti, BIS Economic Adviser and Head of MED, with participation by all CCA member central banks. A scientific committee led by Mr Cecchetti, mainly comprising CCA central bank heads of research, selected the eight papers presented. Discussants included central bank researchers from the region and the ECB as well as well known academics (MIT, University of Oxford, Duke University). The BIS published the agenda and conference papers on its website in June 2010.

In addition, the Americas Office supports regional networking through use of the Bank’s eBIS platform, a password-protected internet tool that is free for all registered users. The Office created and administers a special area in eBIS for central bank lawyers in the region. At present, over 60 central bank lawyers form part of this group. Several, but not all, regional central banks are represented. Through eBIS, users have access to documents, most often unpublished, relating to the administration of reserves, central bank autonomy, bank resolutions, and payment systems. The platform also provides access to the “knowledge base” of the Central Bank Governance Network.

## Support for CEMLA and other sub-regional central bank groupings

The BIS’s involvement with central banks in the region extends to its support for CEMLA, based in Mexico City. This support is provided both from the Americas Office as well as directly from BIS headquarters. CEMLA is invited from time to time as an observer at BIS meetings organised in the region. The BIS, mainly through the Americas Office, participated in the following events with CEMLA during the past year:

- In June 2009, the BIS Monetary and Economic Department (MED) organised, with logistical support from CEMLA and participation of CEMLA members, a seminar on “Changes in capital flows and implications for central banks”,

held in the Netherlands Antilles; Camilo Tovar made a presentation and moderated one of the sessions.

- Also in June 2009, Hugues Antheaume made a presentation on “Recent trends in reserve management” at a seminar for reserve managers organised by CEMLA and the Central Bank of Aruba.
- Stephen Cecchetti presented “Challenges to emerging markets in the aftermath of the global financial crisis” at the CEMLA Governors meeting held in Istanbul on the occasion of the IMF/World Bank meetings, October 2009.
- Camilo Tovar presented two academic papers at the CEMLA Researchers Network meeting, held in Brazil in November 2009.
- Marc Hollanders, adviser in MED, attended a meeting of the Credit Reporting Systems Task Force, organised by the World Bank/CEMLA and FIRST, held at CEMLA in Mexico City in January 2010.
- Ramon Moreno presented “Policymaking with a macroprudential view” at CEMLA’s IV Meeting of Monetary Policy Managers, held in Colombia in April 2010.
- Also in April 2010, Camilo Tovar attended CEMLA’s Meeting of Open Market Operators, held at the Central Bank of Argentina.
- At the CEMLA Governors Meeting held in Buenos Aires in May 2010, Gregor Heinrich presented “The role of central banks in macroprudential supervision” and Gavin Bingham, Secretary General of the Central Bank Governance Forum, presented a recent report by the Forum on central bank governance issues.

Furthermore:

- Camilo Tovar presented “The global crisis and Latin America: financial impact and policy responses” at FLAR’s Conference of Economic Research, held in Colombia in August 2009.
- Also in August 2009, Gregor Heinrich made a presentation on central bank reserves as a safeguard in the current financial crisis, at the 6th Annual Meeting of IADI’s Regional Committee for Latin America, held in Peru.
- Jean-François Rigaudy, Head of Treasury (BIS Banking Department), made a presentation at the FLAR conference on “Managing sovereign funds beyond the credit crisis”, held in Cartagena (Colombia) in November 2009, attended also by Hugues Antheaume.
- The same month, Gregor Heinrich attended the meeting of Governors of the Central American Monetary Council, held in El Salvador.
- Also in November 2009, the Secretary of the CPSS, Daniel Heller, attended the annual “Payment systems week” co-organised by the World Bank, CEMLA and the CPSS in Uruguay.

The Americas Office also occasionally participates in, or supports, activities of other regional organisations based in Latin America and the Caribbean, such as the Central American Centre for Monetary Studies (CMCA), based in Costa Rica, and the Caribbean Centre for Money and Finance (CCMF), based in the Republic of Trinidad and Tobago.

## Research / publications / conference presentations

Research, policy analysis and secretariat support at the BIS, on the one hand, underpins the preparation of background notes for meetings of central bank Governors or experts and, on the other hand, leads to publications or ad hoc events with strong participation of the private sector and academics. This is also true for staff working in the Americas Office.

Publications authored or co-authored by Americas Office staff are made available on a special page on the Bank's website, at [www.bis.org/forum/amresearch.htm](http://www.bis.org/forum/amresearch.htm).

During the past year, such publications included:

- "DSGE models and central banks"; *Economics: The Open-Access, Open-Assessment E-Journal*, vol 3, 2009-16, May, by Camilo E Tovar
- "The global crisis and Latin America: financial impact and policy responses"; *BIS Quarterly Review*, June 2009, pages 53–68, by Alejandro Jara, Ramon Moreno and Camilo E Tovar
- "Perspectives on inflation targeting, financial stability and the global crisis"; paper from *BIS Papers*, no 51 (selected presentations from the BIS-sponsored sessions at LACEA annual meetings: November 2008, in Rio de Janeiro, and October 2009, in Buenos Aires), March 2010, by Camilo E Tovar
- "Oil shocks and optimal monetary policy"; *BIS Working Papers*, no 307, April 2010, by Carlos Montoro
- "Currency collapses and output dynamics: a long-run perspective"; *BIS Quarterly Review*, June 2010, by Camilo E Tovar.

## Contributions to regional conferences and meetings

Staff at BIS Head Office made the following direct contributions to regional conferences and meetings during the year:

- Jaime Caruana, BIS General Manager, made a keynote presentation at the 16th International Association of Insurance Supervisors (IAIS) Annual Conference on "Insurance as a means of socioeconomic development – financial crisis and the future of insurance markets"; held in Rio de Janeiro, October 2009; at the same event, Jeff Miller of the Financial Stability Institute (FSI) presented the online tool FSI Connect.
- Stephen Cecchetti presented "Real consequences of financial crises" at the session on "Price stability, financial development and economic growth" during the conference "Challenges and strategies for promoting economic growth" organised by the Bank of Mexico, Mexico City, October 2009.
- Stephen Cecchetti also attended the "Third summit meeting of central banks on inflation targeting", as well as the 13th Annual Conference "Monetary policy under financial turbulence"; organised by the Central Bank of Chile, where he presented "Financial stability and financial risks: emerging market perspectives"; November 2009.

The staff at the Americas Office, in addition to attending various regional events, made the following direct contributions to regional conferences during the year (not including contributions to CEMLA events, mentioned above):

- Gregor Heinrich
  - spoke on the effects of the recent financial crisis on the BIS and central bank reserve management at the Central Bank of Bolivia's Anniversary Conference on "Central banks facing the international crisis", July 2009,
  - was a panellist at the Bank of Mexico international conference on "History of central banks", Mexico City, November 2009,
  - presented "Changing rules for evolving risks" at the 15th Meeting of the regional Latin American and Caribbean Group of the WSBI (World Savings Banks Association), "Savings and retail banking and the global financial crisis: challenges and opportunities", held in El Salvador, December 2009, and
  - spoke on central bank governance issues at the 50th Anniversary Conference of the Central Bank of Nicaragua, Managua, February 2010.
- Camilo Tovar
  - made a presentation on "Local currency bond markets" at a conference on "Post-crisis private sector financing" organised by the Argentine Center for Financial Stability, Buenos Aires, October 2009.
- Alejandro Jara
  - spoke on stress testing at central banks at the "International biennial conference on business, banking and finance" organised by the Caribbean Centre for Money and Finance, held in Trinidad and Tobago, May 2009.

## Cooperation with bank supervisors and other regulatory authorities

With the BIS hosting the Secretariat for the Basel Committee on Banking Supervision (BCBS) and offering training events to bank and insurance regulators through the FSI, the Americas Office maintains regular contact with supervisors in the region and with the Association of Bank Supervisors of the Americas (ASBA).

For instance, Americas Office staff on occasion contribute to, or participate in, regional training events of the FSI, and the Chief Representative attended the annual meeting of the Caribbean Group of Bank Supervisors (CGBS), in the Netherlands Antilles, May 2010.

The FSI training events are held in cooperation with either ASBA, CEMLA or CGBS with the support of the respective local authorities. During the period under review, the regional FSI training events included:

- Basel II – Pillar 2, Argentina, September 2009
- Risk-based solvency and insurance supervision, Chile, September 2009
- Financial stability issues, Mexico, October 2009
- Financial regulation and Basel II after the financial market crisis, Mexico,

December 2009

- Financial stability issues, liquidity risk management, Bahamas, February 2010
- Basel II enhancements, Costa Rica, April 2010
- Stress testing, Peru, June 2010

Finally, FSI Connect, the online information resource and learning tool for bank and insurance supervisors, managed by the FSI in Basel, is available to supervisory authorities worldwide; several authorities from Latin America and the Caribbean have subscribed to the various training modules, many of which are also available in Spanish.

### Visits to central banks, international organisations and supervisory authorities

As mentioned above, close bilateral relationships with central banks and supervisors are pursued through visits to regional institutions. Moreover, personal contacts have been established with various academic institutions, banking associations and the private sector. In the past 12 months, staff from BIS Head Office or the Americas Office variously visited institutions or attended events in the following countries in the region:

	Argentina		El Salvador
	Aruba		Guatemala
	Bolivia		Mexico
	Brazil		Netherlands Antilles
	Colombia		Nicaragua
	Costa Rica		Panama
	Cuba		Paraguay
	Chile		Peru
	Dominican Republic		United States
	Ecuador		Venezuela

## Outreach and networking

The Americas Office distributes an e-mail newsletter to over 3,000 contacts in the region. The newsletter is sent out on the occasion of the publication of the *BIS Quarterly Review* and provides direct internet links to selected BIS and other publications of likely interest, services provided by the BIS such as FSI Connect, BIS statistics, the “research hub”, as well as information on forthcoming BIS-related events and news from the Americas Office. The June 2010 newsletter reached approximately 1,400 contacts at central banks, 700 at supervisory authorities, 70 at deposit insurance entities, 450 at regional banks and related entities, 120 at academic institutions, 200 at international organisations and 400 others in Mexico City (including at embassies).

## Forthcoming activities

### Economic research

In forthcoming research, BIS economists in the Americas Office and in Basel will focus mainly on the larger central banks in the region (the four regional BIS member central banks plus Colombia and Peru). As in the past, outreach to the smaller central banks will be accomplished mainly through presentations in regional forums and conferences, and through contribution to the events listed below.

Among the analysis and research being undertaken is work on macroprudential issues (eg on use of reserve requirements versus interest rates). This is related to some of the topics of the 2010 and 2011 CCA conferences. The outcome of this work is to be presented at central banks in the region and regional conferences (eg CEMLA research network).

### Events

The BIS is planning the following major events in the region:

#### Meetings of committees and groups

- Working Party on Monetary Policy in Latin America, Rio de Janeiro, September 2010  
For central banks from Argentina, Brazil, Chile, Colombia, Mexico, Peru and Venezuela and selected other central banks  
Chairman: Stephen Cecchetti  
The host of the next Working Party on Monetary Policy in Asia is traditionally invited to participate as well
- Regional meeting of central bank Heads of Internal Audit, Mexico City, October 2010  
The third meeting of its kind, to be co-chaired by Thomas Winsnes, Head of BIS Internal Audit, and Gregor Heinrich
- Irving Fisher Committee on Central Bank Statistics outreach seminar on inflation measurement, Peru, November 2010  
to be held in cooperation with CEMLA
- FSI High Level Meeting for heads of banking supervision from Latin America and the Caribbean, Guatemala, November 2010  
to be chaired by Josef Tošovský

- Tentative: special meeting for Central Bank Governors from Latin America and the Caribbean on the occasion of the BIS Annual General Meeting, Basel, June 2011<sup>2</sup>

#### Research conferences and panels

- Research conference for CCA member central banks (host to be determined), March or April 2011  
Proposed topic: monetary policy, financial stability and the business cycle  
Lead contacts: Stephen Cecchetti and the Americas Office
- Sovereign risk and fiscal sustainability in EMEs (panel at LACEA), Medellin, Colombia, November 2010  
As in previous years, we are planning to organise a high-level policy panel at the LACEA. The BIS would like to invite CCA Governors to make a presentation at this panel. José de Gregorio has presented in the past and some presentations have been issued as a *BIS Paper* (no 51, "Perspectives on inflation targeting, financial stability and the global crisis"; March 2010)

#### Training and seminars

- Reserve Management Workshop, Acapulco, November 2010  
Hosted by BIS Banking and the Americas Office, for all regional central banks as well as selected participants from Europe, Asia and Africa. This event is part of a special Training Workshops programme which the BIS is offering throughout 2010 to risk and reserve managers from central banks and international organisations
- Current developments in supervising systemic banking institutions, FSI/ASBA, Rio de Janeiro, September 2010
- Reinsurance and other risk transfers, FSI/ASSAL/IAIS, Mexico City, September 2010
- Financial stability issues, FSI/CEMLA, Chile, November 2010

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<sup>2</sup> As a result of a shift in work priorities following the recent financial crisis, the regional "Open Economies Meeting" that was held regularly since the opening of the Office in 2002 and drew senior participation from both smaller as well as larger regional central banks has been suspended; on the other hand, it is planned to hold a special meeting for Governors of smaller regional (non BIS-member) central banks in 2011.





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