

## Foreword

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In October 2002, the Bank for International Settlements (BIS) opened its Representative Office for the Americas on the 17th floor of Torre Chapultepec in Mexico City. What started out as a rather small operation – one chief representative, two economists, one banking representative and one administrative officer – has grown in both size and scope. Twenty years after its founding, the Americas Office had 32 employees, covering all aspects of BIS activities from organising meetings of senior central bank officials and doing policy research to banking operations, contributing to the achievement of the BIS core objective of fostering monetary and financial stability.

A two-decade period is an auspicious milestone. It is half the length of a career for many of us. And it is a time in which not only the economic outlook and the structure of financial markets can change dramatically, but also the state of technology and level of economic development.

In the famous American short story by Washington Irving, “Rip Van Winkle”, the protagonist falls asleep in New York’s Catskill mountains just before the American Revolution in the 1770s. He awakens 20 years later to find the world completely changed. For instance, when he declares himself a loyal subject of King George III, this is no longer the socially acceptable response, and he finds that the shared values of the community have changed completely. Luckily, Rip Van Winkle is an adaptable type, and he soon finds himself able to settle into this new world – thanks in part to the support of his children and his extended family.

Indeed, Rip Van Winkle would find the Americas region quite different from how it was in 2002. Real GDP is about 50% higher across the region. Imports and exports have grown by 60%. Local capital markets have been further developed.

Central banking has also changed during the past 20 years. While the overarching objectives remain the same – price and financial stability – the means to achieve them have evolved in response to shocks such as the Great Financial Crisis and the Covid-19 pandemic, and slower-moving changes in the economic and financial structure. Old challenges remain or have re-appeared – such as the surge in inflation in the wake of Covid-19 – and new ones have appeared – just think of digitalisation.

This volume discusses the major developments of the last two decades and how they might affect the future. It presents a collection of chapters – one from each country represented on the BIS Consultative Council of the Americas (CCA). These contributions review the experience of the past 20 years to draw lessons that would help central banks to meet the challenges of the future. We complement this collection with two additional chapters. Alejandro Werner, founder of the Georgetown Americas Institute, Professor of Practice at Georgetown University and former Director of the IMF’s Western Hemisphere Department, writes about the institutional successes of central banking in Latin America in the past 20 years, and the significant challenges in the next decade. Tobias Adrian, Financial Counsellor and Director of the Monetary and Capital Markets Department at the IMF and a former official of the Federal Reserve Bank of New York, discusses how a cross-border payments, exchange and contracting platform could drive economic integration and growth. Taken together, the papers give an excellent overview of what happened in

central banking in the Americas since the turn of the millennium and how central banks look at the challenges ahead.

I hope this volume will be an insightful read for central bank staff, researchers and a general audience in countries across the Americas and beyond. As central banks tackle the challenges of the coming decades, they can continue to count on the BIS to support them along the way. I would also like to take the opportunity to thank Governors from central banks in the Americas and their staff for the contributions to this volume.