Braver people than myself have, earlier this morning, attempted to distil the multiple discussions that have taken place over the last day and a half. And they have all had the advantage of actually having attended the discussions. I shall not attempt to imitate them - though I should add that I have been keeping myself closely informed of your deliberations through the enjoyable discussions I have had with many of you in the margins. By all accounts, this has been an extremely fruitful meeting.

Let me instead try to capture some of the themes and preoccupations which have figured prominently in discussions about central bank governance, and which will, I have no doubt, provide the impetus for further discussions within this network.

These discussions tend to revolve around four interlocking and overlapping areas of concern:

1. the sources of authority for central banks;
2. the process of accountability within central banks, and, beyond them, to the larger body politic;
3. the role and challenges of transparency; and
4. the methods for achieving effectiveness in our operations through proper organisation and planning.

The issue of authority for central banks begins, in all cases, with the law, and includes the obvious questions of what kind of law is suitable for a particular central bank; how you change a law that is no longer suitable; and what is the optimal timing and strategy for changing the law. But, as your discussions have stressed, there is more to this than the mere word of the law. An interesting aspect of the sharing of experience here has been the extent to which central banks have worked with - and sometimes around - laws that have become inadequate to the needs of modern central banking. As I mentioned in my opening remarks, in the case of the HKMA it has been a question of working without the law, since Hong Kong has no formal central bank law, and we rely on just a few lines of a single statute for our authority. A further point that has been made strongly is the need to base the legitimacy, the credibility of a central bank on something more than just statutes and regulations.

This brings into play the question of accountability, through both formal and informal channels. I know that a great deal of your discussion has focused on the role, composition and responsibilities of the board. More broadly, there has been equal emphasis on how we account to the wider public. Both processes throw up a peculiar, and quite perplexing challenge: how to present our work and achievements in terms that are comprehensible and acceptable to the many non-specialists on our boards, and to the multitude of non-specialists among the general public. Because of the business background of many board members, and because of the natural human desire for clarity and simplicity, this increasingly boils down to a quest for setting down specific, quantifiable targets by which our performance can be measured. This presents enormous difficulties, even in policy areas that might seem easily amenable to quantification. And the challenges become still more complex when performance is linked to pay.

The same problems of clarity and simplicity arise in the operation of transparency, an issue closely linked to accountability, and something which has, I believe, suffused all of the discussions these last few days. There has been a shift in the approach to this subject in recent years, from a broad assumption of confidentiality, except where exceptions can be justified, to something approaching the opposite: transparency and openness in all things except where market or commercial sensitivity, personal privacy or the public interest require otherwise. This is a healthy development. But it is also something that has been forced on many of us by financial or political crisis - through the sudden and often painful realisation that our actions have been inadequately explained, misrepresented and misunderstood. Central banks have been quick to learn from these episodes. Communications strategies are now seen as a crucial part of central bank activity, and no just as icing on the cake. The
emphasis now is increasingly on forging links, building bridges and storing up political capital and public goodwill that will help us deal better with the next crisis.

Similar observations might be made on the subject of the effectiveness of central banks - surely the result that we all strive for. Radical changes in our functions, progress in technology, and the process of accountability have all dictated cuts in staffing and resources, and various forms of streamlining and re-engineering. Much of this can be healthy and refreshing. But we should also be mindful of the need for flexibility, for some reserve capacity to deal with sudden and unexpected events. This is why the increasing focus on strategic planning and risk management, reflected in your discussions this week, is welcome. There is, of course, much still to be done on these subjects.

I understand that the discussions over the past few days have been lively and, at times, quite passionate. There is, I think, one main reason for this - and it is the same reason why this meeting has attracted such an excellent attendance. Central bank governance is a field in which great change is taking place. A number of drivers are forcing this change. They include the quest for efficiency and greater effectiveness; the lessons learned from crises; political pressure - and its converse political opportunity; and what has from time to time been referred to as “fashion” but which I think can be more generously described as best practice.

We have heard many times these last few days the familiar disclaimer that there is no “one model that fits all”. Many of you have stressed the uniqueness of your governance arrangements only to be reminded subsequently that these are arrangements familiar to one, two or even several other central banks. The modesty and diffidence with which experiences have been described is, of course, to be expected among central bankers. But there is, I think, a very pleasing mismatch between this and the enthusiasm with which all of us have been drinking up information about each other. This demonstrates that the BIS network is far more than an academic exercise. It also reflects an important truth: that, although our economic and political environments may differ widely, although we may pursue different policies and follow different legal structures, we all face a number of constants. Finance, money and banking behave in very similar ways no matter where we find ourselves, the more so with globalisation and liberalisation of markets. Politicians and the media the world over have the same qualities and the same vices. And so for that matter do central bankers. The human factor, which is at the root of all of our discussion on governance, is universal.

For this reason, while we must continue to work on the principle that “no single model fits all”, there is much that we can learn from each other, and this process of fruitful exchange will, I am sure, continue long into the future. I congratulate all of you on the excellent discussions you have had, and the BIS for organising such a productive meeting. And I wish you all a very pleasant time in your well-earned relaxation this afternoon.