

M R Pridiyathorn Devakula: Upon acceptance of the award for Central Banker of the Year - Asia 2006

Statement by Mr M R Pridiyathorn Devakula, Governor of the Bank of Thailand, at the Banker Magazine Luncheon Seminar, Bangkok, 1 February 2006.

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Distinguished Guests,
Ladies and Gentlemen,

Back in June 2001, when I landed at the job of Governor of the Bank of Thailand, I was fairly confident that I would be able to do well in the area of bank supervision, given the considerable exposure I've had as a commercial banker. I also had some ideas on how to move forward the resolution of NPL and return banks to profitability.

But I was a banker and not an economist by profession. My expertise in business administration made me a bit uneasy on matters concerning monetary policy, as I felt that I did not have enough macroeconomic background to master the monetary policy issues. However, I was really fortunate to have a highly competent Monetary Policy Committee as well as BOT staff to support me in this area. Indeed the depth of knowledge and the quality of analysis provided by BOT staff are materials which I can always rely on. All I have to do during the past 4½ years is to pay close attention to their presentation, data analysis and proposals. The analysis of BOT staff is intellectually rigorous yet very clear in their message, enabling me to fully grasp the issues, and the Monetary Policy Committee to make appropriate decisions.

However, in a country where the functioning of financial market mechanism is not fully efficient, there is an important role for public communication to help enhance the effectiveness of monetary policy. Public understanding of monetary policy would lead to desirable change of market behaviour and adjustment process. Effective communication would also enable financial market participants to anticipate the direction of monetary policy, thereby enhancing the transmission mechanism of monetary policy.

It is in this area that I feel I could contribute. Series of efforts have been made to improve Bank of Thailand's public communication and I believe nowadays the public is more receptive to monetary policy, while financial market participants could correctly anticipate the direction of monetary policy and adjust their behaviour accordingly.

Because this award is based on the work in the monetary policy area, I therefore humbly accept this award-not only for myself, but also on behalf of the Monetary Policy Committee as well as the staff of the Bank of Thailand.

And as Mr. Caplen mentioned earlier on, the Thai banking sector also deserves congratulatory note for delivering economic growth in Thailand. The Bank of Thailand would therefore like to thank the banking community for its steadfast adherence to the reform efforts, for its cooperation in strengthening our financial sector and for its support to the recovery of the Thai economy. Even though I was a commercial banker for over 20 years of my career and fully share and understand the challenges facing this profession, I would not be able to witness the recovery and resilience of our banking system today if not for your remarkable efforts and hard work.

Let me conclude by thanking the management of the "Banker" magazine for honoring me with this award and all of my colleagues at the BOT for their untiring support. The award is a great encouragement for me to continue dedicating myself to the cause of my work.

Finally, let me leave you with a quote that has always been close to my heart. These were the words of one of my mentor, Dr. Puey Ungphakorn, one of the finest Governors we've ever had, who once said that: "If one is not concern about holding on to one's position, then one can *always* make the right decisions." So you can rest assured that I will continue to do what is right and in the best interest of our country.