

Amando M Tetangco, Jr: Implementing responsive monetary and banking policies

Keynote address by Mr Amando M Tetangco, Jr, Governor of the Central Bank of the Philippines (Bangko Sentral ng Pilipinas), at the 2008 Awarding Ceremony for BSP Stakeholders, Manila, 11 July 2008.

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Distinguished partners from the private and the government sectors, special guests, good morning!

On behalf of the Members of the Monetary Board, I thank all of you for joining us today as we honor our partners who continue to support the Bangko Sentral ng Pilipinas in its various initiatives.

Ladies and gentlemen. We cannot overemphasize the value of your support and cooperation. Inflation targeting, which serves as framework for the formulation of our monetary policies, is information intensive.

Information from our partner institutions in government and the private sectors are key inputs when we assess the economy and decide on the most appropriate monetary policy stance, moving forward. It is imperative therefore that the information you provide us is comprehensive, accurate, and timely.

The insights from our collaboration, coupled with the information from our surveys and other available statistics have helped sharpen the basis of our policy decisions. This is important in ensuring we make well-grounded decisions, so to speak.

These are challenging times given strong inflationary pressures from record high oil and food prices. We need to forge stronger links of cooperation among different segments of our economy to ride out the rough patches.

Let me be specific. The BSP's business and consumer expectations surveys help us assess the current and near-term prospects of the economy. Even if the information you provide can be considered indicative and directional, they are important and valuable. In essence, BES data provide up-to-date qualitative indicators of economic performance in real time; this facilitates prompt and precisely calibrated monetary policy actions on our part. For instance, inputs regarding business and spending plans have enhanced the forward-looking flavor of inflation targeting in our country.

On the other hand, our surveys pertaining to external sector statistics provide key economic indicators for the Bangko Sentral, particularly in relation to our balance of payments position. Ladies and gentlemen. Exponential growth in cross-border economic and financial transactions has resulted from continuing innovation, deregulation, and globalization. As a result, we need to continually conduct surveys such as the Cross Border Transactions Survey, the Foreign Direct Investment Survey, the Coordinated Portfolio Investment Survey, and more recently, the Survey on IT- and IT-enabled Services, to help us better capture the broad picture of current developments.

Our Department of Economic Statistics has used these surveys to more effectively monitor our transactions with the rest of the world. This, in turn, has enabled the Bangko Sentral to assess current and prospective developments in both capital flows and exchange rate movement, as well as the country's vulnerability to possible external shocks.

On the other hand, universal and commercial banks remain our reliable partners in monitoring foreign exchange transactions, including remittances, that pass through their channels.

Finally, we also acknowledge our partners who provide valuable support to our various advocacy programs on financial literacy for microfinance entrepreneurs as well as overseas Filipinos and their families.

At the end of the day, our economy stands to benefit from our fruitful partnership – the same partnership that helps us keep the Philippine financial system resilient in the midst of global financial turmoil and economic slowdown.

Let us therefore resolve to find new ways to enhance and strengthen our partnership so that together, we can further improve the quality of Philippine statistics that provide the basis for national policies and programs.

On behalf of the Bangko Sentral, I thank all of our respondents and stakeholders who have been our faithful partners through these years. All of you can rightfully claim that you have also served our people and our country by sharing your time and information with us.

With your support, the Bangko Sentral will continue to craft and implement responsive monetary and banking policies.

Maraming salamat po and congratulations to all awardees!

Mabuhay ang Pilipinas!