

Amando Tetangco: Of central banking, art and legacies

Speech by Mr Amando M Tetangco, Jr, Governor of Bangko Sentral ng Pilipinas (BSP, the central bank of the Philippines), at the launching of the books “Philippine Central Banking: A Strategic Journey to Stability” and “Likha: Enduring Legacies of Filipino Artistry”, The Decorative Arts Collection of the Bangko Sentral ng Pilipinas, Manila, 25 May 2017.

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The Members of the Monetary Board of the BSP thank all of you for accepting our invitation to the launching of two important books.

The first book “Likha: Enduring Legacies of Filipino Artistry” celebrates our heritage by showcasing the decorative arts collection of the Bangko Sentral ng Pilipinas which includes artifacts from 2000 years ago.

Both functional and aesthetically pleasing, the decorative art pieces include intriguing pre-Hispanic pottery, finely crafted Hispanic gold, expressive religious art, exquisite embroidery and cleverly designed furniture. They provide insights into our evolution as a nation and instills a strong sense of identity as a people. These enduring works of art are testaments to the artistry, creativity, adaptability, strength, competitiveness and tenacity of our people. They make us proud to be Filipinos.

This is important. In this time of globalization, it is important that we do not lose sight of who we are as a people, what we have achieved and what we can achieve.

The second book “Philippine Central Banking: A Strategic Journey to Stability” looks at the core aspects of central banking from the point of view of professional central bankers with broad and deep experience in the science and the art of central banking.

The two books represent very different disciplines. If you look around this hall therefore, you will see that aside from bankers, there are quite a number of individuals from diverse fields.

Many would probably think that central banking and the arts share little in common. To us, however, both are linked by their capacity to reflect the story of our past. This is important.

At the BSP, we believe that history must inform our country’s journey; we must learn from the past so that we will be better and stronger for the future.

For this reason, the BSP has a continuing program to share information, document its learnings and promote appreciation of our country’s rich culture and history across the country.

Thus, these two books are the latest in a series of publications under the Bangko Sentral ng Pilipinas.

On central banking, our earlier books include “Money and Banking in the Philippines—Perspectives from the Bangko Sentral ng Pilipinas,” the next was “The BSP and the Philippine Economy” followed by Central Banking in Challenging Times. We have also published annotated books on “The New Central Bank Act,” “The General Banking Act” and the “Special Banking Laws.”

This latest book on central banking compiles in one volume the challenges we faced over the past decade and how we managed the evolving conditions, all for the singular purpose of coming out better than before. The charts and tables provide us a succinct view of the myriad of details before us but it is the accompanying narrative from our subject matter experts that allow readers a front row view of our operations and our resulting track record.

Central Banking in Perspective

Perhaps more than most, central bankers appreciate the dynamics that is inherent with time.

After all, the decisions we take with respect to monetary policy will take several quarters to fully take effect. Thus, our actions today are based on the evidence over the recent past, but our policy stance is always directed towards the future.

On the part of banking policy, we craft regulations and guidelines to influence prudent behavior within an enabling environment. The actual impact of this regulatory framework will also take time to develop, both on the operating condition of banks and on the well-being of financial consumers.

In other words, ladies and gentlemen, this book reflects the outcome of the interaction of the central bank with the banking industry and other sectors of the economy. Simply put, this is our story.

Our journey to stability has been challenging but with the support and collaboration of our key stakeholders we continue to reap the benefits from our past actions and decisions that have been strategic.

Thus, even as international crises afflicted the global economy and roiled markets with volatility, the Philippine economy continued to grow as sound monetary and banking policies provided a stable environment for our economy – we have low inflation, a sound and stable banking system as well as a safe and reliable payments system.

We beefed up our macroeconomic analysis and surveillance tools, introduced crucial and timely reforms such as the Interest Rate Corridor framework, and increased public engagement in our policymaking process. At the same time, BSP and the banking industry continued to pursue a broad reform agenda to strengthen their ranks in terms of capitalization, risk management, and corporate governance. This successful collaborative strategy has given the banking system sustained growth momentum.

Indeed, we have made great strides in various aspects of our operations. Ours is a narrative of proactive management and reform to advance our vision for the country.

Moving Forward

With all that we have achieved so far, are we then set for the future?

Well, no environment is ever static. As the central monetary authority, our role is always evolving. This is the de facto norm in central banking amidst the transformation of the global environment, our country's objectives and its needs. This task is not straightforward, as it has to contend with unexpected financial shocks, political upheavals, and natural calamities.

Nevertheless, amidst the tides of change, we will continue to remain focused on ensuring price and financial stability in the country. We will find better ways to adapt the Flexible Inflation Targeting framework to the lessons of the Global Financial Crisis — that price stability, on its own, cannot guarantee overall financial stability. Thus, sustained monitoring and active surveillance of monetary linkages will consider more granular relationships within the financial market. This will allow us the added perspective of identifying pressures that may be quietly building-up. New tools may be considered based on our very own experience to ensure the delivery of the BSP's mandate.

This requires us to organize ourselves, strengthen our ranks, refine our tools and innovate in our

approach to ensure that we secure the interests of our stakeholders and keep pace with the shifts in the environment. We will continue to be strategic in identifying a vision and setting down a framework to achieve it.

In this connection, an S&P report on the banking system, dated May 14, 2017 makes us proud of what the men and women of the BSP- past and present – have achieved. The report said: “The central bank has a record of supporting sustainable economic growth and responding appropriately to changing economic circumstances. Its ability to maintain macroeconomic and price stability through an economic cycle has been tested, including a period of exogenous shocks.”

For this I thank and congratulate everyone under TEAM BSP!

The Journey Continues

Ladies and gentlemen, my term as Governor of the Bangko Sentral ng Pilipinas ends in July 2 or 38 days from today.

I take this opportunity therefore to thank all institutions, individuals, family and friends who have contributed to our continuing success at the BSP. You all deserve a round of applause.

At the BSP, we move to great lengths to develop our people to be world class central bankers through a continuous program of staff development, strategic training and effective succession.

Thus, we have developed in our midst a highly qualified successor — I refer of course to Deputy Governor Nestor Espenilla, Jr., a career central banker for 36 years now, who will assume the post of BSP Governor on July 3, 2017.

Nesting has described his term as “continuity plus, plus.”

Indeed, we have a firm pipeline of policies and programs across the BSP that we have identified as critical, moving forward. This includes further refinements of our Interest Rate Corridor, the implementation of our National Retail Payment System, the continuing banking sector reform agenda, and ASEAN integration.

We can therefore say that the BSP Journey to Stability continues.

Ladies and gentlemen. The Philippine economy is in the cusp of a demographic window of opportunity, with our young population holding so much promise to reset and accelerate the country’s growth and development.

We sincerely hope therefore that our books – with their lessons of the past — will serve not only inform but also inspire our readers, academics, and future generations of BSPers to do their share in our continuing journey to stability.

Maraming pong salamat!

Mabuhay ang Bangko Sentral ng Pilipinas! Mabuhay ang ating mahal ng bansang Pilipinas!
Mabuhay po tayong lahat!