

## **Benjamin E Diokno: Welcome remarks - Asia School of Business Online Course for the Financial Stability Coordination Council**

Welcome remarks by Mr Benjamin E Diokno, Governor of Bangko Sentral ng Pilipinas (BSP, the central bank of the Philippines), for the Asia School of Business Online Course for the Financial Stability Coordination Council, 18 July 2021.

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Good morning to everyone and welcome to the first course structured by the Asia School of Business for the Financial Stability Coordination Council.

I'm very pleased to welcome a dear friend of the BSP, former Negara Malaysia Governor DR. ZETI AKHTAR AZIS who now co-chairs the ASB.

Let me also extend my warm greetings to MR. CHARLES FINE, President and Dean of ASE DR. TRIWIT ARIYATHUGUN, Assistant Professor of Economics, DR. HANS GENBER Professor of Economics and Senior Director of Banking and Finance Program, and of course to my old friend who needs no introduction, DR. ELI REMOLONA, the Director of Central Banking at ASB.

The Financial Stability Coordination Council has been actively looking at secondary market asset prices for signs about the market and their potential systemic risk concern. We have had active discussions about our yield curve and its incentive structure as market condition evolve, both in the Philippines and in established offshore markets.

As part of our intent to better survey risk behaviors, we have been exploring various opportunities for learning, to enhance the capacity of our FSCC colleagues, and to address our mandate.

The bar of accountability on that mandate has been raised, with the President signing Executive Order No. 144.

With the legal authority to now issue guidelines and regulations related to managing systemic risks, it is important more than ever for the FSCC to see what market players see, and for us to influence risk behaviors in ways that develop markets and build resilience.

This is why this course is important, particularly at this critical time. We hear of the divergent paths of recovery from Covid-19 and how movements in Advanced Economies are affecting Emerging Economies and Developing Economies. No matter how you work on the analysis, this divergence should be evident in market prices, alongside portfolio flows and reflows.

The global economy is patently interconnected through the pipeline of bond and credit markets. While economists are comfortable with comparative advantage on the trade side, risk behaviors in financial markets are much more fluid, and respond more quickly to changing incentives. Those incentives, again, are all about visible prices in the open market and government securities provide the immediate natural platform.

In this interconnected world, partnerships are critical. I am excited for the FSCC to build this partnership with the ASB. We leverage this market of experience and ideas from the best.

Of particular interest to me is that ASB itself is a partnership that brings together the best talents and the broadest experience from different parts of the world. This puts the FSCC in an envious position. We are partnering with the best to better ourselves so that we too can, one day soon, be the best at what we do.

This is not about status. It is about making FSCC an engine of improving the welfare of the

Filipino public. This is the vision of the FSCC for why managing systemic risks and the pursuit of financial stability matter.

Let me wish all the participants an enjoyable 10 hours of learning. Eli has not shared with me the answer key to his questions. But knowing him for so long, I assure our FSCC colleagues that you're learning from the best in the field.

Finally, let me thank those who patiently set up the logistics for getting this course off the ground. To LILY WONG of ASB, thank you for your patience. To our FSCC Secretariat, I look forward to seeing the fruits of this course in your next Systemic Risk Review.

Thank you Governor ZETI, CHARLES, HANS, ELI AND TRIWIT. I welcomed everybody to the FIRST collaboration because I do hope to benefit from all succeeding partnerships between ASB and FSCC.

Thank you and good morning to all.