

Welcome address

Farewell symposium on the occasion of the farewell of our Vice President Claudia Buch and Board Member Joachim Wuermeling.

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1 Words of welcome

Ladies and gentlemen,

distinguished panellists,

Claudia and Joachim,

It is a great pleasure for me to welcome you all to this symposium. This is a farewell symposium. We at the Deutsche Bundesbank want to say goodbye to you, Claudia and Joachim. We also want to give our sincere thanks for what you have achieved for the Bundesbank. And we want do so publicly now. I say that because we already did this privately when you both left the Bundesbank at the end of last year.

You requested a content-driven event, a symposium on the future of digitalisation and the financial industry, a topic of major importance to both of you in recent years.

2 Digitalisation

The fact that we in Germany need a boost in digitalisation is becoming increasingly widely recognised. The weak growth in Germany raises the question of how to increase productivity. Digitalisation should be one of the answers. More digital skills and more investment in digitalisation could help significantly increase productivity in Germany.

This is demonstrated by looking back at the past. Digital sectors have driven overall productivity growth in Germany considerably – and this despite their considerably small size.[1] In a Monthly Report article published last year, the Bundesbank wrote that this boost to productivity was not produced by digital capital goods alone. Digital intermediate inputs, which feed into numerous goods via production linkages, also played a key role here.[2] We therefore need to look at the entire value chain if we are to exploit digital potential.

However, the productivity boost provided by the digital sectors has tailed off in numerous advanced economies. In Germany, too, it was distinctly higher at the start of the century. The European Commission's analyses also provide indications that action needs to be taken. They show, for instance, that in Germany, the share of the population with basic digital skills is considerably below the EU (European Union) average.[3] In addition, by European standards, Germany still falls well short of the EU (European Union) objective of full fibre optic coverage.[4] Against this background, it cannot come as a surprise that 95% of surveyed German political and business leaders currently believe that Germany is lagging behind when it comes to digitalisation.[5] German scepticism towards digitalisation may be a factor here. In the same survey a year earlier, only a minority of respondents associated the term "digitalisation" with "future prosperity" – a mere 29%.[6]

I wonder whether we are making life difficult by seeing the glass as being half empty instead of half full. Personally, I prefer to see the glass as half full. My advice is to recognise the potential of digitalisation – as *an* opportunity for greater productivity and prosperity. Artificial intelligence, cloud computing and robotics promise to lend a new boost to productivity.[7] If we were to place a focus on digital skills training in our education system, this would represent a major step towards reaping the benefits of digitalisation. The same goes for the professional development of employees as part of lifelong learning. This will improve the opportunities for productivity growth – as well as the opportunities for each and every individual in the labour market. Finally, specific managerial skills will also be needed to convert digitalisation into productivity gains. Studies suggest that US (United States) firms' management practices in this field are better than those of their European counterparts.[8]

Let me add, in rounding off, that central banks are pushing ahead with digitalisation in their field, too. For the Eurosystem, the digital euro is the showpiece example. It can help open the door to further productivity gains in the financial sector. I am looking forward to the discussion on this topic in the second panel.

3 Claudia Buch

The first panel will be looking at digital finance more broadly. It will focus on the interplay between risk and resilience, and how digitalisation affects this trade-off. Claudia Buch will be introducing this panel momentarily. But before she does that, I would like to say a few words about her achievements at the Bundesbank – even if she's not all that keen on being eulogised.

Claudia Buch joined the Bundesbank as Vice-President in 2014. At that point, she could already look back on an impressive career in academia. She was a renowned professor of economics in Tübingen, before later becoming President of the Halle Institute for Economic Research and serving as a member of the German Council of Economic Experts.

There was a recurring theme in her work: an appreciation of evidence-based policy. Claudia Buch set her priorities accordingly as the Bundesbank Executive Board member in charge of financial stability. Part of her agenda was to establish conditions for improved policy evaluation.[9] At the same time, she pushed for European cooperation, calling for the adoption of best practice approaches. [10]

Evidence-based policymaking has one crucial requirement: high-quality data. Data evaluation and analysis can make decisions more objective – and hence better. This is one factor behind Claudia’s calls to use big data for macroprudential policy.[11] This remained Claudia’s stated aim during her tenure at the Bundesbank: creating a solid foundation for conducting data-driven work in an optimal way. This involved supporting the provision of granular data for research purposes. A key milestone in this regard was the establishment of the Bundesbank’s Research Data and Service Centre. Since its inception, it has offered high-quality services and provided access to Bundesbank microdata. Beyond that, the centre also advises internal and external users on data selection, data content and analysis options. And it ensures compliance with data confidentiality and data protection requirements. But it also meant successfully restructuring the Directorate General Statistics. Its structure is now geared to the key processes required for efficient data production, analysis and provision.

Claudia’s work also focused on innovations in the financial sector and their potential implications. Even early on, she was addressing questions such as: What does the emergence of new fintech firms mean for competition in the financial sector? How will this affect financial stability? And will this create new tasks for regulators? I am looking forward to the discussion on this in the next panel.

But Claudia, I would like to thank you sincerely for the many wonderful and important contributions that you have made as Vice-President of the Bundesbank – personally and on behalf of the entire Executive Board. You have helped make the financial system more stable and the Bundesbank fitter for the future. I wish you all the best for your next, truly European endeavour.

4 Joachim Wuermeling

Joachim Wuermeling, “Europe” has been the guiding thread for much of your life. You have always been committed to the European idea: a united and democratic Europe, supporting peace and prosperity. This holds true for your academic career in Germany, France and Italy. And it is also true of your professional life. You have held various political offices in which you worked towards a prospering Europe, not least during the six years you spent serving as a member of the European Parliament.

With that background, you joined the Bundesbank's Executive Board at the end of 2016. Of your various responsibilities, I would like to mention the significant Directorates General IT (information technology) and Banking Supervision. There, you were the right person at the right time – for two reasons. First, when you joined the Bundesbank, you were already familiar with the inner workings of the financial sector thanks to your past leadership positions at the Gesamtverband der Deutschen Versicherungswirtschaft and the Association of Sparda Banks. And second, you have a passion for innovation. Some people tend to fear innovation and change. Joachim Wuermeling seems to particularly enjoy those things.

During the COVID (coronavirus disease)-19 pandemic, he therefore put into practice the advice attributed to Winston Churchill: "Never let a good crisis go to waste." By that, I certainly don't mean to imply that the pandemic was "good" in any way. Organising supervision remotely, having supervisors monitor banks from their desks – it worked surprisingly well. And Joachim wanted to firmly anchor this digitalisation push forced upon us by the pandemic. He thus became a driving force behind a digital agenda for banking supervision in Germany. [12] A digital agenda that would significantly improve ...

- first, how banks provide data to supervisory authorities;
- second, how information other than traditional reporting data could be used by supervisors;
- and third, how these data should be linked and analysed.

With this digital agenda, Joachim also sought to enhance supervisors' analytical capabilities and the overall supervisory process. The digital agenda for banking supervision was created jointly by BaFin (Bundesanstalt für Finanzdienstleistungsaufsicht) and the Bundesbank – not least thanks to Joachim's commitment to cooperation and digitalisation.

However, a digital agenda was needed for the Bundesbank as well. Here, too, Joachim has been a strong driving force. Together with Jens Weidmann, he chaired the first committee within the Bundesbank tasked with shaping and accelerating the digital transformation of the entire organisation. And Joachim proved to be a reliable engine for change in this case, too. The InnoWerk was created: Our internal service provider that supports our employees on the way to further innovation using suitable methods. Joachim also initiated various measures to make employees feel like they were part of the journey of change, culturally as well. He pushed forward various partnerships with innovative financial ecosystems. And last year, the two of us were involved in the opening of the BIS (Bank for International Settlements) Innovation Hub Eurosystem Centre in Frankfurt and Paris.

Equally, from an early stage Joachim has addressed the opportunities and risks stemming from blockchain and digital currencies in his speeches.[13] This is also the field he will now be focusing on at ESMT (European School of Management and Technology) in Berlin. Joachim, on behalf of the Executive Board, I wish you every success in your new tasks. I look forward to your contributions to this important field. And I would like to thank you most sincerely for your outstanding work as a member of the Executive Board of the Bundesbank – personally and on behalf of the entire Executive Board.

Footnotes:

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3. European Commission (2023), 2023 Report on the state of the Digital Decade and European Commission [<https://digital-strategy.ec.europa.eu/en/library/2023-report-state-digital-decade/>] (2023), 2030 Digital Decade – Annex Germany [<https://digital-strategy.ec.europa.eu/en/library/2023-report-state-digital-decade/>].
4. European Commission (2023), 2023 Report on the state of the Digital Decade and European Commission (2023), 2030 Digital Decade – Annex Germany.
5. European Center for Digital Competitiveness (2024), Digitalreport 2024 [https://digital-competitiveness.eu/wp-content/uploads/ESCP014_Digitalreport-2024_DIGITAL_2024-01-29.pdf], p. 12.
6. European Center for Digital Competitiveness (2023), Digitalreport 2023 [https://digital-competitiveness.eu/wp-content/uploads/ESCP014_Digitalreport-2023.pdf], p. 28.
7. German Council of Economic Experts (2024), Overcoming sluggish growth – investing in the future [https://www.sachverstaendigenrat-wirtschaft.de/fileadmin/dateiablage/gutachten/jg202324/JG202324_Chapter_2.pdf], p. 124.
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9. See Buch, C., Evaluation und Makroprudenzielle Politik [<https://www.bundesbank.de/de/presse/reden/evaluation-und-makroprudenzielle-politik-710838>]

- , speech at the Annual Meeting of the Verein für Socialpolitik, Münster, 7 September 2015.
10. See Buch, C., European Banks in Challenging Times
[<https://www.bundesbank.de/en/press/speeches/european-banks-in-challenging-times-711540>],
dinner speech at the Workshop “New Challenges for the Euro”, Villa Vigoni, 21 July 2017.
 11. See Buch, C., Evidenzbasierte Wirtschaftspolitik
[<https://www.bundesbank.de/de/presse/reden/evidenzbasierte-wirtschaftspolitik-827310>],
keynote speech delivered at the 8th Conference for Social and Economic Data, Berlin, 2 March 2020.
 12. Wuermeling, J. and R. Röseler (2020), Ein Update für die Bankenaufsicht: Die digitale Agenda von Bafin und Bundesbank
[<https://www.handelsblatt.com/meinung/gastbeitraege/gastkommentar-ein-update-fuer-die-bankenaufsicht-die-digitale-agenda-von-bafin-und-bundesbank/26734100.html>]
, in: Handelsblatt, 26 December 2020.
 13. See Auswirkungen virtueller Währungen auf die Finanzmärkte
[<https://www.bundesbank.de/de/presse/reden/auswirkungen-virtueller-waehrungen-auf-die-finanzmaerkte-711074>]
, speech delivered in Frankfurt am Main on 15 January 2018; Digitalisierung: Für eine Balance von Innovation und Solidität
[<https://www.bundesbank.de/de/presse/reden/digitalisierung-fuer-eine-balance-von-innovation-und-soliditaet-762104>]
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