

Boštjan Vasle: Address - Governing Council meeting

Address by Mr Boštjan Vasle, Governor of Bank of Slovenia, at the final dinner as part of Governing Council meeting, Ljubljana, 17 October 2024.

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Dear colleagues, dear friends, good evening and welcome to the concluding dinner of our monetary policy meeting in Slovenia.

The most important part is done. In the morning, we decided on our policy move, Christine communicated it a few hours ago and the response was positive.

Organizing the second meeting – the ECB Governing Council first gathered in Slovenia 12 years ago – is an opportunity to reflect on the changes that have taken place since then. besides different macroeconomic landscape, another notable change is the remarkable progress in digitalization, and how it has affected our operations.

Let me start where we left off a few hours ago – with our press conference. This year marks a decade of their livestreaming. Replacing selective access to press conferences with real-time worldwide access has greatly broadened our reach and enhanced our transparency. Markets now react immediately to our announcements and comments. By analyzing market developments during and shortly after a press conference, we can measure investors' interpretation of our policy decisions.

Furthermore, digitalization improves accessibility of data and speeds up its processing. The challenge now is on the other side: how to absorb such vast amount of information in various forms. This is a question where artificial intelligence proves increasingly beneficial. Yet, the integration of AI across various economic sectors and its overall impact on the economy and prices add another layer of uncertainty to future developments. Especially important from the financial stability point of view is the speed at which information spreads via internet and social media. This can lead to rapid reactions by consumers and market participants. Algorithmic trading, along with generative AI, also introduces certain financial stability concerns.

While the digital transformation brings significant benefits, it makes financial and other institutions more exposed to the fragility of technological infrastructure, as seen during latest events this year, and more vulnerable to fraud and cyber-attacks. This calls for a robust approach for monitoring and managing associated risks. With this year's cyber stress tests and related supervisory activities, we have taken important steps in this direction.

Finally, digital progress have and will continue to transform the landscape in which monetary policy operates and may affect its transmission.

Dear colleagues, digitization presents both opportunities and challenges, which we can best address by openly exchanging knowledge, tools, and experiences. Each of us has some unique insights to contribute and I would like to conclude by sharing some from Slovenia.

At Banka Slovenije, in cooperation with the IMF, we have developed a tool for monitoring and predicting cyber risks in the banking sector. My colleagues, in collaboration with the esteemed Slovenian institute of science, have also developed an AI tool for assessing money laundering and terrorism financing risks.

For both tools, some basic information is available through the QR codes you have received. Of course, if this happens to pique anyone's interest, do not hesitate to get in touch with my colleagues that will gladly provide you with more details.

Before we start to enjoy the dinner, let me take this opportunity to express my sincere appreciation to the organizational teams of Banka Slovenije and the ECB for their efforts in facilitating this meeting. When everything works seamlessly, it can mask the complexity and effort behind the scenes. Thank you very much for your dedication.

Finally, for a few hours tonight, let us shift the focus from the digital realm to the richness of in person connection. Let's enjoy each other's company and tonight's dinner at the Ljubljana castle.

Thank you!