

## PERTINENT ISSUES OF CENTRAL BANK COMMUNICATIONS HIGHLIGHTED AT SEACEN-CEMCOA/BOJ WORKSHOP HOSTED BY THE BANK OF MONGOLIA

*Ulaanbaatar, Mongolia, 5 – 9 June 2011*

### ***Paradigm Shift to Open and Frequent Communication***

A paradigm shift to more open and frequent communication is one of the key contributors to enhance effectiveness of central bank's monetary policy and financial stability. With market expectation being one of the most important determinants of key macroeconomic variables such as inflation and growth, managing public expectation through transparency and communication policy has been increasingly used with great success. The recent global financial crisis, which at its peak reflected to a large degree that it was a crisis of confidence, further illustrates the importance of this policy tool in restoring confidence in the financial markets. In this light, the *Workshop on Communication Strategies for Central Bank Policy Effectiveness* was conducted with the aim to enhance member central banks' capability in this area. The Workshop was conducted in collaboration with the Center for Monetary Cooperation in Asia (CeMCoA) of the Bank of Japan

(BOJ), and hosted by The Bank of Mongolia. Thirty-one participants from 10 central banks participated in the Workshop.

The Workshop opened with the Welcome Remarks by SEACEN Executive Director, Dr. A.G. Karunasena, Remarks by Deputy Director General Kenichioru Watanabe of the Bank of Japan, and the Opening Address by Deputy Governor Bold Javkhlan of The Bank of Mongolia. The importance of central bank communications were further elaborated in the Keynote Address by former Governor of Bank of Thailand Dr. Tarisa Watanagase. In setting the context for the Workshop, Dr. Tarisa Watanagase used Bank of Thailand's experiences in illustrating that communication is important and integral towards achieving central bank's mandates.

### ***Core Issues on Transparency and Communication***

A range of core issues on communication and transparency

were effectively delivered in the Workshop by Assistant Governor Abu Hassan Alshari bin Yahya from Bank Negara Malaysia; Assistant Governor Ma. Cyd N. Tuano-Amador from Bangko Sentral ng Pilipinas; Mr. Difi Johansyah from Bank Indonesia; and Mr. Paul Moser-Boehm from the Bank for International Settlements (BIS). Assistant Governor Abu Hassan also acted as a Programme Leader. The Workshop engaged three speakers from the private sector: Dr. David Fernandez of JPMorgan; Mr. Chris Anstey of Bloomberg and Mr. Kit Wei Zheng of Citi Group.

At the Workshop, participants discussed critical components in designing communication strategies. In media planning, it is important to set the ground rules clearly and inform the media in advance as the media seeks for order and ability to plan. It is also vital to learn how to communicate to different stakeholders. Even within the central bank, participants gained an insight that close collaboration between the communications department and line



*Official workshop photograph.*



Dr. Karunasena delivering the welcome address.

departments are critical to communication strategies. A systematic stakeholder management in identifying, analyzing and evaluating stakeholders is critical to the success of central bank communications. Participants also learned that the need for communication is heightened in times of crisis when leadership is key and coordination is vital. The highlight of the Workshop was the case study on communicating monetary policy decision, in which participants were given a task to draft a monetary policy statement and plan communication strategies pre- and post-policy announcement.

All participants, speakers and SEACEN officials expressed their heartfelt gratitude to The Bank of Mongolia for the excellent arrangement and warm hospitality. The Secretariat Team led by Mr. Boldbaatar Dagva, did an excellent job in ensuring that the environment was conducive to learning. The social activities helped strengthen the networking among participants and speakers.

**Some excerpts from participants' feedback:**

*"I will report to my Bank that we should give more importance for*



L to R: Deputy Governor Bold Javkhlan of BoM, Mr. Boldbaatar Dagva of BoM and former Governor of BOT, Dr. Tarisa Watangase.

*communication of monetary policy decisions"*

*"I plan to collaborate more with communication department for better communication strategies for monetary policy"*

*"I appreciate the professionalism and hospitality extended during the Workshop"*

*"A good range of speakers, keep it up!"*

*"I am smitten. Great programme. Please repeat so my colleagues from other departments can learn too."*



L to R: Mr. Chris Anstey of Bloomberg, Mr. David Fernandez of JPMorgan, Mr. Abu Hassan Alshari Yahya of BNM.



Camaraderie among workshop participants.



## The Bank of Mongolia

### Internal News

The recent world economic recession has shown that Mongolia, a country with high volumes of import and seasonal FX income, must have special strategies to avert crisis and diminish the damaging impact of crisis.

As part of these strategies, the Bank of Mongolia (BoM) and the People’s Bank of China (PBC) signed a swap transaction contract to exchange national currencies on 5 May 2011 in Ulaanbaatar City. The PBC delegation was led by the Governor of PBC, Dr. Zhou Xiao Chuan.

In signing the contract with PBC, the BoM would ensure MNT stability by immediately providing the market with Yuan in urgent situations.



*Amarbayasgalant Buddhist Monastery.*



*Bactrian camels making their way across dunes in the Gobi desert.*