Central Banks: Navigating in Turbulent Times

ONLINE LEARNING
• Session 1: 2 June 2020
• Session 2: 9 June 2020
• Session 3: 16 June 2020
[3 pm - 5 pm Malaysian Time (GMT+8)]
In February this year, the world was hit with a black swan, the COVID-19 pandemic, which has left no country unscathed. Economies are threatened with potential contractions and unemployment rates are sky rocketing. This unprecedented global pandemic has forced Central banks to be confronted with new and expanded mandates against the backdrop of an uncertain landscape. Expectations have also never been higher.

It is against this unknown unfamiliar landscape that we are looking to extend these programs to Central banks across the globe, with a view to harness the best minds and kindle resilient ideas that can be used to navigate the complexities of these turbulent times while remaining vigilant and effective.

We, at the Iclif Executive Education Center at Asia School of Business, are hoping to work towards realizing the efforts to develop a cadre of astute central bankers with resilient teams who are able to respond and steer the financial sector towards greater stability and advancement through the carefully curated programs in this “Central Banks: Navigating in Turbulent Times” series for Deputy Governors, Assistant Governors and Senior Directors.
Central banks around the world increasingly use public communication to support their policy goals. The core trend towards greater transparency recognizes that part of the skill of monetary policy lies in managing expectations. The content and delivery of central bank communication become even more crucial at times of crisis. At the same time, enlarged central bank mandates, increasing levels of public scrutiny, and new technology have necessitated a deeper understanding of the entire communications process.

David Marsh, Chairman and Co-Founder of OMFIF, a distinguished commentator on global economics, provides policymakers and practitioners with a guide to the challenges, benefits and pitfalls of central bank communications, and seeks to better equip them to meet their future tasks.

BACKGROUND
• Central banking history – communications over 100 years
• Re-inventing central banks - increased range of central bank instruments since 2008-09 financial crisis
• Basic principles of accountability, transparency and responsibility to governments/public opinion
• Central bank communication in emerging economies – differences and similarities to advanced economies

2020 COVID-19 PANDEMIC
• Outline of central banks’ communications responses
• What has changed for leading central banks and what has remained the same?

OPERATING CHALLENGES
• Comparisons of key central banks – meeting monetary policy communication challenges in practice
• Intertwining relationship between transparency and monetary policy – when is transparency a tool rather than just a means of communication?
• Reporting to parliament and public opinion – the role of press and public affairs departments
• Interaction with fiscal policy – coordination with or subjugation to governments?
• Role of informal communication
• Role of social media

THE FUTURE
• Overhauling legal and political protocols
• Case histories – leading countries reviewed
• Equipping central banks to meet future tasks
• A 10-point check list to guide future action

Marsh is a Board Member of Henderson Eurotrust and the British Chamber of Commerce in Germany, and visiting Professor at Sheffield University and King’s College London. He is former co-founder, chairman and deputy chairman of the German-British Forum.

He was made Commander of the British Empire in 2000 and was awarded the German Order of Merit (Bundesverdienstkreuz) in 2003. He started his career at Reuters in 1973. Between 1978 and 1995 he worked for the Financial Times in France and Germany, latterly as European Editor in London.
As contractions are taking place in virtually all countries in the world, governments and central banks are introducing stimulus policies of an unprecedented nature and scale in attempts to prevent a total collapse of their economies. While the policies are necessary, it is important to recognize that they entail costs. To minimize these costs the policies must be well adapted to the specific problem they are trying to solve.

This seminar seeks to clarify what policies are likely to be most suitable, and where Central Banks need to be particularly present.

THE NATURE OF THE COVID-19 RECESSION
• How severe is the expected recession? Should we think of it as the consequence of a fall in demand or a reduction in supply? How does this distinction matter?

WHAT WILL THE RECOVERY LOOK LIKE?
• V-shaped, a recovery starting in the second half of 2020 and a return to normal in 2021: U-shaped, a more long-drawn out recovery that will last two, three or four years; or L-shaped which leaves us permanently less well off in terms of the level of output and employment and possibly also in terms of future rates of economic growth?

WHAT STIMULUS POLICIES ARE APPROPRIATE?
• How would the nature of the recession and the path of the recovery matter for the types of the stimulus programs that would need to be introduced? What are the programs intended to accomplish? When, and how, should the stimulus programs be terminated? Which public authority should take the lead in the design and communication of the programs?

WHAT ARE THE POTENTIAL COSTS?
• Stimulus packages are necessary, but they have to be financed. Do different types if financing (taxes, borrowing in the capital market, borrowing from the Central Bank) entail different costs? What are possible international implications?

WHAT POLICIES ARE BEING IMPLEMENTED IN DIFFERENT JURISDICTION?
• These are early times, but what are the experiences of different jurisdictions with the policies implemented and their effects?

POSSIBLE LONGER-TERM IMPLICATIONS FOR THE FINANCIAL SYSTEM AND FOR FINANCIAL STABILITY
• Will traditional banks be disrupted by FinTech and BigTech firms as major financial intermediaries? What are the financial stability consequences? Will globalization of production processes be rolled back? What would be the consequences for monetary stability?
**Prof. Hans Genberg** is Professor of Economics at the Asia School of Business and the Senior Director of Banking and Finance Programs, overseeing both the Masters in Central Banking program and the upcoming Masters in Banking, Finance, and Technology program.

He has published widely on issues related to exchange rate regimes, reserve management and capital markets development, having worked in senior roles at the South East Asian Central Bank (SEACEN) Research and Training Centre, the Hong Kong Monetary Authority (HKMA) and the International Monetary Fund (IMF).

Hans also has extensive academic experience, having been Professor of International Economics from 1979 to 2008 and Head of the International Economics Department from 1989 to 1998 at the Graduate Institute of International Studies in Geneva, Switzerland.

Hans was recently ranked as one of the top five Economist in Malaysia by IDEAs based on the Research Paper in Economics (RePEc) Author Service.

Hans holds a Ph.D. in Economics from the University of Chicago.
In this third session of the “Central Banks in Turbulent Times” series, Nabil N. El-Hage will host a panel that will bring together Professors David Marsh and Hans Genberg, as well as Dr. Zeti Aziz, former Governor of Bank Negara Malaysia, the central bank of Malaysia.

In this session, Professor El-Hage will discuss the tension that naturally arises when central banks are called upon to have a prominent role in mid-crisis and post-crisis intervention in their respective nations’ economies. Do too little, and the government exerts sometimes enormous pressure for more to be done to help the failing economy; do too much, and appear to be co-opted to the nation’s elected leadership.

The tension is sometimes exacerbated when political leaders do not fully grasp, or choose to ignore the central bank’s mandate of economic growth with price and financial stability.

Central Banks’ Response to the COVID-19-induced Effects on Asia’s Economies. What Has Been Done? And What More Can be Done?

Asia Financial Crisis…the Great Financial Crisis…European Financial Crisis…And Now, COVID-19-induced Global Economic Crisis!

Central banks have had an increasingly visible and dominant role in each of these successive crises. They have repeatedly expanded their respective tool kits, sometimes ahead of their own governments’ tacit or explicit agreements.

We now find ourselves in the midst of a global health pandemic, the likes of which the world has not seen since perhaps 1918. And once again, a major part of the burden to stave off a global economic collapse appears to have fallen on…central banks. In a few short weeks, central banks the world over have massively expanded their balance sheets. Quantitative Easing is back in vogue, and in full swing.

Is this all sustainable? Is the world – both financial institutions and operating companies – becoming more – or less – resilient as a result of these interventions? Are financial institutions doing their part, in intermediating in their own economies’ to sustain the economic engines – Is Wall Street helping Main Street weather the storm, or are financial institutions just trying save their own balance sheets?

We will try to address these topics and more…

BY DESIGN, CENTRAL BANKS ARE GENERALLY ABLE TO REACT AND RESPOND FASTER THAN THE GOVERNMENT MACHINERY,

• The more independent they are, the more nimble they can be

THEIR INDEPENDENCE MAKES THEM MORE SUSCEPTIBLE TO RUFFLE FEATHERS

• They run the risk of seeing their independence eroded

CENTRAL BANKS ARE ENORMOUSLY POWERFUL INSTITUTIONS, AND SOME HAVE USED THAT POWER CREATIVELY

• Have they sometimes gone too far?
• Have they taken their eye off the ball? Is Inflation control still one of their primary mandates, and do their aggressive crisis interventions risk igniting future bouts of inflation? Or…
• Is this time really different?

THEIR STAKEHOLDERS ARE MANY; WHAT ARE THE EXPECTATIONS OF EACH OF THE STAKEHOLDERS, AND WHAT CAN A CENTRAL BANK DO WHEN THE VARIOUS STAKEHOLDERS’ INTERESTS ARE NOT ALIGNED TO THEIR MANDATE AND GOALS?

• Their respective elected governments
• Their country’s financial institutions
• Businesses
• Their citizenry
• Sister Central Banks
• Foreign governments
Prof. Nabil N. El-Hage is founder and Chief Executive of AEE International LLC, dba Academy of Executive Education (“AEE”), a company he founded after serving many years on the faculty of Harvard Business School. Our mission is to offer top-quality executive training and coaching to senior executives around the world. Nabil was on the faculty at HBS for nearly ten years, and he served as Professor of Management Practice and as Senior Associate Dean for External Relations. At Harvard, he taught courses in corporate finance, private equity, corporate governance, and real estate.

Nabil has also been appointed Professor of Practice at Asia School of Business in Collaboration with MIT, where he teaches Corporate Finance as well as Ethics & Corporate Accountability.

Nabil is also a seasoned executive, having been CEO of a Private Equity-backed company for nearly a decade and CFO of two public companies.

In the course of his career, Nabil has served on over twenty boards of directors of companies, public and private, large and small. He has served as chairman of the audit committee of NYSE-listed companies, and as chairman of the contracts committee of a mutual fund complex.

He currently serves on four boards of directors and two Boards of Advisors, including a property & casualty insurance company and a life insurance company-affiliated $50-billion mutual fund complex.

Professor El-Hage graduated cum Laude from Yale University with a degree in electronic engineering (1980), and earned his MBA with the Highest Honors, as a Baker Scholar, from Harvard Business School in 1984, where he was awarded the Henry Ford Foundation Award for the Best First-Year academic record, the Loeb-Rhoades Fellowship for Excellence in Finance, the Copeland (Marketing) Award nomination, and a Dean’s Doctoral Fellowship.
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*6% Sales and Service Tax is applicable

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[ONLINE LEARNING]
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Name Of Attendee

Designation

Company

Address

Contact Tel. No. (Company) (Personal)

Fax No.

Email Address

Name Of Administrator

Contact Tel. No.

Email Address

I would like to register the following online learning session(s):

- □ Communication in Times of Crisis by David Marsh
  Tuesday, 2 June 2020 | 3 pm - 5 pm Malaysian Time (GMT+8)

- □ Financial Support in Times of Crisis by Hans Genberg
  Tuesday, 9 June 2020 | 3 pm - 5 pm Malaysian Time (GMT+8)

- □ Central Banks’ Dilemma in a Time of Crisis:
  Independence, Subservience, or Co-Dependence with the Government? By Nabil El-Hage
  Tuesday, 16 June 2020 | 3 pm - 5 pm Malaysian Time (GMT+8)