

Closing Remark at the Annual Regional Seminar on Financial Stability Issues

Sinaia, Romania, October 21, 2016

Deputy governor Voinea, distinguished guests, ladies and gentlemen,

In the well-established tradition of Romania's national bank, this has been another excellently organized event and I wish to congratulate our co-hosts of the NBR for a job well done. I also want to thank you for your kind hospitality, including for the very pleasant evening and excellent wine and dinner with which we were treated yesterday.

We have had two days of high quality discussions, with a great roster of speakers from a quite wide variety of countries and organizations, each of them experts in their fields. We have also had the chance to see the ongoing and very interesting work being done by the staff of the NBR.

We have covered an ambitious agenda. The topics discussed are extremely relevant for Romania and the countries in the region, but also are at the core of the work central banks are doing around the world.

Given the breadth of the issues, it is difficult to provide a summary now. Just as a quick recap, we have had discussions on:

- Monitoring Systemic risks
- Financial inclusion
- The role of asset quality reviews in strengthening confidence and resolving NPLs
- Crisis resilience frameworks
- Living in a low interest rate environment;
- And macroprudential instruments for managing new risks

As noted by the governor yesterday in his introductory remarks, some of these topics have been under intense discussion for a long time now,

But others, like for example the importance of income inequality for the activities central banks, have emerged more recently reflecting new circumstances and the realization that income inequality may affect policy outcomes in different ways.

I personally, found the debate about the low interest rate environment, low inflation and the implications for financial stability especially engaging. Coming from Argentina, where throughout most of my life inflation has been at very high levels, it is extremely interesting. I think the lively discussion that followed the presentations is a clear indicator that this is an area in which we will continue discussing for a long time.

If I can identify one common thread across all these issues, is that, not surprisingly, they are all extremely complex. As reflected in the very appropriate title for this seminar, central banks remain in uncharted territories in many ways. There are no easy answers. In addition, changing circumstances present us with renewed challenges. It is no wonder that so much time and effort have been devoted to research in these areas.

But I also think that there has been important progress and now we have a better understanding of the challenges to financial stability faced by central banks, some of the tools that are available, and how they can be deployed to protect the health of the financial system.

On the other hand, as was clearly discussed in the last panel, there are still many unanswered questions and we need to continue doing our job to try to find these answers. This requires continued collaboration. This is why events like this seminar are so important. To bring together academics, practitioners, and international organizations. To exchange our views, discuss new ideas and share the work that each of us are doing.

I can tell you that for us at the IMF, these meetings are extremely valuable. This year marked a special milestone, with the 10th edition of the regional seminar at Sinaia. At the Fund, we are proud of this long-lasting collaboration with the National Bank. This has been an important venue to discuss the most pressing issues pertaining to financial stability during a period in which financial systems around the world have faced extraordinary challenges.

As mentioned yesterday by Mr. Baqir, over these past few years, the NBR has made tremendous efforts in maintaining stability and enhancing resilience of the financial system in Romania. I am sure that discussions held here played an important role in these achievements.

Looking ahead, our goal is to continue our collaboration and to continue supporting the excellent work being done at the NBR. There is no doubt that the subject of financial stability will remain an exciting area of debate for many years to come.