

Reinventing Central Banking: Supporting Inclusive Growth and Financial Innovation

Opening remarks

delivered by Mrs. Leila Matroos-Lasten, Acting president of the Centrale Bank van Curaçao en Sint Maarten on the occasion of the third CBCS Central Banking Conference

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Excellencies, distinguished guests, Ladies and gentlemen, good morning.

Welcome, or as we say in Papiamentu, *Bon Biní*, to the third Central Banking Conference of the Centrale Bank van Curaçao en Sint Maarten (CBCS). On behalf of the board of directors of the CBCS, I would like to extend a special, heartfelt thank you to the speakers who graciously accepted our invitation and traveled all the way here to participate. We do hope that you will enjoy your stay in Curaçao. Through these conferences, the CBCS hopes to broaden public interest in the fields of economics and finance as well as to highlight the important functions this institution performs in our societies.

Last year, the CBCS hosted its second Central Banking Conference in March followed by a Financial Innovation Conference in June. This year we decided to combine the two conferences covering contemporary issues in macroeconomic theory and financial innovation in one event.

Ladies and gentlemen, President John F. Kennedy once said, "Change is the law of life. And those who look only to the past and present are certain to miss the future." Those words echo the general theme of this year's conference: "Reinventing Central Banking: Supporting Inclusive Growth and Financial Innovation". Indeed, one of the strategic goals of the CBCS is to be a "state of the art" and reliable central bank with an eye toward the future. To realize this vision, our institution must continuously adapt its policies and approaches to meet the needs and demands of our community in an ever increasingly complex and dynamic global environment. In this regard, inclusive growth and financial innovation are two areas where the CBCS can play a key role in supporting sustainable development of Curaçao and Sint Maarten for future generations.

Over the course of the conference, experts from the International Monetary Fund, the World Bank, the government of Grenada, the Central Bank of Trinidad and Tobago, the Association of Supervisors of Banks of the Americas, the Ontario Securities Commission, the Eastern Caribbean Central Bank, IBIS Management, and our own CBCS will give insight into topics related to inclusive growth and financial innovation.

During the first part of today's program, we will explore the concept of inclusive growth, which expands upon traditional economic growth models to include also other, equally important dimensions of human development and wellbeing. For both Curacao and Sint Maarten, achieving a more inclusive economic growth path is crucial. Last year in fact, the government of Curacao announced an economic strategy aimed at achieving a more inclusive growth path. Meanwhile, following the enormous damage that Hurricane Irma inflicted on Sint Maarten in 2017, the country is not only rebuilding much of its physical infrastructure, but is also working on a macroeconomic and fiscal framework that should contribute to a sustainable and inclusive growth path.

In the past, our economies went through structural reform programs specifically aimed at achieving macroeconomic stability and sound public finances. However, at the same time, at least in the short term, these programs had a negative effect on people's living standards. As a consequence, the public's trust in the effectiveness of such programs and their willingness to support them has been eroded. Our challenge, therefore, is to develop macroeconomic and fiscal policies that are simultaneously pro-growth and pro-inclusion. That is why today experts from the IMF, the CBCS, and an advisor to the government of Grenada will focus on how we can develop an inclusive policy framework as well as how we can assess the performance and efficacy of such policies as they impact people's lives.

Household over-indebtedness, for example, is a problem in Curaçao with many adverse social consequences. The CBCS has embarked on financial education programs to improve financial literacy in our communities and help make people more resilient. Nevertheless, we always welcome new knowledge and further insight into policies and actions undertaken in other countries in this area. We are happy to have an expert from the World Bank, who will share and discuss his research on debt forgiveness programs for households in developing

countries. Furthermore, today's program will feature a presentation by two economists from the CBCS on the determinants of growth in the Caribbean.

Ladies and gentlemen, in small economies such as ours, the failure of financial institutions can pose a great threat not only to the financial system, but also to the welfare of society as a whole. Given the continuous risk of financial instability, it is essential to have an effective resolution regime in place in order to resolve crises in an orderly manner without burdening the taxpayer through solvency support, all the while maintaining the continuity of institutions' vital economic functions. During this conference, the governor of the Central Bank of Trinidad and Tobago and a representative of the Association of Supervisors of Banks of the Americas will share with us their lessons learnt in the area of resolution regimes.

Ladies and gentlemen, let me thank you again for attending. I sincerely hope that the presentations and discussions during this first day of the conference will give us valuable insights into how we can achieve inclusive growth in our economies, how we can create effective resolution regimes, and the supporting role that the central bank can offer in these areas.

I wish you a successful first day of the conference and look forward to fruitful dialogue and discussion!

Thank you for your attention.