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PRESS RELEASE

EUROSYSTEM AND BANK OF RUSSIA HOLD THEIR HIGH-LEVEL SEMINAR

Today the Eurosystem – comprising the European Central Bank (ECB) and the 17 national central banks of the euro area – and the Bank of Russia met in Moscow for their seventh high-level seminar. The seminar, hosted by the Bank of Russia, was attended by governors and senior officials from the Eurosystem and the Bank of Russia. Seminar participants also included high-level representatives from the European Commission and the Administration of the President, as well as from the Federal Assembly and ministries of the Russian Federation.

The purpose of the seminar was to strengthen further the dialogue and enhance relations between the Eurosystem and the Bank of Russia.

In his welcoming speech Sergey M. Ignatiev, Chairman of the Bank of Russia, emphasised that the practice of regular high-level Eurosystem – Bank of Russia seminars (the first one was held in Helsinki in 2004), as well as the profound and open character of discussions on the actual issues of banking sector and financial system development, enhance the atmosphere of trust between the central banks and promote better understanding of the monetary policy conducted by them.

In his opening remarks Mario Draghi, President of the ECB, said: “Central bank independence is essential in pursuing the objective of price stability”. He also emphasised the excellent cooperation between the Eurosystem and the Bank of Russia, including recent Memorandum of Understanding, which laid the groundwork for continued cooperation between the two institutions in the fields of monetary policy, financial stability and, together with several national central banks of the Eurosystem, banking supervision during an initial phase.

Seminar discussions focused on current economic developments and the changing role of central banks in the area of monetary policy, financial stability and banking supervision in the euro area and in Russia.

Current economic developments

Russia has been experiencing robust growth, notwithstanding a slowdown recently, while the euro area is expected to undergo a gradual recovery later in 2013. Seminar participants noted

that several conjunctural indicators have recently stabilised in the euro area, albeit at low levels, while persistent uncertainty continues to weigh on economic activity. Financial market confidence has improved significantly. Participants recognised the progress made in consolidating public finances, advancing structural reforms and improving governance in the euro area. The discussion also considered the strong economic links between Russia and the European Union.

The changing role of central banks – the monetary policy dimension

Participants discussed the lessons from the global financial crisis for monetary policy strategies and operational frameworks. They agreed on the importance of central bank independence to pursue the objective of price stability, along with the need for effective communication to maintain the trust of the general public in central banks' ability to keep inflation under control. They also discussed non-standard measures in monetary policy and monetary transmission in the light of highly volatile and partly dysfunctional financial markets. Participants reviewed progress in the Bank of Russia's transition towards inflation targeting and agreed that the close monitoring of financial market developments is a useful element in the bank's monetary policy strategy.

The changing role of central banks – the financial stability and supervision dimension

Participants exchanged views on planned changes in the supervisory architecture in the euro area and in Russia. The discussion focused on challenges arising from the enhanced powers of central banks in the area of supervision, which is the case both in the euro area and in Russia. Participants agreed that a strong role in supervision for central banks was desirable and that a financial stability and macro-prudential perspective has to complement micro-prudential supervision to ensure the effective functioning of the banking sector and financial system. It was stressed, though, that supervisory tasks should be organisationally separated from monetary policy functions within central banks.

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