

The Eighth Annual Conference of **Mediterranean Central Banks**

13 – 14 February 2024 • Split, Croatia



Union for the Mediterranean
Union pour la Méditerranée
الاتحاد من أجل المتوسط

Stay the Course in Turbulent Times: Old and New Challenges for Central Banks

13 – 14 FEBRUARY 2024 • SPLIT, CROATIA

Conference organised by the Hrvatska narodna banka, the Banco de España, the Organisation for Economic Cooperation and Development (OECD), the European Institute of the Mediterranean (IEMed) and the Union for the Mediterranean (UfM)

PROGRAMME

WEDNESDAY, 14 FEBRUARY 2024

9:00 – 9:45 INTRODUCTORY REMARKS

Boris Vujčić, Governor, Hrvatska narodna banka

Pablo Hernández de Cos, Governor, Banco de España

Senén Florensa, Executive President, European Institute of the Mediterranean (IEMed)

H.E. Nasser Kamel, Secretary General, Union for the Mediterranean (UfM)

Luiz de Mello, Director of the Country Studies Branch, Economics Department, Organisation for Economic Cooperation and Development (OECD)

9:45 – 10:15 KEYNOTE SPEECH: MONETARY POLICY AND FINANCIAL STABILITY IN THE EURO AREA

Luis de Guindos, Vice-President of the European Central Bank

11:00 – 12:30 SESSION I: CENTRAL BANKS' CREDIBILITY IN TIMES OF ELEVATED INFLATION

After decades of sustained low inflation, the challenges of monetary policy communication have become dramatically more complex in recent years. The stubbornly-high inflation has led people to question the efficiency of central banks in achieving their primary objective, price stability. Moreover, high uncertainty and the variety and frequency of exogenous shocks, including energy and food price

booms, supply-chain bottlenecks and geopolitical tensions, makes it increasingly difficult to explain to the wider public the motivation and the outcomes of policy decisions. Such circumstances lead to loss of trust in central banks, which, in turn, may lead to weaker monetary policy transmission and further de-anchoring of inflation expectations, and ultimately impair their ability to reduce inflation. These challenges force central banks across the globe to re-think their communication strategies. This session will be an opportunity for the governors of the Mediterranean central banks to share their views and experiences on how the current inflation environment, both local and global, affects the credibility and policymaking of their central banks, and to elaborate on possible reshaping of channels and modalities of communication to mitigate these risks.

- To what extent has the recent hike in inflation affected central banks' credibility, in particular given the errors in inflation forecasts? What are the limitations of inflation models we use?
- Are the risks for central bank credibility stemming from prolonged high inflation different in exchange rate targeting versus inflation targeting regimes?
- What are the limitations that central banks of small open economies face in delivering low and stable inflation amid imported price shocks?
- How to improve messaging to the key policy takers – firms and households – who essentially form market expectations? In particular, how to successfully communicate issues such as delayed transmission of monetary policy decisions to the real economy or the trade-off between reducing inflation and growth?

Moderator: Boris Vujčić, Governor, Hrvatska narodna banka

Panelists:

Mario Centeno, Governor, Banco de Portugal

Pablo Hernández de Cos, Governor, Banco de España

Edward Scicluna, Governor, Central Bank of Malta

Boštjan Vasle, Governor, Banka Slovenije

14:00 – 15:15 SESSION II: FOSTERING WOMEN'S ECONOMIC PARTICIPATION IN THE MEDITERRANEAN: SUCCESSFUL POLICIES FOR IN-DEPTH TRANSFORMATIONS

There can be no full economic development unless women are economically empowered. According to the IMF, the economic losses caused by gender inequality in labour outcomes range from 10% of GDP in advanced economies to more than 30% in South Asia, the Middle East, and North Africa. Financial inclusion of women is critical to women's economic empowerment, resilience, and well-being. Providing women with effective and affordable financial tools to save and borrow money, make and receive payments for personal and business reasons, and enhancing their ability to take informed financial decisions in a safe way, play a crucial role in facilitating women to earn their own income. It also increases their financial autonomy, while reducing their exposure to risks and generating positive effects for their families and communities. Although numerous milestones have been reached in the direction of women's economic empowerment, more effort is needed to improve women's financial inclusion and literacy, but also to enhance the mobilisation of the financial sector in this area. The third session will be the opportunity to showcase best practices and innovative initiatives aiming at developing an enabling environment for women's access to finance and meaningful financial inclusion. In this framework, the objectives and activities of the EU-OECD Project on "Women's Economic Empowerment in the Southern Mediterranean: Enhancing Women's Financial Inclusion and Access to Finance in the Digital Age" will be presented.

- What are the primary barriers that women face when it comes to financial inclusion in the Mediterranean, and what strategies have been successful in overcoming these barriers?

- How can digital technologies and fintech solutions be leveraged to enhance women's access to finance and financial inclusion in the Mediterranean?
- What role can government policies, regulations, and financial institutions play in promoting women's financial inclusion?
- What initiatives have been successful in improving women's financial literacy, and how has this impacted their economic independence and well-being?

Moderator: Said Charna, Senior Advisor, Union for the Mediterranean (UfM)

Panelists:

Rym Ayadi, Founder and President of the Euro – Mediterranean Economists Association (EMEA)

Fatima Zahra Aziz, Executive Director, Moroccan Foundation for Financial Education (FMEF)

Mariarosa Lunati, Senior Advisor, Middle East and Africa Division, Global Relations and Cooperation Directorate, OECD

Fatma Triki, Director of Research and Development Department, ENDA INTER-ARABE

15:30 – 16:45 SESSION III: MANAGING THE FINANCIAL RISKS OF CLIMATE CHANGE

Climate change poses risks to economic, financial and price stability. Structural shifts in the real economy, changes in relative prices, transition and physical risks, as well as policy action by governments and regulators are all shaping the environment in which central banks around the world pursue their mandates. Risks are larger in countries and regions that are more vulnerable to climate change due to the importance of climate-dependent sectors in their economy, the depth of their financial markets and the breadth of implementation of reporting and disclosure rules for green investment. This is in particular the case of Mediterranean countries, which are among the most exposed in the world to the effects of global warming. In this conference/session, we will discuss the implications of climate change for the financial sector in the region, how central banks and financial sector regulators are working to assess and supervise climate risks, their possible role in climate change mitigation strategies for the financial system and the scope for policy action to mobilise green funding to support mitigation and adaptation efforts.

- How are central banks and financial sector regulators strengthening their risk assessment frameworks to analyse climate risks?
- What are the challenges the central banks are facing in assessing climate risks?
- What are the main challenges in unlocking the necessary private climate finance for mitigation and adaptation to climate risks and what is the role of central banks?

Moderator: Luiz de Mello, Director of the Country Studies Branch, Economics Department, OECD

Panelists:

Adel Ben Youssef, Professor of Economics, University Côte d'Azur

Ángel Estrada, Director General of Financial Stability, Regulation and Resolution, Banco de España

Ivo Krznar, Deputy Division Chief, IMF

16:45 – 17:00 CLOSING REMARKS