

Opening remarks

delivered by

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On the occasion of the third CBCS Central Banking Conference
Reinventing Central Banking: Supporting Inclusive Growth and Financial Innovation

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

Welcome to the second day of 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, also today I would like to extend a special, heartfelt thank you to the speakers who graciously accepted our invitation.

During yesterday's program, we discussed the concept of inclusive growth. Ms. Henriquez of the CBCS kicked-off the program with an overview of indicators beyond the GDP for inclusive growth, while Mr. Ivanyna of the IMF and Mrs. Grenade of the Caribbean Development Bank focused on the development of inclusive policy frameworks and the impact of such policies on our communities' well-being.

Mr. Kanz from the WorldBank discussed household over-indebtedness and the policies and actions that can be undertaken in this area. Additionally, the program featured a presentation on the determinants of growth in the Caribbean by Ms. Dare and Ms. Hieroms of the CBCS. Finally, given the continuous risk of financial instability, Mr. Campos Cuevas of the ASBA shared some insights on resolution regimes, while the governor of the Central Bank of Trinidad and Tobago, Mr. Hillaire, shared with us the lessons learnt in the area of resolution regimes.

The overarching theme of this year's conference: "*Reinventing Central Banking: Supporting Inclusive Growth and Financial Innovation*", is no coincidence. Inclusive growth and financial innovation are two areas where the CBCS can play a key role in supporting the sustainable development of Curaçao and Sint Maarten. The theme underscores a very important issue that we all are facing: The digital economic sector is purported to be growing 35% faster than the wider economy. If inclusiveness, financial technology, and innovation are indeed interconnected drivers for growth and well-being, we must be committed to build sustainable and resilient financial infrastructures and regulatory environments based upon wider participation.

A sustained economic development and growth strategy requires diversification, which is precisely where innovation can play an important role contributing to economic prosperity and well-being of our communities. It is no surprise that we are having this discussion of inclusiveness and innovation at this year's conference. According to the Financial Stability Board, crowd funding, peer-to-peer lending, and other innovative products will certainly affect financial services provision such as bank lending services, investment management and advisory functions.

Pre-emptively discarding innovation in the name of financial stability would certainly stifle innovation and inclusive progress, whilst depriving households of the benefit of technological progress. On the other hand, allowing risks to accumulate in an unregulated sector may undermine financial stability and undo the benefits of past regulatory efforts. Therefore, finding the right balance between facilitating innovation and ensuring financial stability and consumer protection is of essential importance, but also an inherently difficult task.

The issues raised by innovation in financial services have become priorities at the global level. The Financial Stability Board, the IOSCO, the Basel Committee for Banking Supervision, the International Association of Insurance Supervisors have all taken up innovation from their unique perspectives in recent years. Underlying all of this work is the realization that actors across the financial services spectrum need to adapt along with the changing industry.

An innovative environment requires an innovative regulatory approach. We are increasingly called upon to apply our regulations and processes in the context of new business models, products and services. It is therefore, that today will be an exciting day for all of us, since we will be interacting with experts on innovation and regulation, about the developments and way forward from various perspectives, including the regulatory perspective.

We have a line-up of distinguished speakers from all the different corners of the innovation and technology ecosystem, as well as from Standard Setting bodies and Regulatory Authorities.

We kick off our innovation day with an interesting take by Mrs. Lopes from the WorldBank on Inclusive Innovation: the challenges and opportunities. Following the presentation of Mrs. Lopes, we have short introductions from Mrs. Chaukos from the Ontario Securities Commission, and Mr. Cova from the CBCS on how we as regulators support innovation and modernize regulation to position our markets favorably in the wake of these developments. Subsequently, we will have an interactive panel discussion with Mrs. Lopes, Mrs. Chaukos, and Mr. Cova. We encourage you to make the most of this opportunity to engage and interact with these experts.

We will cap our day with presentations and a panel discussion on Central Bank Digital Currency (CBDC). New global or regional trends and policies have helped push innovation and technology to the forefront. An example of this is the increasing number of central banks carefully considering entering the CBDC space. We are excited to welcome Mr. Kiff, of the IMF and one of the co-authors of the discussion note of the IMF on the development and implementation of CBDC. Mr. Kiff will provide a short update of this important and dynamic discussion note. We will also have Mrs. Welsh provide an overview of the implementation of the CBDC by the Eastern Caribbean Central Bank, and subsequently, we will have Mr. Pietersz of the CBCS provide an overview of the status of our own consideration of CBDC. Afterwards, Mrs. Luis of IBIS Management will share the results of a whitepaper issued on the potential implementation of a CBDC in Curaçao and Sint Maarten.

Let me say that we as regulators feel more vibrant than ever in our ability to keep evolving with the changes in our markets.

Ladies and gentlemen, once again I thank you for being here at the “*Reinventing Central Banking: Supporting Inclusive Growth and Financial Innovation*” conference of the CBCS. I wish you a successful second day of the conference and look forward to fruitful dialogue and discussion!

Thank you for your attention.