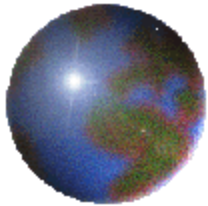




***IMF Seminar of National Compilers
Coordinated Portfolio Investment
Survey***

***Beirut Lebanon
June 17-19 2003***



Welcoming Remarks

Dr. Nasser Saidi

First Vice Governor

Banque du Liban



AGENDA

- ❖ Role of Central Banks
- ❖ Good governance & Statistical Information
- ❖ Financial Markets & BOP statistics
- ❖ Statistical Capacity Building & GDDS



Role of BDL

- ❑ Expansion of banking & financial services in modern economies ⇒ wider role of CBs
- ❑ Modern ICT ⇒ ↓ information costs & ↓ payment costs
- ❑ Monetary Arrangements & Policy
- ❑ Exchange Rate Arrangements & Policy
- ❑ Public Debt Management



Role of BDL: II

- ✚ Enable & Facilitate Finance of Reconstruction
- ✚ Payment & Settlement Systems
- ✚ Banking Control & Supervision
- ✚ Financial Market Supervision



Role of BDL: III

- ❑ Wider Role & Responsibility:
 - Inform the general public
 - Advise Government
 - Inform International Organizations
 - Inform Markets: domestic, international
 - ❑ International Economic & Financial Integration
 - ❑ Comply with International Codes & Standards
- ∴ Central bank's objectives: control inflation, maintain exchange market stability and act to maintain financial stability**



Changing World of Financial Services

Three major factors affecting financial services:

1. **Globalization**: increase in capital flows, cross-border financial services:
 - Led to increased economic integration
 - Resulted in greater trade in financial services
2. **Deregulation & liberalization** across geographic, markets and products:
 - New entry and increase of foreign presence in many domestic markets
 - Integrated banks offering a broad array of services
3. Technological progress in **Information & Communications Technology**, particularly internet, leading to e-banking, e-payments and greater payment system efficiency



Capital Flows: opportunities, risks

- ✦ Capital flows can increase investment, allow smoothing of consumption and absorption of shocks and increase welfare
- ✦ But: Capital flows can make countries more vulnerable to shocks if banking & financial sector not well supervised and in the presence of large macroeconomic and fiscal imbalances
- ✦ Recent Crises (Asia, LA, Russia) show strong links between currency crises and financial sector crises
- ✦ Financial crises have generated macroeconomic instability, lower growth & increased poverty



CPIS: importance

- ⊕ Financial stability underlies macroeconomic stability & monetary stability
- ⊕ Increased liberalization & financial market integration & innovation
- ⊕ Financial flows can be disruptive: Asian, Russian, Latin American & other crises
- ⊕ Monetary authorities require quality information on portfolio flows which are (1) more volatile than FDI and other forms of investment, and (2) lead to contagion effects and spillover to other countries and markets



Comprehensive approach to information & statistics required

- ✚ CPIS, ITRS & other initiatives are best viewed and implemented within an integrated, comprehensive approach to balance of payments and international financial statistics



Comprehensive approach to information & statistics required

(2)

- BDL undertook major effort: introduce new laws & regulations, institution building (e.g. creation of central securities depository: MidClear), technical assistance (IMF, WB, friendly CBs), major investment in IT and systems and
- BDL complied with international codes and standards: Core Principles for banking supervision, CP for Payment Systems and for Securities Settlement Systems (SSS)



Economic Information & Good Governance

- ❖ Good governance requires transparency, efficiency and accountability
- ❖ Governance: traditions, institutions by which authority is exercised for the common good:
 - Process of selection, Monitoring and Replacement of leadership and authorities
 - Capacity of government to manage its resources and implement sound policies
 - Respect of citizens and the State for the institutions that govern social and economic interactions among them



Good Governance

- ✚ Good Governance= function(Knowledge & Information, Leadership, Collective action)
- ✚ Increased Globalization places emphasis on transparency and comprehensiveness of information



Statistical Initiatives for Good Governance

- ❖ The General Data Dissemination Standard (GDDS): framework is intended to provide guidance for the overall development of macroeconomic, financial, and socio-demographic data
- ❖ Only Jordan, Kuwait, Oman, Yemen, Lebanon (2002) have acceded to GDDS
- ❖ Special Data Dissemination Standard (SDDS): Tunisia, Israel, Turkey, Greece
- ❖ Need to invest in ***Statistical Capacity Building***



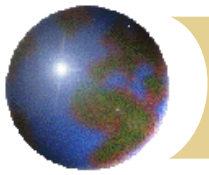
GDDS DATA: Four Dimensions

- ❖ Data: coverage, periodicity, timeliness, development, production, and dissemination of two interrelated classes of data: (1) comprehensive frameworks for each of the four economic and financial sectors (real, fiscal, financial, and external); and (2) indicators for each of these sectors, plus the socio-demographic data. **Reliable, Comprehensive & Timely**
- ❖ Integrity of disseminated data: **Confidence of users**
- ❖ Access by the public: **Ready and equal access**
- ❖ Quality of disseminated data



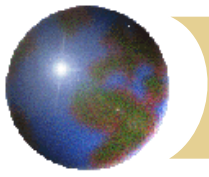
Arab Emerging Markets & Investment

- ❖ Arab countries not integrated in regional or international trade, investment & financial markets
- ❖ We need to attract capital: both FDI and Portfolio investment for economic development, investment in infrastructure
- ❖ We need to build our financial markets: institutions, including a Central Depository, and introduce an enabling legal & regulatory infrastructure
- ❖ Good governance, quality information and statistics generate a better investment environment and stable capital flows



Concluding Remarks

- ✚ We need to invest in Statistical Capacity Building
- ✚ Regional cooperation is a must: improves regional investment climate and investors' (domestic & foreign) perception
- ✚ Quality statistical information is part of good governance



*Thank you and Welcome to
Lebanon*

اهلا و سهلا بكم في ربوع بلادكم
لبنان