

## Share of the Bank for International Settlements held by Banco de la República

Act 1484/December 12, 2011 authorized *Banco de la República* to participate as a shareholder of the Bank for International Settlements (BIS). Based on this, the Bank acquired 3,000 shares of the BIS for a price of 65,712,000 in special drawing rights (SDR), which is equivalent to USD 100,978,710 that are registered on the books at their acquisition cost in SDR under “contributions to international organizations and entities.” On June 28, 2018, the Bank received SDR 705,000 (USD 994,668.3 in dividends which corresponded to the BIS accounting year that ended in March 2018 (April 2017 to March 2018), and which are equivalent to an annual return of 1.07%.<sup>1</sup>

The membership of *Banco de la República* in the BIS has allowed the directors of the Bank to participate in periodic meetings in which recent events and the outlook for the global economy and the financial markets are examined. These meetings represent a discussion forum where points of view and experiences with issues of particular relevance to central banks are exchanged and all of this contributes to a better understanding of the challenges affecting various countries and to implementing appropriate policy measures. During 2018, the discussions have focused on various topics such as fintech, crypto-currencies, the challenges of globalization and the possible effects on emerging economies of a tightening of monetary policy on the part of the central

banks of the advanced economies. Similarly, the role of macro-prudential policies as effective tools for easing financial cycles in economies has been analyzed. The Bank also takes part in a number of consultation groups coordinated by the BIS such as the Consultative Council for the Americas (CCA) that foster international cooperation and research on issues related to central bank policies and other topics that impinge on macroeconomic and financial stability.

Within the framework of activities coordinated by the CCA, which is made up of the governors of the central banks on the American continent that are members of the BIS,<sup>2</sup> the Bank actively participates in research projects and conferences on various areas relevant to central banks. Among them was the Scientific Committee (which includes the head economists of the respective central banks), which organizes the annual research network and, for this year, they chose the use of microdata in economic research at central banks as the focus.<sup>3</sup> At the conference that was held in Rio de Janeiro between June 4th and 5th, a researcher from the Medellín branch of the Bank presented a study on the effects that increases in the cost of short-term have on the financing of liquidity for companies.<sup>4</sup> Along the line of this same Committee, the research network on the transfer of variations in the exchange rate to inflation (*pass through*) and commerce using company-based data, which started in 2017, was finalized this year.<sup>5</sup> There will be final meeting of this network in Mexico City in August. A researcher from the Cali branch, who will present a study that analyzes whether there are differences in the impact of exchange rate variations on different industrial sectors in Colombia, will participate there.

In September 2017, the annual meeting of the CCA Advisory Committee of Financial Stability Directors. At this meeting, those in charge of the area of financial stability for the different central banks discussed recent aspects of the international situation and the progress on the research topics applied to the analysis of the financial stability of the member countries. At this particular meeting, the main topic will be the change in the models of banking business and their impact on bank

1 The BIS General Assembly approved the payment of a dividend of 235 SDR per share. The profitability corresponds to the ratio between the dividend received and the purchase price per share (21,904 SDR).

2 Argentina, Brazil, Canada, Chile, Colombia, the United States, Mexico, and Peru.

3 The schedule and documents are available at: <http://www.bis.org/events/cacconf2017/agenda.htm>

4 The document presented was written by Cardona, Restrepo and Strahan (2017). “Funding Liquidity without Banks: Evidence from a Shock to the Cost of Very Short-Term Debt”, NBER Working Papers, no. 23179, National Bureau of Economic Research, Inc.

5 The description of the project can be found at: [https://www.bis.org/am\\_office/rsn/erkdeit.htm](https://www.bis.org/am_office/rsn/erkdeit.htm)

credit.<sup>6</sup> In addition to that, a working group on *stress testing* was set up, also during the past year, to share experiences between central banks and improve the tests that make it possible to evaluate the resistance of the financial system to different shocks. This group is evaluating the possibility of carrying out a joint exercise between the countries.

In February 2018, the Bank also participated in the annual meetings of the deputy governors of central banks of emerging countries that are members of the BIS. These meetings were focused on the effects of globalization on emerging economies. A study that describes the dynamics of trade integration between countries within different economic sectors as well as the Colombian experience in that process, which was prepared by Bank staff, will be published soon in the BIS Papers series where the contributions from different central banks are compiled.

Last of all, the Bank is a member of the Consultative Group of Directors of Operations (CGDO), a network of representatives of the central banks who are responsible for the central bank's operations. The last meeting, in which the main topics were digital currencies issued by central banks and the supply of and demand for money-like assets, was in Toronto (Canada) during May 2018. A meeting was likewise held with private sector analysts on the most recent financial developments in advanced economies and in Latin America.

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<sup>6</sup> The description of the project can be found at [https://www.bis.org/am\\_office/wgfinstab/cbbm.htm](https://www.bis.org/am_office/wgfinstab/cbbm.htm)