

## Box 1: International Lessons in the Development of Market Intelligence and its Strengthening at *Banco de la República*<sup>1</sup>

### Introduction

**Traditional Market Intelligence (MI) is based on direct interactions with market participants, surveys, and expert judgment, in order to collect, contrast, and synthesize relevant information** (BIS, 2023). MI enriches the analysis by complementing quantitative data with qualitative perspectives not evident in the information. As emphasized by BIS<sup>2</sup> (2023), MI is a key element in central bank operations and policy analysis.

**MI has become increasingly relevant within the functions of central banks. Since 2015, BIS has organized forums about MI in collaboration with central banks from different regions to encourage the exchange of experiences and best practices in this area** (BIS, 2016). Through systematic surveys and the analysis of their results, this institution has sought to deepen the understanding of the MI activities carried out by central banks and promote their development as a complementary tool for analysis and policy design.

**At the local level, since 2024, *BanRep* has explored new strategies to structure dialogue with market agents.** In line with international experience, *BanRep* has recognized the relevance of MI in understanding financial market dynamics, identifying potential risks, and complementing analysis derived from structured data.

### International Experience

**Based on the 2015 survey of central banks by the *BIS Markets Committee*<sup>3</sup>, MI is primarily based on bilateral conversations with market players, either face-to-face or by telephone, allowing for a detailed and trustworthy dialogue.** Electronic media such as financial chats or emails, as well as more structured spaces, including contact groups, surveys, conferences, and sectoral forums (BIS, 2016), are also used.

**According to the last MI survey, published by the BIS in 2023, MI initially focused on monitoring key market assets and central banking operations. Over time, it has expanded its scope to cover new participants and segments,** reflecting the increasing financial complexity. Today, central banks combine qualitative and quantitative information to enrich analysis, reduce bias, and improve real-time monitoring (BIS, 2023).

**In particular, the Bank of England has highlighted its efforts in MI. The information obtained from the MI has informed the bank's analysis of policy-relevant issues and contributed to the**

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<sup>2</sup> Bank for International Settlements (BIS).

<sup>3</sup> The Markets Committee is a forum in which central bank officials discuss current market conditions, their operation and central bank operations. It is made up of senior officials from 27 central banks. *BanRep* is not a member of that Committee.

**decision-making, policy implementation, and communications of the Bank's three main committees:** the Monetary Policy Committee, the Financial Policy Committee, and the Prudential Regulation Committee. To maximize the value of MI, the Bank maintains an extensive and up-to-date network of contacts, including actors in major international financial centers (Bank of England, 2017). In the document "The Bank's Market Intelligence function" of 2017, the entity highlights two case studies that show the usefulness of MI as a tool to support the formulation of Bank policies.

**Another institution that has been vocal about its experience in MI is the Federal Reserve (FED). This institution has a wide variety of contacts in the financial markets, especially those in which the New York FED operates. This institution seeks to understand topics such as expectations about monetary policy, domestic and international financial conditions, market structure, liquidity, and financial stability, among others.** The information collected is summarized and incorporated into multiple reports and analyses. The primary objective of MI is to support informed monetary policy decisions through presentations at the Federal Open Market Committee (FOMC) meetings, and other communications to policymakers (Reserve Bank of New York, 2024).

**At the Latin American level, the Central Bank of Mexico has used constant communication with market participants, within the framework of its MI activities.** This has allowed to identify structural deficiencies in financial markets and possible regulatory adjustments. This qualitative information is complemented by quantitative intelligence based on key data and market indicators (BIS, 2023).

**On the other hand, the Central Bank of Chile (BCCh) has the National Markets Committee. This instance facilitates dialogue between the institution and the leading actors, both local and international, who participate in national financial markets.** Its objective is to collect market perceptions about recent developments in the market, as well as to identify possible improvements that can contribute to its proper functioning. To that end, a diverse representation of sectors and industries is promoted within the Committee (Banco Central de Chile, 2025). In addition, since 2021, the BCCh has incorporated qualitative questions into the Financial Opinion Survey (EOF in Spanish) to deepen its understanding of the market. These questions allow to identify the relevance attributed by respondents to various factors that could influence key variables, such as inflation and the exchange rate, as well as any perceived biases in the BCCh's communications following its monetary policy meetings. The results of the EOF are published together with visualizations that allow you to follow its evolution over time (Banco Central de Chile, 2025).

## **Strengthening of *BanRep's* MI Strategy**

**One of the key components of traditional MI is direct contact with market actors to interpret the evolution and structure of the market. This interaction has allowed some central banks to detect emerging risks and identify possible future scenarios (BIS, 2023).** In this regard, *BanRep* has maintained a channel of communication with entities for several decades, capturing their views on factors affecting market dynamics, their forward-looking statements, and the most relevant risks to be considered. One of the most representative examples of this channel is the invitation that *BanRep* extends quarterly to different agents to the presentation of the "Financial

Markets Report.” These sessions share the main messages from the report, gather feedback from participants, and address inquiries around its content. Over time, this space has evolved, giving rise to increasingly in-depth and enriching discussions.

**As of 2024, BanRep has reinforced its MI strategies through the structuring of bilateral and periodic dialogues with financial institutions.** The objective of this strategy is to deepen the analysis of financial markets, detect potential risks, and consolidate interaction with market agents.

**Bilateral dialogues have been developed with the economic research teams of credit institutions, pension funds, and financial managers (such as investment managers and trading desk staff) of banking establishments and financial corporations, mainly (Table B1. 1). This effort has included both the leading players in the financial system, as well as entities of different sizes and profiles, to capture a broader and more representative view of the market.** Although conversations are primarily with local entities, there is also contact with agents with an international presence. These interactions differ from the requests for meetings that BanRep receives from investors, which are attended by other members of the technical team or by the Board of Directors.

**Table B1. 1. Structure of BanRep’s Dialogue with Financial Market Agents**

	Economic Research	Pension Funds	Financial Managers
Topics	Monetary policy in the U.S., oil, and Colombia CDS	Drivers of local and international financial markets	Drivers of local and international financial markets
Agents	Economic research teams	Pension funds	Banks, brokerage firms, and financial corporations
Frequency	Bimonthly	Quarterly	Monthly
Deliverables	Presentation. Report when there is a specific situation	Report / Presentation	Presentation. Report when there is a specific situation
	Others	Depending on the situation. Example: Dialogue with trust companies.	

**Source:** Operations and Market Analysis Department - BanRep

**The topics of the bilateral dialogues range from money market dynamics, oil price projections, and expectations on Colombia’s CDS (Credit Default Swaps) to market risks and global factors.** The deliverables, in report or presentation format, are produced on a monthly, bimonthly, or quarterly basis and are for the exclusive use of BanRep. Additionally, special products are developed in response to specific situations. For example, in the face of significant changes in the

participation of trust companies in *BanRep's* temporary operations, several of these entities were contacted, and a specific report was prepared with the main findings and analysis.

**The dialogue is conducted in a structured manner, orienting the discussion around debt, exchange rate, and monetary markets, as well as issues relevant to the situation. This approach allows contrasting the perceptions and responses of different agents to the same topics,** which contributes to building a more comprehensive understanding of particular dynamics. Likewise, by addressing similar issues at different points in time, it is possible to identify changes in perceptions and track their evolution over time.

**Additionally, MI is strengthened through dialogue with other central banks, which enables the enrichment of analysis and a deeper understanding of specific economic and financial dynamics.** These interactions facilitate the comparison of experiences, mutual learning, and identification of best practices that can be incorporated into the market analysis process itself.

**While each entity may have a partial view of what is happening in the financial markets, dialogue with multiple counterparties enables the construction of a more comprehensive view, the identification of common patterns, and the comparison of different approaches. The agent's particular perspectives also reveal nuances and dynamics that, from *BanRep's* institutional standpoint, may not be readily apparent.** This interaction is one of the main strengths of the MI exercise. Additionally, two-way conversations facilitate access to qualitative information or perceptions that are not usually available through public channels.

**A critical component in the development of *BanRep* MI is the careful comparison between qualitative information collected in agent dialogues and what quantitative data shows.** Since entities often form a view based on their interactions with customers or their own operations, their perceptions do not always align with what the data show. Therefore, it is always important to verify and complement these opinions with the available information. In this sense, *BanRep* has developed tools that enable data to be visualized in a more transparent and more accessible manner, thereby supporting a more efficient and timely interpretation of the information.

**A high degree of professionalism is maintained in bilateral dialogues, ensuring that no confidential information or data provided by other entities to *BanRep* is disclosed.** This practice is essential to preserve the confidence of agents, who must be certain that any information shared will be handled appropriately. In accordance with the spirit of Chatham House's rules, the opinions expressed in meetings with participants are considered in the analysis, without being attributed to specific individuals or entities (Chatham House, 2025). *BanRep's* commitment to confidentiality fosters an environment of transparent and constructive cooperation.

**Although the reports and presentations that synthesize the main messages obtained from the bilateral dialogue with agents are for the exclusive use of *BanRep*, the perspectives collected are used, always in an aggregated manner and without disclosing individual information, in reports intended for the public.** These perspectives help to explain financial asset movements and market dynamics. These include documents such as the "Financial Markets Report" and "*Determinantes de las dinámicas de los Mercados de Capitales*" (Determinants of Capital Market Dynamics).

**A recent example of the added value provided by dialogue with market participants was the understanding of the characteristics of the ultimate beneficiaries of TES purchases in the NDF**

**market, an element not available at a granular level in *BanRep*'s databases.** Within the framework marked by the significant increase in the NDF TES buyer position of foreign investors from COP 4 trillion in July 2023 to COP 21 trillion at the end of the first quarter of 2025, it was possible to identify, thanks to dialogues with market participants, that most ultimate beneficiaries of TES NDFs abroad are investors pursuing short-term strategies, such as hedge funds (Botero, Villalobos, & Barreto, 2025).

## Conclusions

**The identified benefits of MI in financial market analysis, as well as its contribution to more informed decision-making by central banks, have driven its development globally.** The added value that the perspective of market players brings to information obtained through data is a key element to strengthening the understanding of the economic and financial environment.

**For *BanRep*, the dialogue with market agents has enabled it to delve into the dynamics of financial markets, by accessing elements that cannot be captured solely through data or public sources.** These conversations enrich the understanding of the market structure, facilitate the identification of risks and trends, and provide valuable inputs for more informed decision-making.

**The above highlights the importance of maintaining an open and constructive communication channel between *BanRep* and market agents.** This interaction not only strengthens the Bank's ability to anticipate and better understand the conditions of the financial environment but also provides market participants with valuable space to express their views, raise concerns, and clarify the scope of *BanRep* policy decisions. Indeed, it is a mutually beneficial relationship that contributes to greater transparency and effectiveness in policymaking.

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