The next decade of finance

8-10 July 2019, St. Louis

Summary of discussions
Full meeting programme
List of participants
Central banks around the world are confronting a new set of sociological and economic problems as they assess how to make monetary policy more effective. The three-day programme linking the OMFIF Foundation, Federal Reserve Bank of St. Louis, National Institute of Economic and Social Research and the Olin Business School at Washington University in St. Louis spanned wide-ranging themes of transition in advanced and emerging market economics.

Tackling technological disruption, dealing with inequality, promoting green growth
Global worries about an expanded trade dispute between the US and China spilling over to Europe and other regions provided a major reason for expectations of further monetary easing in the US and beyond, reversing the monetary normalisation started by the US in 2015. ‘We are more concerned about Europe than any other part of the world,’ said one prominent US participant. A European policy-maker commented that the European Central Bank had ‘bought time’ with interest rates cuts and quantitative easing, but ‘time was not being used’: Europe was being held back by a lack of fiscal reform. There was a lively discussion on President Donald Trump’s assertion on countries the US claims are ‘manipulating’ their currencies, including the US Treasury’s extended criteria on allegedly unfair currency practices.
US interest rate ‘insurance’ against economic slowdown

Jim Bullard, president of the Federal Reserve Bank of St. Louis, underlined the need for a cut in Fed interest rates as ‘insurance against a sharper than expected slowdown’, in a lunchtime interview. Presaging the 0.25 point fed funds rate cut decided on 31 July, Bullard said ‘uncertainty about trade issues’ was leading to a global growth slowdown. This was feeding through to the US, ‘slowing down quite a bit in the second quarter and second half [of 2019]’. It was important to recentre inflation expectations around the Fed’s 2% target. Bullard gave an update on his 2016 shift to promoting lower interest rates. He played down Trump’s advocacy of monetary easing, saying a president with a real estate background was naturally interested in lower interest rates.

Research and dialogue to strengthen economies

Central bankers should visit communities to better understand economic changes and promote research that can address local challenges, said Raphael Bostic, president of the Federal Reserve Bank of Atlanta, in an interview with his predecessor, Dennis Lockhart, OMFIF Foundation board member. Key themes that emerged during his travels around his district include the ‘future of work’ and technological disruption, which can produce ‘fear and paralysis’ but also new jobs. Disparate economic realities are a constant: ‘I can drive just three miles from the fast-growing neighbourhood around the bank, and I am in a zero-growth area.’ The Atlanta Fed is increasing research on incentivising unemployed workers away from social security dependence. Bostic is encouraging Fed staff to talk more to industry decision-makers on strengthening economies.
Modelling economic changes to capture risk

Advances in macroeconomic modelling centring on interactions between agents in general equilibrium were examined in a preconference workshop organised by OMFIF and the National Institute of Economic and Social Research featuring its NiGEM econometric model. The aim was to assess how models could act as a better guide for policymakers in assessing risks. A series of papers featured contributions from the Federal Reserve Bank of St. Louis, Olin Business School, Bank of England, Federal Reserve board, Federal Reserve Bank of Richmond, University of Oxford, Duke University and University of Bonn, as well as the NIESR and Centre for Macroeconomics. The NIESR’s Garry Young said the UK might already be in recession because of uncertainty over leaving the European Union.

Facebook move sparks digital currency reaction

Facebook’s announcement of plans to issue a digital currency called Libra are shaking up discussions on central banks issuing their own digital currencies, according to panellists. Renewed concentration on the role of big tech in finance and the ability of financial operators to benefit from ‘regulatory arbitrage’ between different jurisdictions were major themes, together with the positive impact of technical advances promoting financial inclusion. Data gathered by technology companies could pose a threat to privacy and disadvantage big banks, potentially undermining stability. There were big legal and operational questions over the traceability of economic transactions. All this had implications for central banks’ policies on regulation and supervision when their vaunted independence was under attack from politicians anxious about central banks’ extended powers.
Europe, Asia, US practices on climate change

Prospects that European and Asian central banking and regulatory action on climate change could have a positive effect on the US were outlined in a discussion on environmental, social and governance investment issues. Frank Elderson, board member at De Nederlandsche Bank and chair of the Central Banks and Supervisors Network for Greening the Financial System, and Sabine Mauderer, Deutsche Bundesbank board member, emphasised European priorities in ‘greening’ the financial system. Germany is determined to register world-beating prowess here to compensate for shortcomings in European digitalisation. The panel reviewed how ESG and corporate sustainability best practice can best be transferred between the private and public sectors. The German government has overcome earlier hesitation and seems likely to issue a sovereign green bond next year.
Meeting programme
8 July

12:00
Registration and refreshments

13:00-13:15
Welcome remarks

Mark Taylor, Dean, Olin Business School, Washington University in St. Louis
James Bullard, President and Chief Executive Officer, Federal Reserve Bank of St. Louis

13:15-15:15
Session i:

• Modelling uncertain times using a global model presented by Arno Hantzsche, NIESR, and Garry Young, Centre for Macroeconomics

• Assessing macroeconomic tail risk presented by Francesca Loria, Federal Reserve Board, Christian Matthes, Federal Reserve Bank of Richmond, and Donghai Zhang, University of Bonn

• Economic policy-makers’ uncertainty presented by Anna Cieslak, Duke University, Stephen Hansen, University of Oxford, and Michael McMahon, Centre for Macroeconomics

15:15-15:45
Refreshments

15:45-17:45
Session ii:

• Optimal monetary policy for the masses presented by James Bullard and Riccardo DiCecio, Federal Reserve Bank of St. Louis

• What country characteristics drive currency premia? presented by Ilias Filippou, David Rapach, Mark Taylor and Guofu Zhou, Olin Business School

• Brexit, productivity growth and the equilibrium real interest rate presented by Ben Broadbent, Federico Di Pace and Silvana Tenreyro, Bank of England, and Thomas Drechsel and Richard Harrison, Centre for Macroeconomics

17:45
Closing remarks

Garry Young, Director of Macroeconomic Modelling and Forecasting, NIESR
David Marsh, Acting Chairman, OMFIF Foundation

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David Marsh, Acting Chairman, OMFIF Foundation

The next decade of finance
9 July

08:30
Registration and refreshments

09:00-11:00
Welcome remarks
David Marsh, Acting Chairman, OMFIF Foundation
Mark Sobel, US Chairman, OMFIF
James Bullard, President and Chief Executive Officer, Federal Reserve Bank of St. Louis

09:30-11:00
Session i:
Assessing global economic and political developments

Topics for discussion:
• Financial, economic, social and political lessons from the 2008 financial crisis
• The consequences of political developments in the US, Europe and emerging markets
• International relations in flux: The effects on geoeconomics
• Global role of the dollar and the effects of policy decisions in the US on markets
• The wealth gap and measures to combat growing inequality over the coming decade
• Economic cycles: Identifying risks to future growth and financial stability

Moderator:
Mark Sobel, US Chairman, OMFIF

Speakers:
David Andolfatto, Senior Vice-President, Federal Reserve Bank of St. Louis
Andrew Baukol, Deputy Assistant Secretary, US Department of the Treasury
Javier Pérez, Director, Economic Developments Department, Banco de España
Garry Young, Director of Macroeconomic Modelling and Forecasting, NIESR

11:00-11:30
Refreshments

11:30-13:00
Session ii:
The changing nature of central banking

Topics for discussion:
• Policy normalisation and the question of unwinding balance sheets
• Impact of rising interest rates for markets and households
• Assessing the effectiveness of future monetary policy
• Central banks and fintech: Implications for regulation and supervision
• The impact of digital currencies on financial inclusion, stability and transparency

Moderator:
David Wheelock, Vice-President and Deputy Director of Research, Federal Reserve Bank of St. Louis

Speakers:
Moad Fahmi, Senior Adviser on Fintech, Bermuda Monetary Authority
Javier Guzmán Calafell, Deputy Governor, Banco de México
Linda Jeng, Chief of Staff for Risk, Surveillance and Data, Board of Governors of the Federal Reserve (2016-19)
Rasmus Rüffer, Permanent US Representative, European Central Bank
13:00-14:30
Lunch
Remarks by Raphael Bostic, President and Chief Executive Officer, Federal Reserve Bank of Atlanta
Moderated by Dennis Lockhart, Board of Directors, OMFIF Foundation; President and Chief Executive Officer, Federal Reserve Bank of Atlanta (2007-17)

14:30-16:00
Session iii: The future of work: technology, employment and education

Topics for discussion:
• The impact of technological developments on services
• How financial regulators can foster innovation
• Increasing automation and implications for the global labour force
• Addressing skills gaps, retraining for the future and providing lifelong learning
• Importance of targeting financial education campaigns to vulnerable groups

Moderator:
Cletus Coughlin, Senior Vice-President and Chief of Staff to the President, Federal Reserve Bank of St. Louis

Speakers:
Bart van Ark, Executive Vice-President and Global Chief Economist, The Conference Board
Jim McKelvey, Founder, Invisibly; Co-Founder, Square; Co-Founder, LaunchCode
Fred Pestello, President and Chief Executive Officer, Saint Louis University
Catherine Saget, Chief of Work, Income and Equity Unit, International Labour Organization

16:00-16:30
Refreshments

16:30-18:00
Session iv: Investing in a sustainable society and future

Topics for discussion:
• Addressing macroeconomic challenges to combating climate change
• Priorities for central banks in greening the financial system
• ESG, corporate sustainability and best practice in the private sector
• Involving institutional investors in social impact projects
• Role of manufacturing, agriculture and retail corporations

Moderator
David Marsh, Acting Chairman, OMFIF Foundation

Speakers:
Mark Burgess, Member of the Board, OMFIF; Managing Director, Australia Future Fund (2011-14)
Frank Elderson, Member of Governing Board, De Nederlandsche Bank; Chair, Central Banks and Supervisors Network for Greening the Financial System
Sabine Mauderer, Member of the Executive Board, Deutsche Bundesbank
Rafael del Villar Alrich, Chief Adviser to the Governor, Banco de México

18:00
Reception and dinner
Remarks by Lord Meghnad Desai, Board of Directors, OMFIF Foundation; Emeritus Professor, London School of Economics and Political Science and, Mark Taylor, Dean, Olin Business School, Washington University in St. Louis
Moderated by David Marsh, Acting Chairman, OMFIF Foundation
10 July

8:30
Registration and refreshments

09:00-10:30
Session v: Redefining the role of international organisations

Topics for discussion:
• 75 years since Bretton Woods: Achievements and challenges
• The future of global economic governance: The IMF and World Bank
• Assessing financial stability in an increasingly interconnected world
• Responding to new actors, instruments and technologies
• The role of international institutions in emerging markets

Moderator:
Mark Burgess, Board of Directors, OMFIF Foundation; Managing Director, Australia Future Fund (2011-14)

Speakers:
Inés Bustillo, Director, United Nations ECLAC
François Haas, Chief Representative for the Americas, Banque de France
George Hoguet, CFA Institute Research Foundation; Principal Deputy Assistant Secretary of the Treasury (1982-85)
Lord Meghnad Desai, Board of Directors, OMFIF Foundation; Emeritus Professor, London School of Economics and Political Science
Mark Sobel, US Chairman, OMFIF; US Executive Director, IMF (2015-18)

10:30-11:00
Refreshments

11:00-12:30
Session vi: Global trade and migration flows

Topics for discussion:
• Reviewing the global free trade agenda and the role of the WTO
• Growing global trade tensions: China and the US
• Future of multilateral trade agreements: TTP, TTIP, NAFTA and EU negotiations
• Migration flows: Political challenges, economic benefits and cultural tensions
• Erecting borders: The effects on trade, migration and economic development

Moderator:
Dennis Lockhart, Board of Directors, OMFIF Foundation; President and Chief Executive Officer, Federal Reserve Bank of Atlanta (2007-17)

Speakers:
Hippolyte Fofack, Chief Economist and Director of Research, African Export-Import Bank
John Horn, Professor of Practice in Economics, Olin Business School
Simona Mocuta, Vice-President, Senior Economist, State Street Global Advisors
Alexander Malaket, President, OPUS Advisory Services International

12:30
Lunch with keynote address

Remarks by James Bullard, President and Chief Executive Officer, Federal Reserve Bank of St. Louis

Moderated by David Marsh, Acting Chairman, OMFIF Foundation
Attendees

David Andolfatto
Senior Vice-President
Federal Reserve Bank of St. Louis
US

Andrew Baukol
Principal Deputy Assistant Secretary
US Department of the Treasury
US

Raphael Bostic
President and Chief Executive Officer
Federal Reserve Bank of Atlanta
US

Karen Branding
SVP Public Affairs
Federal Reserve Bank of St. Louis
US

James Bullard
President and Chief Executive Officer
Federal Reserve Bank of St. Louis
US

Mark Burgess
Member of the Board, OMFIF; Chairman, OMFIF Asia Pacific;
Managing Director, Australia Future Fund (2011-14)
Australia

Inés Bustillo
Director of ECLAC Washington Office
Economic Commission for Latin America and the Caribbean
US

Harold Butler
Managing Director
Citi
US

Jean Marie Cayemitte
Economist
Bank of Haiti
Haiti

Cletus Coughlin
Senior Vice-President and Chief of Staff Federal Reserve Bank of St. Louis
US

Deborah Cunningham
Executive Vice-President
Federated Investors
US

Bléhoué Toussaint Damoh
Director
Central Bank of West African States
Senegal

Rein de Loor
Programmes Manager, Americas OMFIF
UK

Rafael del Villar Alrich
Director
Banco de México
Mexico

Lord (Meghnad) Desai
Board of Directors, OMFIF Foundation; Emeritus Professor,
London School of Economics and Political Science
UK

Federico Di Pace
Senior Economist
Bank of England
UK

Frank Elderson
Member of the Governing Board
De Nederlandsche Bank
Netherlands

Moad Fahmi
Senior Advisor of FinTech
Bermuda Monetary Authority
Bermuda
Hippolyte Fofack  
Chief Economist and Director of Research  
African Export-Import Bank  
Egypt  

Ronald Gabriel  
Member of the Board Bank of Haiti  
Haiti  

Javier Guzmán Calafell  
Deputy Governor  
Banco de México  
Mexico  

François Haas  
Chief Representative for the Americas  
Banque de France  
US  

Patricia Haas Cleveland  
US Principal  
OMFIF  
US  

Arno Hantzsche  
Senior Economist  
National Institute of Economic and Social Research  
UK  

Irene Heemskerk  
Senior Policy Advisor on Climate Risks and Sustainability  
De Nederlandsche Bank  
Netherlands  

Liz Hipple  
Senior Policy Advisor  
Washington Center for Equitable Growth  
US  

Joseph Hoefer  
Managing Director  
Barings  
US  

George Hoguet  
CFA Institute Research Foundation; Principal Deputy Assistant Secretary of the Treasury (1982-85)  
US  

John Horn  
Professor of Practice in Economics  
Washington University in St. Louis  
US  

Shan Huang  
Deputy Representative  
People’s Bank of China  
US  

Linda Jeng  
Chief of Staff for Risk  
Board of Governors of the Federal Reserve System (2016-19)  
US  

Dennis Lockhart  
Board of Directors, OMFIF Foundation; Former President and Chief Executive Officer, Federal Reserve Bank of Atlanta  
US  

Alexander Malaket  
President  
OPUS Advisory Services International  
Canada  

David Marsh  
Acting Chairman  
OMFIF Foundation  
UK  

Sabine Mauderer  
Member of the Executive Board  
Deutsche Bundesbank  
Germany  

Jim McKelvey  
Founder, Invisibly; Co-Founder, Square; Co-Founder, LaunchCode  
US  

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Aleš Michl  
Board member  
Czech National Bank  
Czechia

Simona Mocuta  
Vice-President and Senior Economist  
State Street Global Advisors  
US

Javier Perez  
Director Banco de España  
Spain

Fred Pestello  
President and Chief Executive Officer  
Saint Louis University  
US

Luca Pieri  
Communications and Events Co-ordinator  
National Institute of Economic and Social Research  
UK

Rasmus Rüffer  
Permanent US Representative  
European Central Bank  
US

Catherine Saget  
Chief of the Work, Income and Equity Unit  
International Labour Organization  
Switzerland

Mark Sobel  
US Chairman  
OMFIF  
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James Sweeney  
Global Economics and RCIO Americas  
Credit Suisse  
US

Mark Taylor  
Dean, Olin Business School  
Washington University in St. Louis  
US

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Executive Vice-President and Chief Economist  
The Conference Board  
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David Wheelock  
Group Vice-President and Deputy Director of Research  
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Garry Young  
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The OMFIF Foundation

The OMFIF Foundation aims to improve the functioning of official financial institutions in global business, finance and civil society.

Range and functions

With a long-term focus on increasing understanding of these institutions’ far-reaching operations and investments, the OMFIF Foundation undertakes activities in education, research and public policy with partners around the world.

The Foundation, a non-profit body domiciled in London, operates across the sectors that form a centrepiece of the Official Monetary and Financial Institutions Forum – central banks, sovereign funds, public pension agencies and other public investment institutions.

The Foundation is an independent entity, operating in close co-operation with OMFIF as it builds up long-term activities and funding. The Foundation will operate on a broader range than OMFIF with a wider set of partners among public institutions, governments, academe, training and capacity-building companies and other non-commercial bodies.

Partnerships

The Foundation will build up activities with like-minded bodies and foundations and develop strategic partnerships around the world.

It will receive donations from and make grants to suitable bodies, e.g. in the research field, with the goal of sharing the research developed in this way for general dissemination.

The basis of the Foundation’s work is maximum co-operation to achieve common goals, in accordance with the principle of subsidiarity, i.e. pooling forces where this adds to the likelihood of successful outcomes in achieving joint goals in an effective and timely way.

The Foundation is non-ideological, bipartisan and non-geographical in focus – in keeping with the global nature of OMFIF’s activities and orientation.

Board of directors

Zeti Akhtar Aziz, Governor, Bank Negara Malaysia (2000-16)
Mark Burgess, Managing Director, Australian Future Fund (2011-14)
Meghnad Desai, Emeritus Professor, London School of Economics
Norman Lamont, UK Chancellor of the Exchequer (1990-93)
Dennis Lockhart, President & CEO, Federal Reserve Bank of Atlanta (2007-17)
David Marsh, Chairman, OMFIF
Rintaro Tamaki, Vice-Minister of Finance, International Affairs, Japan (2009-11)

For more information:

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