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**Statement by Ms. Mahasandana, Mr. Mahyuddin, Mr. Srisongkram, and Ms. Yoe on
The Central Bank Transparency Code - Staff Proposal
(Preliminary)
Executive Board Meeting
July 2, 2020**

We thank staff for the proposed Central Bank Transparency Code (CBT).

It is important to promote central bank transparency as it is a key mechanism for accountability and policy effectiveness. Together with sound communication strategies, it can also enhance the effectiveness of various central bank policies and operations. We therefore welcome the CBT as a useful tool for central banks to map their transparency practices, and to help them make informed choices on transparency arrangements that are suitable for their circumstances.

Proposed code

We appreciate the continuous Board engagement and extensive stakeholder consultations throughout the drafting process, and that staff has taken onboard many of the feedback in the final version. In particular, **we welcome the clarification of the voluntary nature of the code, the additional language to emphasize the legitimate needs to balance between transparency and confidentiality, and the renaming of the labels for the transparency practices to avoid ranking of central banks.** In view of these safeguards, we can agree with the proposed CBT.

While we support the CBT in its current state, we believe there are still areas that could have been refined further. We would have preferred the CBT to provide greater clarification on how transparency facilitates policy effectiveness, and further elaboration on the costs and benefits as well as constraints of transparency so as to help central banks weigh

the trade-offs and chose the transparency levels that are appropriate to their country circumstances, market conditions and level of development. In addition, we question why the ‘Core’ transparency practice under principle 4.3.3 is more prescriptive than the rest of the transparency practices in the code. We would have preferred a principle-based approach for principle 4.3.3 instead of a rules-based approach, as the risks and needs of reporting FX volumes on an aggregated quarterly basis and specifically in the annual report have not been fully substantiated. In this regard, we have previously noted that in some circumstances such as where the market is illiquid and shallow, the publication of FX volume data could reduce policy effectiveness and limit central bank flexibility. A one-size-fits-all prescription in this instance seems to be inconsistent with the intention of the CBT to allow a voluntary assessment of central bank transparency that takes into account country-specific circumstances.

Implementation/CBT assessment

We support the approach to road test the CBT through voluntary pilot assessments and to report the outcome to the Board. We see the CBT as having the greatest value in being a diagnostic tool in capacity development (CD) and in sharing country experiences. In this regard, we look forward to seeing the CBT being offered as a voluntary tool to support CD activities for enhancing central bank transparency. *Can staff share how the voluntary use of the CBT could support CD or TA plans?*

For the pilot assessments, we underscore the importance of reflecting the authorities’ views on the usefulness of the CBT when reporting to the Board. It is important for staff and the Board to get a better understanding of the range and diversity of country-specific circumstances, including the legal frameworks, institutional setups and levels of macroeconomic and market developments, that staff should take into further consideration when conducting CBT assessments. It also ensures that CBT does not promote greater transparency in a way that results in unintended consequences.

As CBT is a voluntary code, we emphasize that the pilot reviews and future assessments must be conducted in consultation with authorities, allowing the authorities to take the lead in setting the scope and pace of assessment. *In view of the suspension of Article IVs and FSAPs as well as the need to prioritize crisis response, we invite staff to comment on whether there would be sufficient interest from the authorities and enough Fund resources to conduct pilot reviews over the next two years.*