

BOX II.3:

Annual Conference of the Central Bank of Chile: Celebrating the Bank's one hundred years

The twenty-eighth Annual Conference of the Central Bank of Chile, which was part of the institution's centennial celebration, took place on 20-21 November, with the main theme being future challenges for monetary policy and financial markets. The event was co-organized by Professor Ricardo Caballero (MIT), and monetary authorities from different countries and renowned academic experts.

The opening speech, delivered by Governor Rosanna Costa, addressed the history, evolution, and challenges of the Central Bank of Chile. It provided an overview of the origins of currency in Chile and the creation of the Bank, before going on to describe future challenges. These include the need to adapt quickly to an uncertain and changing global environment, strengthen analytical tools, and address technological transformations, while maintaining confidence and institutionality.

Along the same lines, John C. Williams, President and CEO of the Federal Reserve Bank of New York, spoke about the inflation targeting policy framework and its benefits for monetary policy. He noted that most countries have adopted this regime in the last 35 years and emphasized that the Central Bank of Chile was one of the first to implement it. He also noted that the existence of an explicit target, the transparency of monetary policy conduct, and the confidence that these elements convey to the public are the cornerstones of the framework.

Gita Gopinath, professor at Harvard University and former deputy director of the International Monetary Fund, spoke about the emergence of alternative means of payment and their potential impact on the transmission of monetary policy to the real economy. In particular, she warned that the adoption of stablecoins—which have expanded rapidly worldwide—could impact the international monetary regime. This phenomenon poses significant regulatory challenges that central banks and financial regulatory agencies must be prepared to address.

The Conference included discussions related to the global financial cycle and the new challenges associated with international trade and geopolitical conflicts. These topics were addressed in various presentations, as well as in two policy panels that discussed future challenges for monetary policy from the perspective of open economies in the current context of high uncertainty. The importance of central banks' credibility in meeting their objectives was highlighted, for which clear and effective communication is essential. In addition, the need for central banks to be adaptable, innovative, and able to react promptly and decisively when changing conditions so require, was emphasized. In this context, it is essential to have accurate real-time analysis to identify the nature of the shocks affecting the economy, together with the appropriate tools to mitigate them. Finally, participants highlighted the importance of safeguarding and strengthening a credible policy framework, administered by an autonomous central bank that communicates its decisions clearly and transparently.

The discussions reinforced three key elements for the Central Bank of Chile: (i) the importance of safeguarding and clearly communicating the inflation targeting framework; (ii) the need to prepare, from a regulatory standpoint, for new global means of payment, such as stablecoins; and (iii) the role of autonomy, credibility, and the ability to react in a timely manner in a more uncertain global environment.