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FSCC PARTNERS WITH MALAYSIA'S ASIA SCHOOL OF BUSINESS; FOCUSES ON THE BOND MARKET

The Financial Stability Coordination Council (FSCC) has collaborated with Kuala Lumpur-based Asia School of Business (ASB) through the conduct of an online course structured for the personnel of the FSCC-member agencies.

The ASB was established in 2015 as a partnership between Bank Negara Malaysia (BNM) and the MIT Sloan School of Management. With faculty cross-posted between Kuala Lumpur and Cambridge, Massachusetts, the ASB sets out to develop highly qualified, industry-ready talents to meet the requirements of a dynamically growing Asia.

At the opening of the three-week program, Bangko Sentral ng Pilipinas (BSP) Governor and FSCC Chairman Dr. Benjamin E. Diokno underscored how forging partnerships is critical in an interconnected global economy.

Governor Diokno noted that “risk behaviors in financial markets are much more fluid and respond more quickly to changing incentives. ... [I]t is important more than ever for the FSCC to see what market players see, and for us to influence risk behaviors in ways that develop markets and build resilience.”

Several senior ASB officials graced the opening ceremony, led by its Co-Chairperson, former BNM Governor, Dr. Zeti Akhtar Aziz.

In her remarks, Dr. Zeti highlighted how a well-functioning bond market was critical for Malaysia's financial stability. Narrating her various experiences at the helm of BNM for 16 years, Dr. Zeti noted that market volatility in Malaysia was moderate even during global flashpoints such as the 2013 taper tantrum. This, she attributed, to a strong domestic bond market that minimized the reliance on capital flows from offshore markets as well as on the local banking market.

Dr. Zeti shared that Malaysia “recognize[d] after the Asian Financial Crisis the importance of diversifying our financial system. We had an over-concentration of risks in the banking sector and so we needed to diversify our risks and develop the bond market.”

Governor Diokno pointed out that “part of our intent [is] to better survey risk behaviors ... [and] the Financial Stability Coordination Council has been actively looking at secondary market asset prices for signs [of] any potential systemic risk concern.”

The FSCC Chairman added that “of particular interest to me is that ASB itself is a partnership that brings together the best talents and the broadest experience from different parts of the world. This puts the FSCC in an enviable position. We are partnering with the best to better ourselves so that we too can, one day soon, be the best at what we do.”

“[This] is about making the FSCC an engine of improving the welfare of the Filipino public. This is the standing vision of the FSCC for why managing systemic risks and the pursuit of financial stability matter,” he concluded.

Twenty officials from the BSP, Department of Finance, Securities and Exchange Commission, Insurance Commission, Philippine Deposit Insurance Corporation, and the Bureau of the Treasury participated in this inaugural collaboration between the FSCC and the ASB.

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