The Bank for International Settlements: An introduction

Jean-François Rigaudy
Head of Treasury
Agenda

I. Corporate purpose and structure

II. Fostering international monetary and financial cooperation

III. The bank of central banks
Corporate objects of the BIS

Article 3 of BIS Statutes:

“to promote the co-operation of central banks and to provide additional facilities for international financial operations”
Ownership of BIS

BIS shareholders are the central banks or monetary authorities of*:

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<tr>
<td>Algeria</td>
<td>Croatia</td>
<td>India</td>
<td>Mexico</td>
<td>Slovakia</td>
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<td>Argentina</td>
<td>Czech Republic</td>
<td>Indonesia</td>
<td>The Netherlands</td>
<td>Slovenia</td>
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<td>Australia</td>
<td>Denmark</td>
<td>Ireland</td>
<td>New Zealand</td>
<td>South Africa</td>
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<td>Austria</td>
<td>Estonia</td>
<td>Israel</td>
<td>Norway</td>
<td>Spain</td>
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<td>Belgium</td>
<td>Finland</td>
<td>Italy</td>
<td>Philippines</td>
<td>Sweden</td>
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<tr>
<td>Bosnia and Herzegovina</td>
<td>France</td>
<td>Japan</td>
<td>Poland</td>
<td>Switzerland</td>
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<tr>
<td>Brazil</td>
<td>Germany</td>
<td>Korea</td>
<td>Portugal</td>
<td>Thailand</td>
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<td>Bulgaria</td>
<td>Greece</td>
<td>Latvia</td>
<td>Romania</td>
<td>Turkey</td>
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<tr>
<td>Canada</td>
<td>Hong Kong SAR</td>
<td>Lithuania</td>
<td>Russia</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>Chile</td>
<td>Hungary</td>
<td>Republic of Macedonia</td>
<td>Saudi Arabia</td>
<td>United States</td>
</tr>
<tr>
<td>China</td>
<td>Iceland</td>
<td>Malaysia</td>
<td>Singapore</td>
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*Board members in bold
Basic structure of the BIS

Board of Directors

- Internal Audit
- General Manager

- Financial Stability Institute
- Monetary and Economic Department
- Risk Control
- Banking Department
- General Secretariat
Main features

- 578 Staff
- 48 nationalities
- Two regional representative offices
  - In Hong Kong for Asia and the Pacific
  - In Mexico City for the Americas
Agenda

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Meetings

- Bi-monthly meetings of Governors: Global Economy, Review Meeting, All Governors, G10, Emerging Markets
- Deputy Governors and senior officials
- Economists and technicians
- BIS Representative Offices
Supporting the Standing Committees

- Basel Committee on Banking Supervision
- Committee on the Global Financial System
- Committee on Payment and Settlement Systems
- Markets Committee
Information and statistics

- Irving Fisher Committee on Central Bank Statistics
- Inter-Agency Task Force on Financial Statistics
- Statistical Data and Metadata Exchange (SDMX)
- BIS Data Bank
- Data on Central Bank Governance
Research agenda

- Supporting the policy work of committees
- Financial and monetary stability
- Topics relevant to many central banks whether from industrial or emerging markets
  - Inflation targeting procedures
  - Transmission mechanism of monetary policy
  - Nexus between monetary and financial stability
  - Market functioning, in particular liquidity
  - Macro-prudential approaches to financial regulation
  - Credit cycles and asset prices
  - Modelling and trading of credit risk
  - Etc
Publications: www.bis.org

- Annual Report: view of BIS on global monetary and current financial issues
- Quarterly Review: topical issues
- Publications of committees
- Regular statistics
  - Quarterly banking statistics, bond markets, external debt
  - Triennial survey on foreign exchange and derivatives market activities (latest in 2007)
- Research papers
  - BIS papers, BIS working papers and others
- Press & Communications
Based at BIS: Financial Stability Forum and others

- Financial Stability Forum assess vulnerabilities, identify/oversee action, coordinate across regulatory areas (1999)
  - Reports on HLI, offshore centres, capital flows
  - Implementation of standards
  - Website: www.fsforum.org

- International Association of Insurance Supervisors (1994)
  - Website: www.iiaisweb.org

- International Association of Deposit Insurers (2002)
  - Website: www.iadi.org
Agenda

I. Corporate purpose and structure
II. Fostering international monetary and financial cooperation
III. The bank of central banks
Customer base

Some 130 central banks, plus a number of international institutions, currently make active use of BIS banking services.
Our Balance Sheet
As at 31 March 2008; in SDR billion

<table>
<thead>
<tr>
<th>Assets</th>
<th>Liabilities</th>
</tr>
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<tbody>
<tr>
<td><strong>Gold</strong></td>
<td><strong>Equity</strong></td>
</tr>
<tr>
<td>31.5</td>
<td>Paid up capital</td>
</tr>
<tr>
<td>Claims on public sector</td>
<td>Reserves</td>
</tr>
<tr>
<td>Government, CBs, int institutions &amp; public sector</td>
<td>Other equity accounts</td>
</tr>
<tr>
<td>112.7</td>
<td>10.0</td>
</tr>
<tr>
<td>Reverse repos</td>
<td>2.5</td>
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<tr>
<td>91.9</td>
<td></td>
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<tr>
<td>Claims on commercial banks</td>
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<tr>
<td>Time deposits</td>
<td></td>
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<tr>
<td>62.1</td>
<td></td>
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<tr>
<td>Derivatives &amp; other</td>
<td></td>
</tr>
<tr>
<td>12.9</td>
<td></td>
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<tr>
<td>Total assets</td>
<td></td>
</tr>
<tr>
<td>311.1</td>
<td>Total equity &amp; liabilities</td>
</tr>
<tr>
<td></td>
<td>311.1</td>
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</table>
Our products

- **Money Markets**
  - Fixed and floating rate deposits
  - Call/notice accounts

- ** Tradable Instruments**
  - FIXBIS (up to 1 year)
  - MTI & Callable MTI (1 - 10 years)

- **Forex & Gold Services**
  - Interventions
  - Commercial orders
  - Currency allocation
  - Dual currency deposits

- **Asset Management**
  - Dedicated portfolios
  - BIS Investment Pool (BISIP)
Distribution of BIS customer placements
At end-March 2008

Europe 21%
Asia & Pacific 37%
Africa & Middle East 17%
Americas 22%
International institutions 3%
Customer placements by currency
In billions of SDR
Customer placements by product
Customer placements in currencies, in billions of SDR
Asset Management Unit: Assets under management
As at end-March 2008

Total: USD 28.3 bn
by assets/currency

- USD Govt, 20%
- USD Credit, 11%
- EUR Govt, 33%
- JPY Govt, 7%
- GBP Govt, 7%
- Global, 7%
- Asian Credit, 5%
- MBS Outsourced, 2%
- Admin/Other, 9%

External Mandates: USD 10.0 bn
by customer/region

- Africa/Middle East, 35%
- Asia-Pacific, 49%
- Europe, 9%
- Americas, 7%
Our Governance Structure

- Board sets general risk framework

- Risk Control is independent from Banking Department

**FICO**
- Sets risk policy of the Bank

- Board sets general risk framework

- Risk Control is independent from Banking Department
Risk Control

- Market Risk Group:
  - Middle Office computes performance
  - Risk Control set and monitors market risk limits

- Credit Risk Group:
  - Sets and monitors credit risk limits

- Risk Methodology Group