



Biennial Conference 2016



South African Reserve Bank

Mr Stijn Claessens



Position

Senior Adviser, International Finance

Affiliation

Federal Reserve Board

Tel. no.: +202 452 2089
e-mail: Stijn.Claessens@frb.gov

Title of paper

Macroprudential and capital flow management policies in a world with demand for safe assets

Biographical details/achievements

Mr Claessens, a Dutch national, holds a PhD in business economics from the Wharton School of the University of Pennsylvania and an MA from Erasmus University, Rotterdam. He started his career teaching at the New York University School of Business and has also taught at the University of Amsterdam. He worked at the World Bank for 16 years in various positions, ending as Senior Adviser in the Financial and Private Sector Vice-Presidency. From 2007 to 2014 he was Assistant Director in the Research Department of the International Monetary Fund (IMF). His policy and research interests

are in finance, including corporate governance, risk management, globalisation, and business and financial cycles. Over his career, Mr Claessens has provided policy advice to many countries. His research has been published in many journals and he has written and edited several books. He is an associate editor of the *IMF Economic Review* and other journals, and a Centre for Economic Policy Research (CEPR) fellow.

Abstract of paper

I first examine the demand for safe assets and the global financial cycle and their effects on emerging markets. I then review, considering the newly emerging paradigm in which macroprudential policies aim to assure financial stability, the use and effectiveness of these policies. Next I review, in light of how the global financial cycle affects local financial conditions, financial stability management issues for small open economies. Given the difficulties in coordinating monetary policy internationally and the practical problems with coordinating macroprudential policies, small open economies may need to, besides adapting their monetary and exchange rate policies, use specific macroprudential policies to deal with risks coming from international factors. And countries may want to use capital flow management tools, considering carefully how various macroprudential and capital flow management tools interact, evaluating the longer-term benefits from financial integration, and taking account of multilateral consequences.