The global and European economic and financial crises and rapid technological change are not the only factors which in the past year posed particular challenges to the world of central banking in the industrial countries and elsewhere.

The right answers to a great many questions had to be found at the right time. In many cases, entirely new solutions needed to be pursued. It was clear once again that what many central banks from around the world were looking for were mainly practical and feasible solutions to the challenges facing us. Over the reporting period, we therefore attempted to tailor our work as closely as possible to the questions and needs of our foreign partner institutions and make our programmes more solution-based and interactive.

Through its Centre for Technical Central Bank Cooperation, the Deutsche Bundesbank cooperated with a total of 86 central banks worldwide in the 2014 calendar year. More than 2,800 central bank employees participated in some 250 training and advisory activities. Our work was focused on the following core activities:

- Providing advice to the central banks of EU candidate countries and European Neighbourhood Policy (ENP) countries on meeting European standards.
- Discussing practical ways of dealing with the economic and financial crisis with the monetary authorities of key emerging market economies (EMEs).
- Reinforcing government structures in developing countries by establishing and expanding market-oriented central bank systems.

In the future, the Bundesbank will continue to do all it can to advise and assist foreign central banks seeking its support. Aside from central banking policy issues, we will also continue to monitor current developments and take these into account correspondingly.

As in previous years, this issue of our Annual Report is intended to provide an initial overview of the Bundesbank’s wide range of activities in this challenging area of responsibility. I hope you enjoy reading this report and look forward to welcoming our guests from around the world in the coming year.

Carl-Ludwig Thiele
Member of the Executive Board
Deutsche Bundesbank
The Deutsche Bundesbank’s Centre for Technical Central Bank Cooperation (TCBC) supports central banks around the world in their efforts to set up and expand market-based central bank systems with a focus on stability. Our aim is to pass on knowledge and experience, to foster expert and personal dialogue among central banks and thus to contribute to global monetary and financial stability.

The experts at the Centre for Technical Central Bank Cooperation and the specialists from the Bundesbank’s various divisions cover the whole spectrum of economic, legal and business issues in modern central banking. In doing so, we concentrate on the Bundesbank’s five core business areas – monetary policy, the financial and monetary system, banking supervision, cash management and payment systems – as well as the topic of good governance.
Our mission

Exchanging knowledge and experience
Our work focuses primarily on exchanging knowledge and experience in practical central banking business, and less on imparting theoretical knowledge. In dialogue with our partners, we examine specific local circumstances and needs as precisely as possible and together attempt to develop solutions for their questions and issues. The feedback from this exchange of views is of great value to the Bundesbank’s work.

Networking
Establishing and maintaining a network of personal relationships is the basis for sound and close international cooperation. The work we do with our partner central banks benefits from our relationships, built up over many years, with monetary and financial supervisory authorities around the world. In this way, we encourage the worldwide networking of central bank staff and the establishment of expert networks.

Openness and respect
Our offering is open to central banks and financial supervisory authorities the world over. We cultivate open and unforced debate, giving due respect to foreign cultures and systems. Our aim in doing so is to promote the intercultural exchange of knowledge, experience, ideas and opinions and to strengthen mutual understanding and trust. We welcome any suggestions for our future work that result from this.

We would be delighted to work with staff from your institution here in Frankfurt or in your home country.
Our team

Back row (left to right):
Ralf Hannemann, Daniel Januschka, Natalia Mojaeva-Hähnlein, Dr Sonja Juko, Andrea Mink, Jens Fuhrmann

Middle row (left to right):
Jörn Flegler, Christa Lampe, Silke Schrupp, Dr Katrin Arnold, Irina Schatalow, Sylvia Villwock, Patrick Kauk

Front row (left to right):
Peter Spicka, Claudia Brune (Deputy Director), Martin Dinkelborg (Director), Dr Thomas Goswin, Daniela Dörrer, Dr Martin Pontzen
International central banking courses

The international central banking courses cover a wide range of central bank-related topics. With up to 25 participants – all from different countries and institutions – they also provide an ideal platform to exchange views and ideas from across the globe. Courses are held in English in the form of traditional seminars, workshops and expert panels. Seminars focus on core aspects of central banking and are mostly aimed at newcomers. Workshops provide an in-depth analysis of specific subject areas and are primarily for employees with relevant expertise. Expert panels are exclusively for employees with a wealth of experience with experts requested to give a presentation during the panel. The various formats help attract a wide target group, from specialists to junior central bank staff. This is also reflected in the figures; in 2014, we hosted 29 international central banking courses with a total of 529 participants from 80 countries.

Bilateral projects

Bilateral projects are tailor-made to our partners’ individual needs and demands. They cover the wide spectrum of central banking and usually take the form of seminars, study visits, conference participation and consultancy services. If the expertise of several Bundesbank specialists is required, these projects may be hosted in Germany and if a larger audience is to be reached they may be organised in our partners’ home country. In 2014, we offered 209 bilateral activities with 2,307 participants from almost 50 countries.
External projects

The Bundesbank supports EU-funded projects promoting close ties with beneficiary countries. These include, for example, the “Twinning and TAIEX projects” funded by the European Commission and the ESCB projects coordinated by the European Central Bank. Beneficiaries include candidate countries and potential candidates to EU membership, as well as countries covered by the European Neighbourhood Policy. The Bundesbank has participated in these projects since 2004 and will continue to do so in the future. In 2014, the Bundesbank provided experts for 11 projects in three countries.

International cooperation

For many years now, we have been maintaining contact with institutions of higher education across the world to pool resources in the communication of international best practices in central banking. For example, Bundesbank experts give lectures as part of the cooperation with the South East Asian Central Banks (SEACEN) Research and Training Centre in Kuala Lumpur, Malaysia, and the Center for Latin American Monetary Studies (CEMLA) in Mexico. There has been a Memorandum of Understanding, formally regulating the cooperation between CEMLA and the Bundesbank, since 2012. Contacts also exist with the Arab Monetary Fund (AMF), the West African Monetary Institute (WAMI), the Central Bank of West African States (BCEAO) and with EurAsEC.

In this report you will find information on selected activities which took place in 2014, classified according to the Bundesbank’s core business areas.

58% of activities took place in Germany
42% took place in partner countries

Cooperation with 86 different countries
Monetary policy
Monetary policy and economic analyses are still the core business of central banking. Given the global impact of the financial crisis and the European sovereign debt crisis, monetary policymakers around the world are facing enormous challenges. While monetary policy is up against low inflation and weak growth in the industrial countries, it is above all the consequences of the low-interest-rate policy abroad which are causing the central banks difficulties in the emerging and developing economies. Many new questions are emerging in this environment. How can monetary policy achieve its goals? How does the monetary policy transmission mechanism function and how should the central bank react to its impairment? How should monetary policy decisions be implemented? Last but not least, how should monetary policy be communicated amidst persistent uncertainty in the financial markets?

International central banking courses

Operational issues were the main focus in the international seminar “Implementing monetary policy”, which was offered on two dates due to high demand. The seminar was aimed at central bankers who are directly involved in the practical implementation of monetary policy. The differences in the operational framework provided much fuel for debate and helped the participants to gain new insights into differences in the design and use of monetary policy instruments. Based on the contributions of seminar participants, the Centre for Technical Central Bank Cooperation published an overview of the monetary policy framework of the central banks of participating countries, which may be found as a pdf file “Monetary Policy Frameworks and Central Bank Market Operations” on our website under (www.bundesbank.de/tzk on the navigation menu item Publications → Reports on International Central Banking Courses).

Meaningful data and their analysis as the basis for monetary policy decision-making (and under macro-prudential supervision) now play a more significant role in the light of previous crises, prompting the Centre for Technical Central Bank Cooperation to expand the seminar programme. In 2014, this was reflected in the additional events focusing on the analysis activities of central banks. The workshop “Price and volume indices in official statistics – theory and practice”, which debuted in 2014, enabled participants to take a closer look at the various aspects of index theory and to apply the theoretical knowledge acquired to various economic data. The expert panel “Modelling and Forecasting of Key Macroeconomic Indicators” enabled an in-depth debate among experts on questions which arise in connection with the modelling and forecast of economic developments.

The expert panel on “Monetary policy, decision-making and communication”, which is new in the programme, also reflected the increased interest in the communication of monetary policy decisions. The event, which was organised in cooperation with the Bundesbank’s Regional Office in Berlin and Brandenburg and which took place in Berlin, not only created a broad consensus with regard to the meaning of communication for the effective implementation of monetary policy. In addition, contributions by participants provided insights into the development of communication strategies and
offered the starting point for a debate on specific challenges which the central banks are facing in this connection.

Bilateral projects

Many bilateral activities in the field of “Monetary Policy and the Economy” also focus on questions related to operational implementation of monetary policy. In events organised with central banks from Sri Lanka, Serbia and Tajikistan, the central topics were the choice of suitable monetary policy instruments, their specific design as well as the management and functioning of unconventional monetary policy measures. Presentations by Bundesbank experts touched upon the question of how the Eurosystem and the Bundesbank, as part of the Eurosystem, will implement monetary policy in practical terms and what the challenges single monetary policy poses to the currency union are. The discussions which followed served to highlight the differences in the framework and consequences for the implementation of monetary policy in partner countries.

Two bilateral seminars with the Bank of Korea and the People’s Bank of China concentrated on the interaction between monetary policy and financial stability (or macroprudential policy) and how the central bank deals with potential conflicts of interest. The different views with regard to the role and tasks of the central bank kicked off a lively debate between Bundesbank experts and delegations of the central banks.

At the request of the People’s Bank of China, the Centre for Technical Central Bank Cooperation organised a customised seminar in China on the trilemma of monetary policy and questions on capital freedom; the seminar reached an extremely large audience of 64 participants. The discussions centred firstly on the similarities between China and Germany (appreciation pressure of own currency in the transition from fixed to flexible exchange rate, introduction of capital controls to prevent economic overheating). In addition, experts exchanged ideas about country-specific differences, in particular the attitude to the status of their own currency and the appropriate level of capital freedom. Participants were very interested in the Bundesbank’s experiences with regard to interest rate liberalisation in Germany and to the costs of sterilisation measures and their consequences for the financial strength of the central bank.

On a similar topic, the Centre for Technical Central Bank Cooperation – represented by a Bundesbank expert – participated in a round table in Beijing: the internationalisation of the renminbi, capital controls and the advantages and disadvantages of macroprudential instruments were all topics on the agenda. The discussion also focused on the impact of the low-interest-rate policy of industrial countries’ central banks on the emerging market economies, the economic and financial situation in the euro area and reasons for the success of the German export economy.

Together with the Bank of Thailand, the Bundesbank organised a seminar on the topic of communication of monetary policy in Bangkok. The three-day programme consisted of blocks on general questions pertaining to central bank communication and on special
aspects of central bank communication. The various channels and instruments of central bank communication were amongst the topics discussed. With regard to the communication of monetary policy, Bundesbank experts discussed with experts from the Bank of Thailand how much transparency is necessary for an efficient monetary policy. At the explicit request of the Bank of Thailand, there were presentations and discussions in which two special aspects of central bank communication were explored: central bank communication on exchange rates and public finances and fiscal policy. In this context, the Bundesbank experts presented the Eurosystem’s approach using concrete examples and explained the background of the respective communication strategy.

External projects

One of our external projects on the topic of monetary policy involved participation in a European Commission TAJEX (Technical Assistance and Information Exchange Instrument) workshop. Together with colleagues from the Bank of Slovenia, we held a workshop for the National Bank of the Republic of Macedonia on “The Role of NCBs in the Monetary Policy of the Eurosystem”. The event sought to familiarise our Macedonian colleagues with central bank tasks and their implementation in the ESCB and the Eurosystem.
Financial and monetary system
In its role as Germany’s central bank and guardian of price stability, the Bundesbank has an inherent interest in ensuring a stable financial system. As an integral part of the European System of Central Banks, it also has an explicit mandate to contribute to financial stability without prejudice towards the objective of price stability. By introducing macroprudential supervision at national level, Germany is showing that it has learnt a key lesson from the financial crisis.

### International central banking courses

Our international seminar and the two workshops on “Financial stability, systemic risk and macroprudential policy” illustrated the context of financial stability and macroprudential oversight. Key aspects of the Deutsche Bundesbank’s financial stability analysis were highlighted. The role of statistical information for a sound financial stability analysis was explained.

The seminar was based on a wide-ranging view of the most current financial stability topics, including presentations by participants on financial stability approaches and methodologies in their jurisdiction. The workshops complemented more technical aspects of financial stability with a comprehensive case study on financial stability and macro stress testing providing participants with an opportunity to identify, analyse and assess risks in a fictitious economy. The suitability of various stress test scenarios was discussed and stress test scenarios were developed.

Another key lesson learned from the financial crisis is that the existing legal framework proved insufficient to facilitate an orderly recovery and resolution of credit institutions. The case of Lehman Brothers showed that liquidating a large institution via insolvency proceedings can endanger financial stability. Governments therefore repeatedly felt obliged to bail out domestic banks using public funds, which, however, can also endanger financial stability.

Our international expert panel “Restructuring and resolution of financial institutions” provided information and encouraged an exchange of notes on the various initiatives for an improved crisis management system and the introduction of appropriate restructuring and resolution mechanisms currently discussed and developed at the international, European and national level. In this context, the Financial Stability Board’s recommendations for the effective resolution of systemically important financial institutions and the EU Commission’s proposals for a Directive establishing a framework for bank recovery and resolution, as well as for a Regulation on a Single Resolution Mechanism, were introduced to the participants. The German Bank Restructuring Act was presented as a comprehensive and ready-for-operation framework for crisis management in the banking sector.

The expert panel offered an in-depth view on how jurisdictions around the world currently deal with failing financial institutions. The course provided both new insights into resolution and restructuring practices and helped establish new networks amongst the participants.

### Bilateral projects

Key issues for bilateral cooperation in the area of financial stability in 2014 were the implementation of the macroprudential mandate and the development of a sound macroprudential strategy as well as the enhancement of analytical and operational expertise in financial stability. Our partner central banks were also particularly interested in the development of a recovery and resolution framework for banks.

A seminar at the Central Bank of Argentina provided information about the current developments in Europe.
International cooperation

In the context of our joint activities with third-party institutions, the Bundesbank contributed to the SEACEN Signature course on crisis management and resolution. The objective of this course was to enable participants to evaluate the scope of a crisis management and resolution framework according to international best practices.

A Deutsche Bundesbank expert presented at this course, highlighting Germany’s recent experience in stabilising financial markets and the lessons learned from the financial crisis. The German Bank Restructuring Act as well as current developments at EU level with regard to the Bank Recovery and Resolution Directive and the Single Resolution Mechanism were discussed. Using a case study, participants could apply their knowledge to a fictitious crisis scenario.

Finally, in cooperation with Banco Central do Brasil and CEMLA, the Deutsche Bundesbank organised a seminar on “Financial stability, systemic risk and macroprudential policy” in Brasilia. This course focused on key issues in financial stability and macroprudential policy, hosting participants from more than eight countries in the region. A case study on financial stability and macroprudential policy offered an opportunity to apply macroprudential tools in practice. Some participants contributed with presentations on policy and analytical issues in their own countries.

The State Bank of Vietnam (SBV) has recently established a new Monetary and Financial Stability Department. The course in Hanoi consequently covered current developments in financial stability and macroprudential policy in Europe and Germany and focused, in particular, on the experience of the Deutsche Bundesbank in these areas. An extensive case study on financial stability and macroprudential policy offered an opportunity to apply macroprudential tools in practice. The seminar was significantly enhanced by presentations and active participation by SBV experts.

“By sharing the best practices, experiences and new ideas in Germany and Europe, the seminar contributed immensely to the participants obtaining a broader perspective on their own areas of expertise.”
External projects

Financial stability was also the main point of interest for the Central Bank of Montenegro during a cooperation programme financed by the EU. The programme is intended to help the central bank to meet the EU’s central banking standards. Under this programme, the Bundesbank takes on the vulnerability assessment in the area of financial stability. To start with, benchmarks were prepared and their compliance with the stocktaking mission was checked. The results are presented in the "Needs Analysis Report" which will be available in the first quarter of 2015.
Banking supervision
The international seminar “On-site banking supervision” is another key module in providing practical advice in the area of banking and financial supervision. The seminar comprised the complete on-site inspection process, starting with the identification of examination needs within the supervisory review and evaluation process, via inspections for compliance with the minimum requirements for risk management up to the documentation of the examination process and its results. Further topics included the examination of credit risk, as well as the approval and evaluation of internal rating systems, the review of market risk and liquidity risk management. Bundesbank experts provided first-hand experience and cited practical examples from their day-to-day work as supervisors. In this context, all courses benefited strongly from participants’ contributions about supervisory approaches and methodologies of their jurisdictions and about their general experiences in implementing Basel II and III.

Bilateral projects

Last year, in a seminar on the topic of “off-site supervision” held together with the Banco Central de Paraguay, the TCBC had the opportunity to be active on a bilateral basis in South America for the first time. The two-day seminar aimed to help banking supervisors develop an independent approach to the national implementation of Basel II. An analysis was made of German experiences with the introduction of the revised supervisory standard. In particular, the implementation of requirements for the work of the supervisory authorities (Supervisory Review and Evaluation Process, SREP) formulated in the Basel document was addressed in close detail. Lengthy and critical discussions were held on the methodology of supervisory ratings and the combination of supervisory insight and measures in the case of flaws in the risk management systems of the supervised banks. As a result, a series of suggestions on possible improvements in the supervisory approach were discussed.
A seminar on “consolidated supervision of financial institutions” was conducted for the Central Bank of the Republic of Armenia in Germany. The requested seminar topics were regulation and supervision on a consolidated basis (in particular the supervisory treatment of intra-group financial transactions), supervisors’ options for imposing penalties and the structure of consolidated reporting. The broad range of topics called for the involvement of numerous experts within the Bundesbank and at an inter-institutional level from the Federal Financial Supervisory Authority (BaFin). Not only were the requested topics examined in detail in the three days; there were also discussions on how consolidated supervision deals with cross-border intra-group assets (upstream loans). There was also a discussion on experiences obtained from the collapse of Lehman Brothers, implications for the Frankfurt financial centre and supervisory approaches for international banks; at that time, there had been a subsidiary in Germany, Lehman Brothers Bankhaus AG.

Not least through the fruitful cooperation with the Bank Indonesia, which has existed for many years, in 2014 a debut exchange of notes on financial supervision with the recently created Indonesian Financial Supervisory Authority, Otoritas Jasa Keuangan (OJK), was held. The foundation for a strengthening of the cooperation in the following years was laid and both parties have paved the way for this in the meantime. An initial seminar in Indonesia will address as its topics the significance of risk orientation in ongoing banking supervision, qualitative and quantitative capital requirements under Basel III, liquidity ratios and liquidity management requirements and the supervisory monitoring of banks’ micro-prudential stress test programmes.

“All lecturers were engaging and open to questions.”
Cash continues to be a widely used means of payment in Germany. Roughly 83% of all transactions are made using cash; in terms of value, this equates to around 53% of total spending. By law, the Bundesbank is responsible for issuing banknotes in Germany. Many central banks are interested in how the Bundesbank organises the cash supply, which meant that the subject of cash management was in high demand last year. The Bundesbank’s expertise in this field is particularly great, as almost half of the banknotes in circulation in the euro area originate from the Bundesbank. It thus meets the demand for banknotes not only in Germany but also in non-euro-area countries. The second important topic that usually meets with great interest relates to all aspects of combating money counterfeiting, especially since the number of registered counterfeit euro banknotes rose in 2014. In Germany alone, around 63,000 counterfeit euro banknotes were removed from circulation last year. The Bundesbank’s dedicated National Analysis Centre in Mainz plays a leading role in analysing, and thus combating, money counterfeiting in Germany.

**International central banking courses**

The international expert panel “New challenges in cash management” explicitly addressed the role of the central bank in the cash cycle. The participants were explained the importance of a smooth cash supply and how the Bundesbank approaches this task. One aspect was the restructuring of the Bundesbank’s branch network. By closing a number of branches and building a new superbranch in North Rhine-Westphalia, the Bundesbank is aiming to make cash processing more cost-effective. The objective of the superbranch is to make cash processing more automated and to enhance the technical support for work processes, eg by using automated high-bay warehouses.

Counterfeit-proof cash is the foundation for trust in a currency. Despite major efforts, the number of counterfeits has risen of late. One tool for combating this trend is the introduction of the new euro banknote series. These issues were discussed by an international expert panel “Combating counterfeit money by the National Analysis Centre (NAC)”, which we offered for the first time. The participants were interested in many practical questions about managing the counterfeit monitoring software as well as workflow organisation in the NAC. They also used the opportunity to introduce the group to how combating counterfeiting is organised in their own countries. In doing so, it became clear how different the challenges are from country to country and how varied the prevention strategies developed in each case are.

Placement, layering and integration are the three typical phases of the money laundering process, and in 2014 again formed the subject of the speakers’ presentations at the annual international workshop “Combating money laundering”. The aim of this workshop was to shed light on the issue of combating money laundering from many different perspectives. Representatives of a number of large German commercial banks discussed their institutions’ anti-money laundering (AML) security measures with participants. In addition, BaFin’s role in combating counterfeiting and the complex interplay between the public prosecutor and the Federal Criminal Police Office were explained.

**Bilateral projects**

Many bilateral projects addressed the issue of combating money laundering. The Central Bank of Chile (CBC) is on the way to adapting its counterfeit analysis process to international standards. Specialists from the CBC visited the National Analysis Centre (NAC) in Mainz for this purpose and gathered information about the design of coins and the materials used to
points of the participants guaranteed heated debate about the role of central banks in cash business. The participants found it particularly compelling that the Bank Al-Maghrib and the Bundesbank alternated in making presentations on each topic, giving rise to lively debate about the pros and cons of North African and European approaches.

International cooperation

Cash management was also discussed in Kenya. The Kenya School of Monetary Studies (KSMS) had invited participants from the central bank of Kenya as well as representatives of the central banks of Uganda, Tanzania, Ghana and Malawi to its regional conference. The contentious debate on planning the volume of banknotes to issue as well as the modernisation of cash processing was particularly fruitful, especially in the light of the consideration being given to creating a common economic and monetary union in East Africa by the end of this decade. The current developments in Europe tended to make the participants pessimistic about establishing their own monetary union.

External projects

For one of its external projects, the Bundesbank participated in a Eurosystem cooperation programme with the BoA. The goal of the programme is to prepare the Albanian central bank for accession to the ESCB. A Bundesbank expert and a Dutch colleague together analysed the cash department at the BoA during a two-day stocktaking mission. In the process, they found evidence of progress through the establishment of a new cash centre and improvements in both cash processing and counterfeit analysis.
Payment systems
Efficient and secure payment systems are the foundation of a stable financial system. Pushing ahead with a common European payment system was therefore a focus in the past year. Of particular note in this area are the successful migration of euro-denominated transfers and direct debits to the shared SEPA format (Single Euro Payments Area) and the strengthened integration in European retail payments associated with this. In addition, the security of online payments in a changing digital environment was discussed in the SecuRe Pay Forum (European Forum on the Security of Retail Payments). The resulting recommendations and guidelines are designed to facilitate a single European supervision. The TARGET2-Securities (T2S) project also became more of a focus in 2014. T2S is designed to create a harmonised central platform for settling securities in central bank money and thus to enhance the integration of the European settlement markets, which has had a predominantly national character and been heavily fragmented until now. Amongst other things, this will enable banks to structure their liquidity management more efficiently and simply by permitting the use of only one settlement account for all central securities depositories connected to T2S.

Key topics addressed at the seminars were T2S, SEPA and TARGET2 as the payment system used by the Eurosystem central banks to settle urgent payments in real time. The agenda was rounded off with information on the oversight of payment systems and securities. In addition, participants had the opportunity to discuss innovative payment instruments and systems as well as their use in their home countries in individual workshops. The subject of SEPA, in particular, also helped participants to realise that European harmonisation projects cannot be completed overnight. Although the technical migration of transfers and direct debits has now been finalised after a number of years, electronic direct debit payments as well as cheque and debit card payments, for example, are still settled in the “old systems”. Intensive work is currently underway to develop solutions that would allow these old systems to be retired as soon as possible.

Bilateral projects

The aim of a seminar held in Azerbaijan was to provide participants with information about the oversight of payment systems and payment instruments. Besides the payment system landscape in Europe, the seminar focused on the principles of financial market infrastructures, supervision of e-money institutions and oversight of payment instruments in the Eurosystem. The SecuRe Pay forum and its recommendations were outlined and discussions were held with the participants about the empirical analysis of payment systems. The in-depth discussion of the subject matters made the seminar very interesting and stimulating.

The Bank of Thailand invited two Bundesbank representatives to Bangkok to hold a seminar on payments and securities settlement. The goal of the seminar was
International cooperation

In Ecuador, CEMLA and Bundesbank experts jointly organised a seminar with 60 participants focusing on interesting topics in payments and securities settlement. Participants were able to gain in-depth insights into the TARGET2 system, the post-trade value chain of securities settlement, the role of central counterparties, the TARGET2-Securities project and the Bundesbank’s business continuity plan. Contributions from the Central Bank of Ecuador on their implementation of an e-money system and from the Central Bank of Paraguay on its experience in liquidity and collateral management also made the seminar valuable and interesting. The CEMLA conference had a typically international character, with experts from the central banks of Ecuador plus twelve Central American, Latin American and Caribbean countries sharing their perspectives.

to present the European approach towards achieving integration of payments and securities settlement, in particular by focusing on the topics TARGET2, SEPA and TARGET2-Securities. The seminar concluded with a workshop, where the participants were asked to compare – using the information provided during the three-day seminar – the driving factors behind fostering integration of payment and securities settlement systems in the ASEAN area and in Europe. The seminar was very well attended, with 50 participants from various departments of the Bank of Thailand. The active participation of the attendees and the numerous questions raised throughout the entire seminar indicate that it was also well received.

“The participants’ presentations were interesting. Now we know the approaches of different countries.”
Good governance
Integrity, credibility, and reliability, as expressed by the concept of good governance, are of paramount importance for central banks. That is why this issue has become a fixed component of the Centre for Technical Central Bank Cooperation’s range of courses. The Bundesbank understands good governance to encompass all of the support areas required for operations to be conducted smoothly, such as controlling, internal and external accounting, internal audit, procurement, human resources management and information technology. Additionally, however, measures that create credibility, such as effective compliance regulations and the required transparency in internal and external communication, also belong to this area.

International central banking courses

Once again in the year under review, a five-day international basis seminar called “Central bank governance” was held, which has met with an excellent response from participants for many years. Participants received extensive insights into the Bundesbank’s set of instruments and rules in this area. At the centre of discussion was the Bundesbank’s handling of all types of risk (corruption, data protection, IT risks). For example, the Bundesbank’s codes of conduct, which contain rules on handling confidential information and accepting gifts, were explained. The seminar also described the tasks and function of Internal Audit and provided an overview of strategic considerations in staff planning.

The “Operational risk management, business continuity planning and crisis management” expert panel was aimed at management staff and experts with many years of experience in this field. On the one hand, the panel served to provide participants with detailed information on the Bundesbank’s practical crisis management, from the identification of crises to the work of the crisis management team down to ongoing development of crisis management systems. On the other hand, participants were given the opportunity to present the crisis management systems of their own central banks and to discuss these in a panel.

Central bank activities are increasingly becoming a focus of public interest, particularly against the backdrop of the current financial crises. A central bank’s communication therefore plays an ever greater role. In the “Public relations” workshop, alongside aspects of internal communication, relationships with the media were also discussed. The aim of the workshop was to exchange views and ideas about different communication strategies in central banks. The participants made their own presentations to introduce their approaches for discussion.

Motivated employees are key to the success of any institution. Participants at the “Human resources management” workshop received a wealth of information on the organisation and role of the Bundesbank’s Human Resources Department. Topics such as remuneration systems, employee feedback meetings, staff education and training measures and HR information systems were also addressed. Furthermore, participants had the chance to discuss their central banks’ approaches and compare these with those of the Bundesbank in smaller groups.

Bilateral projects

Demand for bilateral activities on issues relating to good governance was very high in 2014, with 40% of all bilateral projects dealing with good governance. This demand was very high from the Commonwealth of Independent States (CIS), Eastern Europe, South-East Asia and Latin America in particular.

An international and intercultural seminar called “Operational risk management” was conducted with
For the first time, a cooperative project took place with the Banco Central de Bolivia in La Paz, Bolivia. The seminar evolved from an activity held with CEMLA in 2013. A participant from Bolivia who attended this seminar on International Accounting Standards suggested a similar seminar for the Bolivian central bank, tailored to the needs of that country. The aim of the seminar was to establish the key differences between the current national accounting standards and the international standards. Participants were able to familiarise themselves with many aspects of international accounting practices during the five-day event. In particular, the subject of accounting in the ESCB met with great interest. It was agreed that this cooperative project be continued.

International cooperation

The growing importance of social media shows no sign of stopping, even at institutions like central banks. Staff from the central banks of Montenegro and Turkey as well as the Bundesbank therefore used the chance to exchange information about their central banks’ different approaches to this issue during a seminar in Frankfurt.

A three-day “Central bank governance” seminar was held in Caracas, Venezuela, in collaboration with CEMLA. It was attended by 25 participants from Central and South America. Similarly to the international “Central bank governance” seminar that we regularly host in Frankfurt, the focal point of this seminar was on imparting basic knowledge. This was mainly achieved by introducing the instruments and set of rules that are used in the Bundesbank to address this issue.
Topics related to the main challenges faced by central banks around the world remain high on our agenda, and this is reflected in the international central banking courses we are offering in 2015. For example, as many of our foreign partners continue to be interested in the European reform process, we have added a seminar on the European banking union to our usual repertoire. To meet the needs of our partners, we continually add topical issues to our list of courses as published in our annual course brochure. In addition, we have also started organising ad hoc expert panels on topics of special interest that arise during the year. These additional expert panels will be announced on our website at http://www.bundesbank.de/tzk.

To apply for these and for the courses advertised in our annual course brochure, please refer to www.bundesbank.de/courseregistration.

Tailor-made activities are organised to meet individual central bank’s needs and we continue to receive requests for all areas of central banking from across the globe. Still, topics related to the ongoing economic and financial challenges meet with particularly high demand, which will be reflected in the Deutsche Bundesbank’s Centre for Technical Central Bank Cooperation’s activities. At the same time, the Deutsche Bundesbank remains a prime provider for technical central bank cooperation not only in core areas of central banking (monetary policy, financial stability, banking supervision, cash management and payment systems), but also with regard to good governance and statistics. In order to meet the continuously high demand with increasingly limited resources, the Bundesbank will, where appropriate, continue to strengthen its regional approach, especially in Latin America, Africa and South-East Asia. To apply for a bilateral project, please refer to www.bundesbank.de/request.
## List of abbreviations

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<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>AG</td>
<td>Aktiengesellschaft</td>
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<td>AMF</td>
<td>Arab Monetary Fund</td>
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<td>AML</td>
<td>Anti-money laundering</td>
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<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
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