

**Event**

**Regional Conference on Banking, Accounting and Finance**  
Santiago, Chile, April 4 and 5, 2019

**Summary**

The Regional Conference on Banking, Accounting and Finance took place in Santiago, Chile on April 4 and 5, 2019. It was attended by 59 participants of 29 institutions, including Latin American and Caribbean central banks and financial authorities, international organizations and industry representatives.

The Conference was aimed at discussing key financial and accounting issues among Latin America and Caribbean central banks and financial supervisory agencies. From the discussions held in the Conference, it can be highlighted the following:

Looking back, episodes of financial crises have helped the international financial community to strengthen and harmonize financial regulatory practices, although this does not guarantee that new areas of coordination work arise and that require attention in the event of emerging risks. For instance, the geopolitical tensions between China and the US and in Europe, may pose challenges with potential effect in the use and adoption of international financial standards given the uncertainty in financial markets explained by such tensions.

After the Global Financial Crisis (GFC), it became evident the need to review the set of standards that the Financial Stability Board recommends to promote the global financial stability. The goal of this review as to adapt the standards to embrace regulatory gaps found in the aftermath of the GFC, including those related to the International Financial Reporting Standards (IFRS).

In this context, the International Accounting Standards Board issued a comprehensive review of the IFRS, especially by reviewing aspects, such as: consolidation (IFRS 10-12), derecognition and disclosure of notes (IFRS 7), and the measurement of fair value (IFRS 13). One of the most challenging novelties of the IFRS review, was the transformation from IAS 39 into the IFRS 9 on classification, valuation, impairment and hedge of financial instruments. With IFRS 9, the understanding of the business model and the cash flow that is behind the performance of different financial instruments. Despite the progress in modernizing the IFRS, after the review, it has been largely discussed how complex it resulted the revised standards, either for prudential purposes or for the central banking accounting. It was concluded that this review could hinder the adoption of these standards and also create problems of interpretation and analysis at domestic and international scales.

The IASB and the regional central banks acknowledged that the complexity of the IFRS and other international financial standards has been raised and noted that, a better coordination between authorities should be pursued in looking ahead.

In this context of greater complexity of international financial standards, domestic authorities should play a role in establishing a policy and legal framework that sets a minimum of regulatory

expectations, combining domestic legal requirements with recommendations and international standards that fit their institutional and market setting.

On another subject, the Conference also served as forum to deeply discuss how relevant is becoming the role of auditing global service providers. It was underlined that auditing activities are critical for economic decision-making by means of promoting quality, reliability and transparency of financial statements. Given the role it plays, auditing should be a service devoted to ensure that the management and interpretation of financial information properly assist financial authorities in identifying vulnerabilities and risks, in other words encouraging market discipline. It was also noted that if inadequately understood, the IFRS 9 could place a greater burden of discretion and a conflict of interest for auditing global service providers, this is because many aspects of IFRS 9 may open up the possibility of making judgments about how and what credit losses should be estimated in the expected losses model.

The Conference brought an opportunity to deep dive in country experiences on how international accounting standards (IFRS) are being adopted by central banks, and the resulting implications for the balance sheet and the economic nature of central banking. The case of Chile, Colombia and Mexico were presented as reference countries for full and partial IFRS adoption. The country experiences helped to better understand how relevant is for a central bank to be an independent and credible agent to circumvent the financial fluctuations stemming from IFRS valuation measures, for instance with regards foreign reserves and the unrealized gains' distribution dilemma.

The keynote speaker, Aristobulo de Juan, closed addressed the Conference with current challenges for bank accounting and supervision. One of the main conclusions of Mr. de Juan relates to inadequate criteria and mechanisms in financial regulation and supervision that negatively contributed in the latest international crisis. He referred to the twilight of supervisory practices that started with the brake on innovation and the proliferation of deregulatory approach to said innovative products. As a conclusion, Mr. de Juan stated that even with poor regulatory framework, if rigorous supervisory arrangements are in place, results could be enhanced.

## Agenda

- **Welcome remarks**  
Beltrán de Ramón, Financial Markets Director, Banco Central de Chile  
Patricia Morales, Director of Corporate Services, FLAR  
Jorge Pérez, Advisor to the Directorate General of Financial Stability and Resolution, Banco de España  
Raúl Morales, Manager of Financial Markets and Infrastructures, CEMLA
- **Financial crisis and accounting**  
Amaro Gomes, Board Member, IASB
- **Auditing and accounting: quality, discipline and financial stability**  
Pablo Pérez, Secretariat Member, FSB
- **Globalization, national sovereignty, and international standard-setting**  
Nicolas Véron, Bruegel and Peterson Institute for International Economics
- **Role of financial reporting for capital markets**

Ana Martínez-Pina, Chair of the Financial Information Standing Committee of the European Securities and Markets Authority (ESMA) and Vice-chair of the Comisión Nacional del Mercado de Valores de España

- **Panel: Foreign reserves and gold: key accounting aspects**  
*Moderated by Raúl Morales, Manager of Financial Markets and Infrastructures, CEMLA*  
Yadira Duarte González, Head of Accounting Analysis and Regulation, Banco de la República (Colombia)  
Rodrigo Cano Jáuregui, Director of Support for Central Bank Operations, Banco de Mexico  
Ezechiel Copic, Director of Central Banks & Public Policy, World Gold Council
- **Update of banking accounting standards, their effects and challenges: the Chilean experience**  
Luis Figueroa de la Barra, Intendent of Regulation, Superintendency of Banks and Financial Institutions - Chile
- **Global economic outlook: future of U.S. - China and the impact of trade wars**  
Michael McDonough, Chief Economist, Bloomberg
- **Credit and the international financial regulation**  
Juan Pedro Cantera, Superintendent, Banco Central del Uruguay
- **Panel: IFRS and international accounting standards for central banks**  
*Moderated by Raul Morales, Manager of Financial Markets and Infrastructures, CEMLA*  
Beltrán de Ramón, Financial Markets Director, Banco Central de Chile  
Jorge Pérez, Advisor to the Directorate General of Financial Stability and Resolution, Banco de España
- **Accounting: Legends, myths and realities**  
Jorge Pérez, Advisor to the Directorate General of Financial Stability and Resolution, Banco de España
- **Twilight of banking supervision and accounting**  
Aristóbulo de Juan, Former Banking Supervision Director, Banco de España
- **Closing remarks**  
Raúl Morales, Manager of Financial Markets and Infrastructures, CEMLA  
Jorge Pérez, Advisor to the Directorate General of Financial Stability and Resolution, Banco de España  
Patricia Morales, Director of Corporate Services, FLAR  
Beltrán de Ramón, Financial Markets Director, Banco Central de Chile

For over several years, CEMLA and Banco de España, with support from the Association of Banking Supervisors of the Americas (ASBA), organize annually training activities and discussions for developing and strengthening the accounting regulatory framework in the region's financial systems.

In response to changes in the accounting best practices and international standards, the Banco de España and CEMLA launched a Program of Technical Assistance (PAT) on activities for Strengthening the Accounting Regulatory Framework towards complementing their annual activities with technical assistance for central banks and other financial authorities in the region responsible for accounting regulation. The Program seeks to provide tailored technical assistance on aspects related to the development, improvement or reform of the accounting regulatory framework applied to central banks and to financial systems.

The Conference was organized under the umbrella of the PAT, and to serve as forum for the exchange of experiences and knowledge on financial and accounting issues that central banks and financial regulators face to modernize and enhance their accounting regulatory frameworks.

### Speakers

Amaro Gomes, Board Member, IASB

Mr. Amaro Luiz de Oliveira Gomes, Brazilian-British (55), is a Board Member with the IASB since 1st. July, 2009. Before joining the IASB, Mr. Gomes was the Head of Financial System Regulation Department at the Central Bank of Brazil. During his 17 years career in financial sector regulation, Mr. Gomes had various roles and responsibilities while in the Central Bank (1992-2009). Mr. Gomes was responsible for drafting regulation related to financial products, capital requirements, adoption of international standards and best practices and recommendations in prudential regulation, market integration and, accounting and auditing, playing a leading role in the adoption of International Financial Reporting Standards (IFRS) in the country, overseeing the introduction of IFRS for regulated financial institutions and serving as an advisor to the Central Bank adoption of IFRS.

As for international activities, he was the Central Bank representative in the Accounting Task Force of the Basel Committee on Banking Supervision (2004- 2009); in the MERCOSUR Sub-Group IV – Financial Services Integration, coordinating the Commission on Financial Services and the Sub-Commission on Accounting Issues (1998-2009); and in the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR), at the UNO/UNCTAD (1999-2003).

From 2007 until joining the IASB in 2009, Mr. Gomes was the representative of the Association of Banking Supervisors of the Americas (ASBA) in the Policy Development Group, also under the auspices of the Basel Committee on Banking Supervision.

Pablo Pérez, Secretariat Member, FSB

Pablo Pérez is a Member of the Financial Stability Board's Secretariat and the FSB's Advisor on Accounting and Auditing. With wide and long-lasting background in regulatory bodies, throughout his career he has been responsible for work intersecting accounting policy and financial regulation, most notably at Banco de España. He also worked as Finance Expert for the European Central Bank, and was in charge of Finance and Controls at the Spanish Fund for the Purchase of Financial Assets.

Actively involved in international working groups, for many years he has contributed to the work of the Basel Committee (BCBS) Accounting Experts Group, either as a member or FSB observer. He also represents the FSB at the Three Way Dialogue with accounting standard setters and the

international banking industry, the Accounting and Auditing Working Group of the International Association of Insurance Supervisors, and the Monitoring Group overseeing the governance of international audit standard-setting, among other fora. He chaired the European Banking Authority's Valuation Working Group, and was an official observer at the IFRS Interpretations Committee and BCBS representative at the IASB Impairment Transition Resource Group.

With several publications on banking and accounting, Pablo has lectured at numerous venues, a recurrent focus of his research being the link between lenient underwriting, deferred credit loss recognition and procyclicality.

Nicolas Véron, Senior Fellow, Bruegel and Peterson Institute for International Economics

Nicolas Véron cofounded Bruegel in Brussels in 2002-05, joined the Peterson Institute for International Economics in Washington DC in 2009, and is currently employed on equal terms by both organizations as a Senior Fellow.

His research is primarily about financial systems and financial services policies. He frequently briefs senior economic policy officials in Europe, the United States and Asia, and has testified at parliamentary hearings in the US Senate, European Parliament, and in several European member states. A graduate of France's Ecole Polytechnique and Ecole des Mines, his earlier experience includes senior positions in the French government and private sector in the 1990s and early 2000s.

He is also an independent board member of the global derivatives trade repository arm of DTCC, a financial infrastructure company that operates on a non-profit basis. In September 2012, Bloomberg Markets included Véron in its yearly global "50 Most Influential" list with reference to his early advocacy of European banking union, a topic on which he has worked and published near-continuously since 2007.

Ana Martínez-Pina, Chair of the Financial Information Standing Committee of the European Securities and Markets Authority (ESMA) and Vice-chair of the Comisión Nacional del Mercado de Valores de España

Born in 1971 in Barcelona, Ana M<sup>a</sup> Martínez-Pina has a Degree in Law from the Central University of Barcelona and belongs to the Spanish Government Insurance Inspectorate.

She served at the Directorate General of Insurance and Pension Funds and, from 2003, at the Institute of Accounting and Accounts Auditing (ICAC), where she has been the Assistant Deputy Director General for Standardization and Technical Accounting, and the Secretary of the Advisory Committee of Accounting.

She has been a member of the working groups in charge of elaborating the Spanish General Accounting Plan and all its implementing rules. She has also been a member of the Governing Committee of the Fund for Orderly Bank Restructuring (FROB).

Prior to her appointment as Vice-Chairman of the CNMV, she was the Chairman of the ICAC.

She is the President of ESMA's Corporate Reporting Standing Committee, a member of the Board of the Bank of Spain, and a member of the Governing Committee of the FROB.

Yadira Duarte González, Head of Accounting Analysis and Regulation, Banco de la Republica (Colombia)

Public Accountant, Master in Finance and Specialist in Tax Law, with accreditation in International Financial Reporting Standards "IFRS" by the ICAEW (Institute of Chartered Accountants in England and Wales).

Experience in financial and stock exchange entities, as well as in central banking sector. Currently, she serves as Head of the Regulation and Analysis Division at the Banco de la República Accounting Department. She held the General Accountant position at the Colombian Stock Exchange. In the financial sector, she was experience in accounting and taxes in entities such as: Bancolombia; Davivienda y Lloyds TSB Bank.

Rodrigo Cano Jáuregui, Director of Support for Central Bank Operations, Banco de Mexico

Rodrigo Cano has been Director of Operation Support at the Directorate General of Central Bank Operations and Payment Systems at the Bank of Mexico since 2014. Before that, he was manager of the Financial Programming Division. He served as Head of the Domestic Foreign Exchange Operations Subdivision, where he was responsible for overseeing the implementation of foreign exchange interventions.

With almost 22 years of experience at the Central Bank of Mexico, he has followed closely the analysis and implementation of FX and monetary policies.

He earned an MA in economics from New York University in 2001.

Ezechiel Copic, Director of Central Banks & Public Policy, World Gold Council

Advise central banks, finance ministries, and international institutions on issues related to foreign reserves asset management, including portfolio optimization and asset valuation. Work with international agencies, governments and key stakeholders to develop policies that reduce barriers and improve access to gold, focusing on sustainability and accounting issues.

Responsible for the management of central bank relationships and development of market insights and research reports focused on global financial markets, including gold, fixed income and foreign exchange.

Luis Figueroa de la Barra, Deputy Superintendent of Regulation, Superintendence of Banks and Financial Institutions (Chile)

Luis Figueroa is an Economist from the University of Chile and holds a MA in Economics from New York University. He is currently the Deputy Superintendent of Regulation in the Chilean Regulatory Authority of Banks and Financial Institutions (SBIF) since 2014 and he has under his responsibility the Departments of Research, Financial Analysis and Market Conduct. In this position Mr. Figueroa was part of the technical group at the SBIF working to reform the General Banking Law and other important regulatory changes in the financial markets.

Previously, Mr. Figueroa was Deputy Superintendent of Regulation and Head of the Financial Supervision Department at the Superintendency of Pensions, he also worked in the Financial Policy Department at the Central Bank of Chile and in the Research Department at the ex- Chilean Securities and Insurance Superintendency.

Michael McDonough, Chief Economist, Bloomberg

Michael McDonough is the Chief Economist for Financial Products at Bloomberg LP where he provides guidance on economic trends, strategic insight and outreach to central banks and government financial agencies around the world.

Juan Pedro Cantera, Superintendent, Banco Central del Uruguay

Juan Pedro is currently the Superintendent of Financial Services of the Central Bank of Uruguay since 2012.

Previously - Intendant of Financial Supervision (2009 - 2012) in charge of the supervision of all financial markets, Manager of the Study Area and Regulation of the Financial System (2002 - 2009) and responsible of the Department of Standards of the Superintendency (1995 – 2002).

Former President of ASBA, (Association of Banking Supervisors of the Americas). Period 2015-2018. Representative of the Central Bank of Uruguay in ASSAL (Association of Insurance Supervisors of Latin America). Member of AIOS, (International Association of Supervisory Organizations of Pension Funds). Public Accountant - University of the Republic – Uruguay. Master in Banking Management- Universidad Carlos III de Madrid.

Beltrán de Ramón, Financial Markets Director, Banco Central de Chile

Became Division of Financial Markets Director the Central Bank of Chile in January 2008. He is a Catholic University graduate in business studies with mention in economics.

Mr. De Ramón worked in the Budget Department of the Finance Ministry for almost three years as Head of the Public Finances Division. He has represented this Ministry as Public Enterprises System (SEP) Consultant and is currently a Director of the National Mining Company (Enami).

He had previously worked since 1990 in various areas of Copec S.A. where from 1996 to 2001 he was Head of Treasury and Branches.

Jorge Pérez, Advisor to the Directorate General of Financial Stability and Resolution, Banco de España

Jorge Pérez Ramírez holds a Ph.Ds. in economics with extraordinary doctorate reward. For 38 years, he has worked in the banking world, as external auditor, banking supervisor, director of problematic loans, and as head of the accounting regulation of the Spanish banking sector.

Since 1989, is a Professor of financial economics and accounting at the National University of Distance Education of Spain, and from 2015 provides its services in the General direction of Financial

Stability and Regulation of the Bank of Spain. Rapporteur highlighted in numerous seminars, workshops and meetings both in university centers as training and training of bank supervisors and senior members of the Latin American central banks.

Jorge Pérez is the author of several papers and books above accounting banking, derivatives and history of banking and the risk measurement as: "Vidas paralelas: la Banca y el Riesgo a través de la Historia", "Del Oráculo de Delfos a la Torre de Basilea " and "Banca y Seguros: Capital y Contabilidad".

Aristóbulo de Juan, former Bank Superintendent, Banco de España

Aristóbulo de Juan has dedicated fifty-five years to the banking sector, fifteen of them in commercial banking management and forty to the financial reforms and banking crises issues, on four continents.

He was Supervisor Director General of the Bank of Spain and played an important role in the treatment of the Spanish crisis of the eighties, which affected more than half of Spanish banks. He also was an active player in the Spanish banking supervision modernization.

For more than 2 years, he was a Financial Advisor to the World Bank -in Washington- where he dedicated to the financial reforms of developing countries. He currently heads a specialized advisory office for banking problems and crises.

He has lectured in more than 30 countries, in forums such as the Universities of Oxford, Harvard, Yale and Wharton, as well as in the World Bank, the Federal Reserve, the Central Bank of China and The Reserve Bank of India.

He is the author of the books entitled "Anatomy of a crisis" in 2013 and "From good bankers to bad bankers" in 2017. The latter has recently been published in English and will soon be in the Chinese version.

His work and numerous writings and lectures have given him international renown.

#### Related information

Accounting Regulatory Technical Assistance Program: <https://sitio.cemla.org/marco-regulatorio-contable.html>

International Standards on Auditing (ISA): <http://www.ifac.org/publications-resources/2018-handbook-international-quality-control-auditing-review-other-assurance>

Guidance on credit risk and accounting for expected credit losses: <https://www.bis.org/bcbs/publ/d350.pdf>

IFRS standards: <https://www.ifrs.org/issued-standards/list-of-standards/>