

Emerging Markets' view on the future of reserve management

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Some long-term trends that will impact reserve management

Talent

- Millennial generation, changes in workplace

Technology

- Big data, blockchain, cyber security, front-to-back integration

Market developments

- Normalization of central bank policies, high levels of debt, lower liquidity, political events, high regulation

How to adapt?



Building stronger and more flexible reserve management teams

- Prepare for a higher turnover
- Develop a steeper learning curve
- Encourage a learning environment
- Promote knowledge creation
- Provide flexibility and growth opportunities



Making technology another line of the business

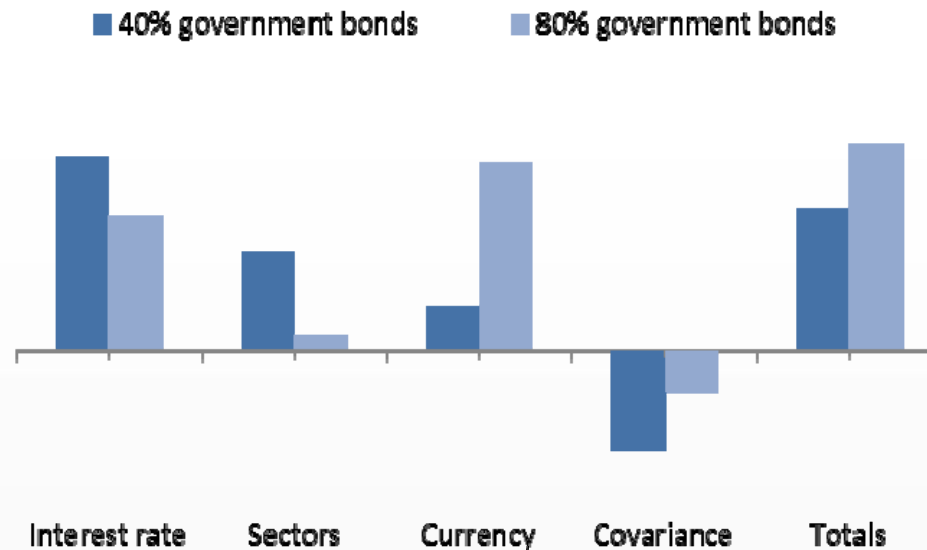
- Reserve management should be a priority for IT
- IT units focused on portfolio management
- Choose priorities for technological development (e.g. reduce operational risk, automate routine tasks, etc.)
- Create an environment where it is easy to jump from one technological platform to another



Implementing a more flexible investment approach

Not only more but also smarter diversification

Risk-Factor Allocation of Two Fixed-Income Portfolios



Implementing a more flexible investment approach (II)

Incorporate best practice from the industry.

Some possible ideas:

- Smart beta: Internalize systematic risk factors
- Dynamic asset allocation: Constant objectives are not the same as unchanged benchmarks
- Algorithmic trading: Improve execution and deal effectively with challenging liquidity conditions



Thanks

