

Andrey Gurov: Speech - the future of money

Speech by Mr Andrey Gurov, Deputy Governor of the Bulgarian National Bank, at the Sixth Banking and Financial Forum: "The Future of Money", organised by the Manager magazine, Sofia, 17 October 2023.

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Ladies and Gentlemen, dear hosts from the Manager magazine!

I would like to thank you for the invitation to open this event. It is indeed taking place at an extremely important moment, both for the institution that I represent and for the society, the business and our country as a whole.

In my previous role as a professor, this presentation would have lasted about an hour. Today, however, I will try to be very focused in my speech so as not to take up of the time for the interesting panels and commentators that you will have.

In the last few years I have often been asked the question - do you like what you do, do you feel satisfied? I'm sure that you have asked yourselves the same question. And the answer is never trivial. Regardless of the personal achievements in the career, in the family, there always comes a time when this question pops up in our minds and everyone begins to search for their mission, this thing that gives an answer to the question of why we are here in this place at this particular moment.

Because the moment at which we are asking ourselves that question is extremely important, I would even call it historical. Looking at the people in this room, most of us here belong to a generation that was locked between two periods, of communism and of democracy, the so-called 'transition'. And that is why we are still looking for our meaning and for our vocation.

Over the last 35 years we, as a society and as a country, have taken several key steps that charted Bulgaria's development path. The most important of these steps are undoubtedly Bulgaria's accession to NATO and to the EU. And if we look objectively at the development of our country during that period and compare it with that of countries outside these structures, the assessment will be unequivocal and positive.

Belonging to these structures is not enough, but it is certainly a necessary condition for our future sustainable development as an economy and democracy. They are an open door to a better and fairer life, but we ourselves as a society have to walk through that door. This is also the main reason why we cannot yet say that the transition is over. Because we have unfinished business.

And the most essential part of this work is the commitment undertaken by our country when joining the EU - to adopt the single European currency. This is one of the last pieces of the mosaic that will place Bulgaria side by side with the other European countries and will open our country up for all the benefits of being a full-fledged member of one of the largest and strongest economic and monetary unions in the world.

A lot can be said about the benefits of joining the euro area, and I certainly won't have enough time to list them in detail. But it is worth mentioning some of them because they will directly affect all Bulgarian citizens. The absence of transaction costs for individuals and companies, lower borrowing costs, and lower costs of servicing government debt, as well as the higher valuation and attractiveness of companies for investment are just a few of these benefits.

These are countered by purposeful manipulations about sharp price rises. These manipulations are economically unfounded. All the studies and analyses carried out so far definitely show that any price increases due to the transition to the single currency are insignificant and are rather a result of weaknesses in the regulatory mechanisms than any economic reasons. A good information campaign and the diligent work of the authorities will cut down speculations and will limit any attempts for unjustified price hikes.

But this is a topic that we will all have the opportunity to discuss in detail in the coming months. Today I want to focus on the role and responsibility that we, the people in this room, have in this extremely important euro changeover process. Our personal responsibility cannot be underestimated. The faces that I see here today are of people holding some of the highest-ranking positions in the economic and social life of our country. You are the people who, with your actions and inaction, set the tone for the conversation. Therefore, your role is of utmost importance.

Indeed, we are entering this process on the back of several global crises that have affected every aspect of our daily lives. If I may use this analogy, we are like a football team at the end of a long and hard season. A team that no one considered a favourite, but which at the cost of strenuous efforts somehow managed to stay in the race. And the last round will reward or ruin our efforts and hopes.

But in this game we got an early goal, or maybe two, and a red card even before the break. And now we are sitting in the changing room, looking in the mirror and trying to find the strength to go out on the field again, knowing that success will require new tremendous efforts.

And we have only three options - one is to give up and take care of our personal peace of mind. This is the easy way. Another one, that of the favourite team, is to blame fate for not being on our side. This is the convenient way. Or we can be like Liverpool - the team that has shown time and time again that nothing is impossible when you have the right attitude and you are ready to do your best, whatever the result. This is the responsible way.

As I said in the beginning, at some point in life everyone has to determine what their vocation has been. Burov was once asked who the great public figures of his time were. And he answered - there are none. Not because he did not have any smart and even genius contemporaries, but because they failed to make any significant accomplishments. Accomplishments that answer the question of why we are in this world and in this position, what our "mandate" will be remembered for.

And if I have to be quite direct, this will not be the record profit, or the leading market position, or another takeover. No. What we will be remembered for will be the meaningful choices we have made and the motivation that has guided us.

This is not an easy choice because living up to the historical moment in which we are destined to live and work means putting aside our own personal interest or comfort and thinking of the public interest.

And what is the public interest at this moment? Economic discussions can be very interesting and intellectually stimulating, but mostly in a laboratory setting. In real life, we should take into account the social realities and what is happening in the world. The most important question we have to answer today is where we see Bulgaria after a series of liberation struggles, communism, and the transition to democracy. And we can find the answer in the words and actions of our revolutionaries, or to quote Levski – 'to be equal with the other European nations.'

Opposition to joining the euro area is extremely fierce. The role of leaders in our society is to take responsibility, to set the direction and to prevent fraudulent misrepresentations. I believe that it is not by chance that our paths met at this very moment. It is our responsibility, leading by example and actions, to complete the transition that began over 30 years ago and to make our country a full-fledged and respected member of the European family.

And before I finish, I want to say a few words about the specific challenges surrounding Bulgaria's entry into the euro area. They go in three directions:

The most important thing, as I already mentioned, is our example. In a situation of multiple crises, it is quite normal for the Bulgarian citizens to be worried and easy to manipulate. It is our responsibility, by example and arguments, to reassure and guide them in the process of joining the euro area.

Education - in the short and long term. Explain, elucidate, enlighten. Every single day, among the people, in their language. We owe this effort to the Bulgarian citizens so that they can feel at ease and make the right decisions for their future.

Involvement – just because we have the right arguments and messages does not mean that they have been heard by the people. Succeeding in point 2 requires that we reach every person. And for that we need general mobilisation of efforts - of institutions, the business, non-governmental organizations. We must all work together to achieve the desired result.

And in conclusion, an important lesson that I always try to convey to my students - good results always and everywhere come from our own efforts. Contrary to what we are constantly told, a happy life is not a consequence of avoiding challenges and looking for the easiest way. On the contrary. It is a consequence of facing events free from self-interest and taking difficult actions consistent with our values and our mission.

Are we ready to do it? I believe so and I am looking forward to being together in our quest for a better and fairer Bulgaria as a full member of the big European family.

Thank you for the attention!