INTERNATIONAL BEST PRACTICE IN FINANCIAL JOURNALISM

November 15-17, 2005

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Ladies and Gentlemen, good morning.

It is my pleasure to welcome you to the Bank of Jamaica and to this seminar on "Best Practice in Financial Journalism," and to thank all of you for participating. In particular, I want to specially welcome our visiting panel of presenters, and to thank them for being here to share their experience and expertise with us.

I would also like to express my appreciation to the members of the Public Relations Department, the Training Institute, and all those involved with planning, organizing and hosting this Seminar.

For us this seminar is important because the Bank of Jamaica, like other central banks, has to signal objectives, manage expectations, and maintain credibility – all this happening sometimes in an environment of uncertainty. In this context, communication can be a risky process if not transmitted with sound and accurate reporting by journalists.

In the interest of transparency and the need to encourage strong market discipline, central banks have moved, internationally, from being perceived as virtual 'iron curtains', to a position where there is now active and structured communication with the media. However, even today, if not handled with care, communication can still be a professional hazard for central bankers.

Indeed, as recently as in 2002, the Chairman of the United States Federal Reserve, Mr. Alan Greenspan, was noted as saying that *"The undeniable, though regrettable fact, is that the most effective policymaking is done outside the immediate glare of the press"*., (And regrettable though it is, I am sure you can understand why some sensitive issues must still be dealt with outside the immediate glare of the press).

Recently, the Chairman of this opening ceremony invited me to take home to read what he termed "a research paper." It was only after I started going through it that I realized that the paper was not about *economic* or *financial* research, which I had assumed it was, but was in fact about journalism.

It was a paper about the process of monitoring signals, both weak and strong, that is sometimes involved in getting a news story.

As I read the paper, I learnt that the first signals are **Feelings –** a reporter's gut feeling that something is out there. There are not enough facts for a story - yet - but there is *something* you have to monitor in case it becomes a story.

Next, there are **Uncertain Signals –** a fact or two that indicates a change in the environment. Still, not enough for a story, but now you know for sure you are onto something.

Then there are **Almost Certain Signals –** more certain than uncertain, but still incomplete in terms of measuring, or defining exactly what is happening. At this stage, there is a temptation to run with the story, but if you want to be responsible and accurate, then you have to wait.

Finally, there are **Exact Signals –** you have all the facts, you understand exactly what is happening, and you know why. If you are lucky, you are the first one to arrive at this point, and you have a big story. In other words, a scoop!

I won't say that for a central banker this would form my normal reading material, but I will admit that I found the paper very interesting. It held my interest, because this process of monitoring signals, and responding on the strength or weakness of those signals, is exactly what central bankers do on a daily basis to inform policy implementation. So there is much common ground here between our two professions.

This similarity makes it clearer to me how much we <u>both</u> need to ensure that our jobs are done well. If we do our jobs well, the economy is better off. Therefore, we have the tremendous responsibility to always try to get it right, even when conditions are difficult.

This responsibility is huge and as central bankers, we are constantly challenged to ensure that we get it right. Therefore we have adopted and developed a culture of careful research and analysis, to allow us to respond proactively, and this, well in advance of full-blown problems, so as to forestall threats to monetary or financial system stability. This approach and culture of research and analysis is one I am sure all good journalists do in fact subscribe to.

At the same time, Central bankers can possibly learn a lot from journalists about effective communication. With the various challenges now facing the global economy, I feel that effective communication may be more important to central banks today than it has ever been.

While central bankers have come a long way in understanding the role the media should play in the communication process, we no doubt can benefit further from the wealth of experience of journalists in the art of effective communication, in getting our message across.

This approach is exemplified by the case of Alan Greenspan, to whom I referred earlier. Because he is now so much more open and outspoken, many have possibly forgotten that this is the same Alan Greenspan who once took great pride in making sure that few understood anything that he said. In fact, such was his general fondness for being both oblique and opaque, it is said that when Mr. Greenspan proposed to his wife, he had to do it several times before she finally understood what he was asking!

Central banking jokes aside, we feel assured that at the Bank of Jamaica we have a respectable record in market communication. Indeed, the Bank of Jamaica has systematically sought, over the years to increasingly engage the attention of the public in understanding the issues related to monetary and financial policy. Our regular press briefings, our long list of publications and the numerous ‘hits’ on our user friendly website I think bear testimony to this.

However, we are not complacent, and we recognize the increased importance of communication, and so we know we must keep working at it, just as Mr. Greenspan and the Fed have done so well.

Ladies and gentlemen, an informed and educated public will not only be in a position to make informed financial decisions, but will also demand better information from market players. This in turn assists in imposing strong market discipline – one of the facilitating dynamics in macro-economic and financial system stability. We all benefit when this happens, because sustained growth and development are underpinned by these fundamentals.

We recognise that the media is the main vehicle through which the public can be informed and educated about such issues, so if the public is to properly understand the issues, then the media must first understand them.

The willingness of the media to research and properly analyse past events, as well as to stay abreast of current trends; with a commitment to report thoroughly, accurately, clearly, and responsibly, is critical to the type of economy that we would all like to see. So you see, the media also has the critical responsibility of “getting it right”.

Ladies and gentlemen, just as good journalism, in general, is vital to the overall health of any democratic society, good financial journalism, in particular, is vital to the well-being of any free market economy.

To be clear, we **all** need good financial journalism, and so it is important that we **all** recognize its importance, and do what we can to encourage, support, and protect it.

Staging this seminar, as the title suggests, is a part of the Central Bank’s efforts to encourage the highest standards of financial journalism.

Ladies and gentlemen, I wish that over these three days you will all have a very productive and rewarding seminar. Thank you.