Blog BanRep: Global Trends in Foreign Reserves Management

Blog BanRep: Global Trends in Foreign Reserves Management
In a recently published blog on *Banco de la República's* profits, it was shown that in 2023 these mainly came from the yield of foreign reserves, which in the last 10 years reached an average share of 84% of the Bank's assets. The importance of foreign reserves in the Bank's equity and origin of its profits and their function as a support for the country's balance of payments, require that their administration meet strict criteria of security, liquidity, and profitability. The security criterion refers to maintaining adequate control over the risks to which investments are exposed. Liquidity is the possibility of converting the invested resources into cash quickly and at low cost. Profitability is the ability of financial assets to increase their value over time. In addition to meeting these requirements, as explicitly mandated by Law 31 of 1992, reserve management requires a modern and dynamic approach, evolving with changes in the global economic and geopolitical landscape. In this regard, this blog highlights some of the trends in foreign reserves management by central banks in various economies around the world in response to the recent economic and geopolitical context. Likewise, it shows how Banco de la República is adapting to such trends. This analysis is based on the results of a survey of 91 central banks conducted by Central Banking, an international specialized publication.

Continue reading

Fuente: https://d1b4gd4m8561gs.cloudfront.net/en/news/blog-banrep-global-trends-foreign-reserves-management