30TH EMEAP GOVERNORS' MEETING

EMEAP
Executives' Meeting of East Asia-Pacific Central Banks

30 Years of EMEAP Governors' Meetings

A Review of Past Achievements and Future Priorities

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Table of Contents

Part 1: Introduction

The Executives' Meeting of East Asia-Pacific Central Banks (EMEAP) has, since its inception, played a crucial role in fostering regional financial stability and cooperation among its member central banks and monetary authorities. As the global and regional financial landscapes evolve with increasing complexity, driven by factors such as geo-economic fragmentation, technological advancements, and new systemic risks, the imperative for robust and adaptive cooperation becomes ever more pronounced.

This review marks a pivotal moment for EMEAP, reflecting on its rich history and outlining EMEAP's medium-term priority areas as well as pathways to strengthen collaboration and enhance institutional effectiveness in addressing future challenges. It also served as a key input for the discussions at the 30th EMEAP Governors' Meeting, held in Bangkok on 21 July 2025, on how EMEAP could enhance its relevance, optimize its effectiveness, and reinforce its impact within the region and on the global stage.

This review serves two purposes. Firstly, it provides a "Looking Back" at EMEAP's evolution, chronicling its historical journey, major accomplishments, and enduring comparative advantages that have cemented its role as a vital regional forum. Secondly, it conducts a forward-looking assessment ("Looking Forward") to identify critical challenges EMEAP will likely face over the coming 2-3 years.

Part 2: Looking Back

This section reviews the history of EMEAP. Section 2.1 describes its establishment and development, tracing how the organization has evolved over time. Section 2.2 highlights key achievements and initiatives identified by EMEAP members. Section 2.3 summarizes the key takeaways from EMEAP's history so far.

2.1 Historical Context

2.1.1 Establishment and Early Years of EMEAP (1991-1997)

In the early 1990s, Asian central banks recognized a growing need for closer cooperation, spurred by global events such as the Mexican crisis and deeper regional economic and financial integration. The Bank of Japan (BOJ) took the lead in proposing EMEAP as a forum for open dialogue and stronger professional ties. Former Governor Yasushi Mieno emphasized the motivation behind EMEAP:

"While the central banks of the G-10 countries were enjoying close and friendly relationships and were regarded as a 'central banking family', Asian central banks were not that close. Thus, we wanted to create an Asian forum where we could frankly discuss matters of common interest and enhance the central banking network within the region."

The proposal received strong support, leading to the inaugural meeting in Tokyo on 22 February 1991 with nine founding members: Bank Indonesia (BI), Bank Negara Malaysia (BNM), BOJ, Bank of Korea (BOK), Bank of Thailand (BOT), Bangko Sentral ng Pilipinas (BSP), Monetary Authority of Singapore (MAS), Reserve Bank of Australia (RBA), and Reserve Bank of New Zealand (RBNZ). Discussions focused on regional economic surveillance, international financial market developments, and future meeting arrangements, with broad agreement that regular exchanges among central banks would strengthen regional cooperation. EMEAP later welcomed The People's Bank of China (PBOC) in 1992 and the Hong Kong Monetary Authority (HKMA) in 1993, expanding its representation.

Since then, EMEAP gradually became a key platform for exchanging views and information among regional central banks. During this period, activities were mainly conducted at the Deputies' level. As economic and financial interdependence grew in the mid-1990s, members considered ways to further strengthen EMEAP's role and effectiveness. Proposals included making the forum more action-oriented through institutional enhancements, while also deepening its discussion-oriented nature by expanding the range and scope of meetings. Notably, one suggestion involved establishing financial services and strengthen cooperation, while another emphasized enhancing EMEAP's discussion-oriented functions by introducing additional meeting layers and broadening the focus areas.

After extensive discussions, EMEAP adopted its current three-tiered structure —Governors' Meetings, Deputies' Meetings, and working-level groups[1]— at the first Governors' Meeting held on 19 July 1996 (see Box 1 for organizational structure of EMEAP).

2.1.2 EMEAP and Regional Financial Cooperation in the Wake of the Asian Financial Crisis (1997–2006)

The Asian Financial Crisis, triggered by the attack on the Thai baht in May 1997, underscored the vital role of EMEAP as a platform for timely dialogue and information sharing among regional central banks. EMEAP members quickly convened to hold urgent discussions and issued statements emphasizing cooperation. The July 1997 Governors' Meeting explored the need for a regional central bank lending facility, while the November 1997 Deputies' Meeting developed concrete plans to prevent further deterioration, which involved both central banks and fiscal authorities. These coordinated efforts contributed significantly to enhancing regional resilience and supporting members throughout the crisis.

Recognizing EMEAP's growing importance, members agreed to expand its functions to better address evolving regional needs. First, EMEAP enhanced its discussion-oriented activities by reorganizing and broadening its working-level groups, which originally consisted of two Working

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[1] Initially, there were two working groups and one study group, namely 1) the Financial Market Development Working Group (now the WG on Payments and Market Infrastructure, WGPMI), 2) Central Banking Operation Working Group (now the WG on Financial Markets, WGFM) and 3) Banking Supervision Study Group (now the WG on Banking Supervision, WGBS).

Groups and one study group. In 1998, the Financial Market Development Working Group was succeeded by the Working Group on Payment and Settlement Systems (WGPSS), the Central Banking Operation Working Group was succeeded by the Working Group on Financial Markets (WGFM), and the Banking Supervision Study Group became the Working Group on Banking Supervision (WGBS), with supervisory agency representatives of some economies invited as regular members. In 2002, the IT Directors' Meeting (ITDM) was introduced to address the growing importance of information technology in central banking operations.

Second, EMEAP began to consider more action-oriented initiatives, most notably the Asian Bond Fund (ABF) in 2003. The ABF was established to strengthen financial intermediation and reduce reliance on short-term foreign funding, investing a portion of members' official reserves in a basket of local currency bonds issued by Asian sovereign and quasi-sovereign issuers. This initiative aimed to catalyze the development of local currency bond markets and promote greater financial stability and integration in the region.

Third, EMEAP has long recognized the importance of shared leadership and equal participation. To support this principle, it adopted a formal rotational chairmanship system, ensuring that each member central bank has the opportunity to serve as Chair and Host for key meetings – including the Deputies and Governors Meetings. This approach reinforces EMEAP's collaborative spirit and promotes balanced engagement across the membership.

Fourth, to support expanded activities, EMEAP improved its administrative functions and created a Virtual Secretariat, operated by the BOJ with costs shared equally among members. This system, comprising a website and a secure Confidential Network, has facilitated efficient information retention and sharing, coordination, and organization of meetings.

2.1.3 The Transformation of EMEAP Led by Task Forces (2006-2014)

As Asia's economic influence grew and new challenges emerged, including the expanding presence of global institutions, EMEAP members recognized the importance of strengthening their collective voice and cooperation. In 2006, EMEAP established the Task Force on Regional Cooperation among Central Banks in Asia (the Zeti TF) as proposed by then-Governor Zeti Akhtar Aziz of BNM. The Zeti TF was tasked with providing guidance on the future direction of central bank collaboration, emphasizing robust regional surveillance, crisis management, and ensuring that Asia's perspectives were adequately reflected in international financial discussions. At the same time, with the expansion of global bodies such as the BIS Asian Consultative Council (ACC), the Zeti TF also addressed the need to clarify EMEAP's distinct role and to minimize overlap with other regional and international initiatives.

The Zeti TF's recommendations, presented at the November 2006 Governors' Special Meeting, called for enhanced monitoring and surveillance, a formal crisis management framework, and administrative improvements. In 2007, EMEAP established the Monetary and Financial Stability Committee (MFSC) to strengthen macro-monitoring and crisis preparedness. The MFSC played a pivotal role during the Global Financial Crisis, convening emergency meetings and issuing joint statements to demonstrate solidarity among members. The Dealing Room Network (DRN) was also launched under the WGFM, enabling timely information sharing and market surveillance. In 2009, EMEAP adopted a formal crisis management framework, further enhancing EMEAP's ability to respond to regional challenges. In 2012, the Informal Meeting of Governors and Heads of Supervisory Authorities (GHOS) was launched to facilitate high-level discussions specifically on banking supervision related issues.

During this period, EMEAP explored ways to strengthen coordination and continuity within its operational framework. In 2012, it introduced the Chairman's Reference Manual – a living document subject to regular revisions to reflect current operations – which clarified responsibilities and work process. This was followed in 2013 by the Guiding Principles document, aimed at prioritizing and enhancing EMEAP's surveillance, research and communication functions. These developments demonstrated EMEAP's commitment to adapting its structure to meet evolving needs, while maintaining practical and efficient cooperation, as well as the flexibility to respond to new challenges and changing circumstances.

2.1.4 The Evolution of EMEAP to Better Address Challenges (from 2014 onward)

EMEAP has consistently demonstrated its commitment and ability to adapt as needed with the changing financial landscape. Indicatively, EMEAP's structure and functions have been subject to ongoing review and continuous adjustments over the years. This approach has enabled EMEAP to remain flexible and responsive to new challenges, ensuring its continued relevance as a platform for regional central bank cooperation.

In recent years, EMEAP has introduced several innovations to better address emerging issues:

- In 2018, the Focused Meeting on Resolution was established based on HKMA's proposal in response to the need for closer cooperation with relevant authorities on global resolution frameworks; this was later reorganized as the Study Group on Resolution (SGR) in 2020.
- The WGPSS was renamed the Working Group on Payments and Market Infrastructures (WGPMI), with revised terms of reference to reflect updated priorities.
- The ABF initiative has also expanded, with securities lending introduced in 2018 and inclusion of green bond investments in 2021.

The COVID-19 pandemic highlighted the importance of agility and digital readiness. In 2020, EMEAP swiftly pivoted to virtual meetings, organizing special Governors' and Deputies' teleconferences to address the potential fallout from the pandemic. After the pandemic was contained, EMEAP adopted a hybrid meeting format for some gatherings, increased the frequency of online meetings, and leveraged digital tools to maintain close communication. These measures have enhanced EMEAP's ability to respond to crises and ensured continuity of dialogue among members.

While EMEAP is a cooperative forum comprising eleven central banks and monetary authorities in the East Asia and Pacific region, it has shown flexibility by including supervisory agencies in meetings such as the GHOS, WGBS, and SGR. This adaptability has allowed EMEAP to address a broader range of topics and benefit from the perspectives and expertise of other relevant authorities (see Box 1 for the organizational structure of EMEAP).

EMEAP has intensified its interactions to promote cross-regional collaboration with key organizations such as the BIS, the International Monetary Fund (IMF), the ASEAN+3 Macroeconomic Research Office (AMRO), and the Asian Development Bank (ADB). In addition, EMEAP has exchanged views with major central banks worldwide, including the Federal Reserve Board (FRB), the European Central Bank (ECB), the Bank of England (BOE), and the Reserve Bank of India (RBI). This has allowed EMEAP members to broaden their perspectives where required.

Beyond the engagement with central banking institutions, EMEAP has actively involved industry stakeholders, in discussions on issues relevant to central banks, such as financial stability, sustainable finance, and payment systems. These engagements help bridge the gap between policymakers and the private sector, fostering a more comprehensive understanding of innovation and sector dynamics.

EMEAP has also refined its institutional structure and processes for operational efficiency, with due consideration of members' circumstances. In 2022, EMEAP introduced a new chair rotation framework that reflects its core values of shared responsibility, mutual respect, and adaptive cooperation. While WGs and committees such as the MFSC operate under structured terms, participation remains voluntary and decisions are made by consensus. This hybrid model – combining formality with informality – ensures continuity and adaptability, enabling EMEAP to remain a relevant, responsive, and regionally grounded platform for frank and candid discussions among members.

Box 1: Organizational Structure of EMEAP

This box provides a summary of EMEAP's three-tiered structure, including the main roles, meeting frequency, and composition of each layer, as well as an overview of the working-level groups. In addition, this box provides information on supervisory authorities attending the meetings.

Governors' level

The EMEAP Governors' Meeting has been held on an annual basis since its establishment in 1996. Its key functions include exchanging views on economic and financial developments and providing guidance as EMEAP's top decision-makers. Since 2012, the Informal Meeting of EMEAP Governors and Heads of Supervisory Authorities (GHOS) has been held alongside the Governors' Meeting.

Deputies' level

The EMEAP Deputies' Meeting is held twice a year to monitor working group activities and provide guidance. The Monetary and Financial Stability Committee (MFSC), established in 2007, is tasked with enhancing the macro-monitoring and crisis management mechanisms. The MFSC and Deputies' Meetings are usually held back-to-back. Beside the regular meetings, the MFSC has also convened ad-hoc teleconferences may be set as needed to discuss critical issues. These teleconferences allow for timely information exchange and collective responses. The EMEAP ABF Oversight Committee (EAOC) and the PAIF Supervisory Committee (PAIF SC) oversee the ABF.

Working Groups and other networks

Regular working-level meetings are held. Details are as follows:

Name (Abbreviation)	Main Focus/Area
Working Group on Payments and Market Infrastructures (WGPMI)	Studies the development and regulatory/supervisory/oversight issues in domestic and cross-border payments and market infrastructures. Also provides opportunities for member central banks to communicate regional perspectives and cooperate with other multilateral institutions and international forums on related matters.
Working Group on Financial Markets (WGFM)	Studies central bank services and the developments of foreign exchange, money, and bond markets. Played a key role in forming the ABF, with participation from all member central banks.
Working Group on Banking Supervision (WGBS)	Studies banking supervision issues that are of interest to central banks. Composed not only of EMEAP central banks but also representatives from supervisory agencies in some member economies (as per section below).
IT Directors' Meeting (ITDM)/ IT Directors' Workshop (ITDW)	Consists of face-to-face meetings and electronic conferences; exchange notes on the application of Information Technology in member central banks.
Study Group on Resolution (SGR)	A resolution-specific group within EMEAP that supports knowledge sharing and discussion among regional authorities on practical and technical resolution matters in a cross-border context. Membership mainly comprises central banks but also includes representatives from relevant authorities responsible for resolution, supervision, and deposit insurance (as per section below).
Dealing Room Network (DRN)	Convened by WGFM as needed for ad hoc market surveillance.
MFSC Workshop	Discusses the agenda for MFSC meetings and provides updates on recent economic and financial developments, complementing MFSC meetings, which are conducted by Deputies.

Relations with other Supervisory Authorities

While EMEAP's core membership has been limited to central banks since its establishment, the following supervisory agencies have also attended the GHOS, WGBS, and SGR meetings.

Economy	Member(s)
Australia	Australian Prudential Regulation Authority
China	National Financial Regulation Administration China Deposit Insurance Corporation
Indonesia	Otoritas Jasa Keuangan Lembaga Penjamin Simpanan
Japan	Financial Services Agency Deposit Insurance Corporation of Japan
Korea	Financial Services Commission Financial Supervisory Service Korea Deposit Insurance Corporation
Malaysia	Perbadanan Insurans Deposit Malaysia
Philippines	Philippine Deposit Insurance Corporation

2.2 Major Accomplishments and Initiatives of EMEAP Over the Last 30 Years

EMEAP has made significant achievements since its establishment. It has played an important role in strengthening professional networks, enhancing regional monitoring and surveillance, and advancing the development of local bond markets. EMEAP is also valued as a unique platform for open and candid discussions at all levels. The following overview summarizes EMEAP's major initiatives and achievements.

2.2.1 Information Sharing, Surveillance and Monitoring

(1) Monetary and Financial Stability Committee (MFSC)

Established in 2007, the MFSC is responsible for enhancing macro-monitoring and crisis management mechanisms. Comprising the same members as the Deputies' Meeting and is usually held back-to-back, the MFSC discusses recent economic and financial developments, potential vulnerabilities, and medium- to long-term regional issues. Its key feature is the Macro-Monitoring Report (MMR), prepared by the HKMA, which supports in-depth MFSC discussions.

The MMR and discussions at the meetings, as well as the initiatives undertaken by the MFSC are highly valued by EMEAP members. These have contributed to EMEAP's work and its regional surveillance and monitoring activities. The discussions at MFSC have been beneficial in grasping members' assessments of and responses to current challenges. The MMR is particularly valued, as it provides a basis for in-depth discussion at the MFSC. In addition, the MFSC effectively addresses priorities set out by the Governors, often tasking the relevant working-level groups to take on further and more detailed discussions. These discussions have resulted in reports and joint statements/letters representing the regional voice. For example, the WGFM, which was tasked with discussion on financial benchmarks, produced a research paper and a letter to the International Swaps and Derivatives Association (ISDA) outlining the EMEAP members' collective views on the Interbank Offered Rate (IBOR) fallback protocol.

(2) Working-level groups

EMEAP's working-level groups — including WGPMI, WGFM, WGBS, ITDM, and SGR, with the DRN which is convened by WGFM as needed for ad hoc market surveillance — are key components of technical cooperation and open dialogue among member central banks on the working level (see Box 1). These groups meet regularly to discuss current developments and emerging challenges in their respective areas. The MFSC Workshop, held twice a year, ensures a strong link between technical expertise and policy discussions by bringing together working-level members to complement discussions at the Deputies-level MFSC meetings.

Members place high value on these meetings, as frank, candid, and timely discussions on matters of common interest at the working level and recognize that they have been helpful in fostering strong relationships among members.

2.2.2 The Asian Bond Fund (ABF)

The Asian Bond Fund (ABF) is a flagship EMEAP initiative designed to promote the development of local currency bond markets and enhance regional financial stability. Launched in 2003, the ABF has played a catalytic role in strengthening financial intermediation and reducing reliance on short-term foreign funding in the region. This initiative demonstrates EMEAP's proactive approach to addressing structural vulnerabilities and promoting regional financial stability and integration. The local currency bond markets in the region have grown approximately 19-fold from 2003 to 2024, supported in part by the ABF, helping to significantly lessen the double mismatch problem in the economies in the region (see Box 2 for details on the ABF's structure and major achievements).

2.2.3 Crisis Response

EMEAP has developed a robust crisis response mechanism, the Crisis Management and Resolution Framework (CMRF), to ensure swift and coordinated action during periods of financial stress. Formalized in 2014, the CMRF introduces clear protocols for risk assessment, alert escalation, and decision-making within EMEAP's governance structure. It is designed to facilitate interaction and cooperation among members to prevent, contain, and manage systemic risks in the region. While EMEAP has long served as a vital platform for information sharing and coordination, the formalization of the CMRF marked a significant step forward in institutionalizing crisis preparedness.

Although the CMRF has not been formally activated to date, its effectiveness is regularly tested through the annual Crisis Communication Test (CCT), which serves as a “fire drill” for crisis situations. The CCT enables members to validate communication channels, test escalation procedures, and refine coordination mechanisms. During the COVID-19 pandemic, while the CMRF was not triggered, EMEAP members actively shared information and convened special Governors’ and Deputies’ meetings — both virtually and, subsequently, in hybrid formats — to address the evolving situation. This demonstrated EMEAP’s agility and commitment to maintaining open lines of communication and cooperation in times of uncertainty.

2.2.4 Collective Voice

EMEAP has established itself as a vital channel for articulating regional perspectives on international financial regulation and standard setting. The main vehicle for this function has been the issuance of letters written by EMEAP as a collective voice, through which EMEAP members present shared concerns and unified views to relevant international authorities. These letters addressed a range of high-profile issues, including the Basel II, Volcker Rule, single-counterparty credit limits, countercyclical capital buffers, and financial benchmark reforms. Through this, EMEAP helps ensure that Asian perspectives are taken into account in global policy discussions. The collective voice letters are especially valued by EMEAP members with no direct membership in international standard setting bodies but are required to comply with global standards.

2.2.5 Research

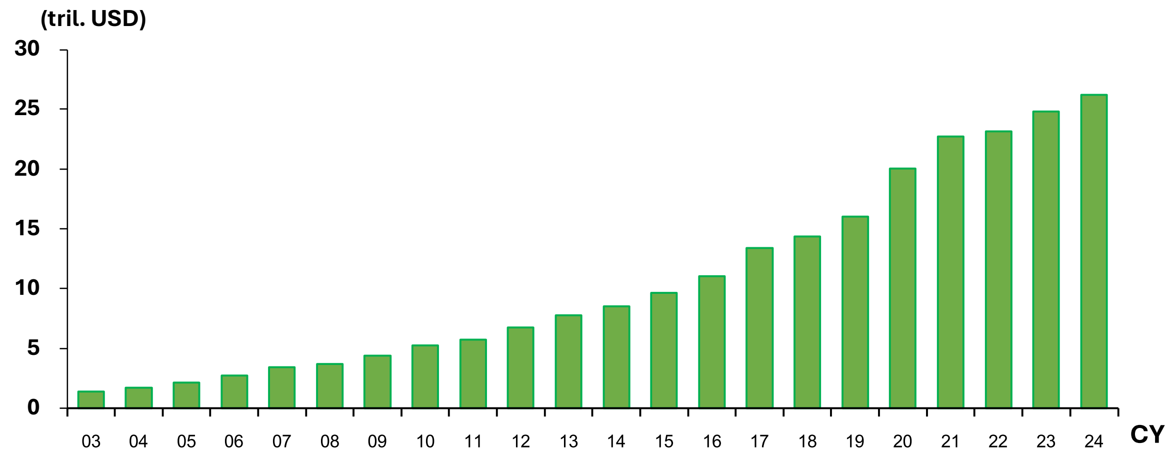
EMEAP has conducted extensive research on a wide range of monetary, financial, and central banking issues, contributing to the understanding and management of regional financial markets, liquidity dynamics, payment systems, and regulatory frameworks. Research outputs—including studies, surveys, and reports—are published on the EMEAP website and, in some cases, on individual central bank websites, while others are shared exclusively among members. These works have provided valuable insights, supported risk management, and enhanced market resilience. In particular, surveys and reports on money markets, repo markets, and payment systems have served as essential references for policymakers and market participants, facilitating the development of robust payment infrastructures. Additionally, Interest Groups under the WGBS have shared supervisory best practices based on members’ collective experience. These research projects have contributed to factual discussions, enhanced information sharing among members raised members’ awareness of the issues at hand, by providing a compilation of facts and assessments.

Box 2: Asian Bond Fund (ABF) and its major accomplishments

The ABF initiative is a clear example of EMEAP's commitment to translating dialogue into action. ABF1, launched in June 2003, invested in a basket of US dollar-denominated bonds issued by Asian sovereign and quasi-sovereign issuers in EMEAP economies (excluding Japan, Australia, and New Zealand) to increase regional bond market liquidity and attract more investors. Building on this success, EMEAP announced the launch of ABF2 in April 2004, with investments in local currency-denominated Asian bonds commencing in December 2004.

The local currency bond markets in the eight EMEAP economies have grown approximately 19-fold from 2003 to 2024. This may indicate that the degree of the double mismatch problem has been significantly reduced.

Chart 1: Size of Local Currency Bond Markets



Source: Asian Bonds Online
Note: Total amount of bonds issued in China, Hong Kong, Indonesia, Korea, Malaysia, the Philippines, Singapore, and Thailand.

Major achievements of ABF over the past 20 years include:

- New Asset class in Asia: ABF2 has successfully launched a new asset class in Asia. Unlike traditional bond funds in the region, which are often actively managed and come with high management fees, ABF2 offers passively managed funds designed to be cost-effective.
- Tax Reforms: Accelerated tax reforms in Malaysia and Thailand where non-resident investors have been exempted from withholding tax on investment income from local currency bonds.
- Regulatory Enhancements: Introduced regulatory enhancements as in the case of Malaysia and Thailand whereby new regulations on ETFs were established to facilitate the listing of the Funds as ETFs.

- Market Infrastructure: Improved regional market infrastructure and reduced cross-border settlement risk by establishing a custodian network.

- iBoxx ABF Family Indices: Introduced the iBoxx ABF family indices to Asia, offering private sector investors customizable benchmarks for various fixed income and derivative products. These indices deliver enhanced transparency and impartiality compared to proprietary indices created by major market players in the region.

- Securities Lending Program: Introduced Securities Lending Program to ABF2 in 2018 with the goal to improve the liquidity of local currency-denominated bonds in the secondary market and regional money market.

- Green Bond Investment: In 2021, ABF2 began its journey to expand investments in green bonds in its investment portfolio with the aim to help catalyze further deepening of green bonds in the region.

2.3 Key Takeaways from the History of EMEAP

EMEAP was established to deepen information sharing and build trust and relationships in the region, through frank and candid discussions. This core objective remains unchanged and is still considered relevant and appropriate.

EMEAP's organizational structure has evolved as needed. A few years after its inception, a three-tier structure was introduced to expand the scope of layers and areas for discussion, and later, the MFSC and CMRF were created to strengthen surveillance and smooth crisis coordination. The evolution of chair rotation reflects EMEAP's core values of shared responsibility, mutual respect, and adaptive cooperation.

EMEAP is a valuable platform for candid discussions at all levels and across various areas of central banking. Members particularly valued the following aspects of EMEAP: 1) the atmosphere of trust, 2) frank discussions, 3) the limitation of membership to central banks, making it less susceptible to political pressures, 4) common interests shared by members that are pertinent across the region, and 5) a deep understanding of the unique circumstances in member economies, including the various similarities and differences.

Members considered that the following past initiatives, among others, had produced the largest benefits: 1) surveillance monitoring activities and information sharing among members, 2) the development of Asian bond markets (aided by the ABF), and 3) the crisis response framework.

Part 3: Looking Forward

This section outlines EMEAP's medium-term priority areas and potential pathways to strengthen collaboration and enhance institutional effectiveness in addressing future priorities.

3.1 Priority Areas

The 30th EMEAP Governors' Meeting in July 2025 identified four strategic medium-term priority areas for EMEAP over the next two to three years:

(1) Geopolitical tensions resulting in geoeconomic fragmentation and policy spillovers

Ongoing geopolitical tensions especially those related to trade, are among the most pressing issues for the region given its profound and potentially long-lasting impact on economic and financial stability. In this connection, one focus may be on how the related geoeconomic fragmentation could reshape regional trade and capital flows, having implications for central banks in export-oriented economies. Given the dynamic and multi-faceted nature of the issue, there is a need to develop a deeper understanding of the impacts of evolving trade policies and supply chain reconfigurations in order to adapt and respond appropriately.

(2) Changing inflation dynamics

Inflation dynamics have become increasingly driven by supply-side developments. Significant supply chain disruptions experienced during the COVID-19 pandemic along with growing geo-economic fragmentation, have made the structure of global supply chains more directly relevant to inflation than in the past. While this has posed new challenges for both the formulation and communication of monetary policy, there is an underlying need to deepen the understanding of potential factors of inflation dynamics including supply vs. demand drivers of inflation and transitory vs. persistent shocks.

(3) Impact of digitalization and Artificial Intelligence (AI)

The ongoing digitalization and adoption of AI are reshaping both the real economy and financial systems. While AI-driven productivity gains may boost economic growth, these changes also carry significant risks – such as potential job displacement, widening inequality, and amplified financial vulnerabilities. Developments in digital assets, including stablecoins, could also have important implications for the real economy and financial stability. At the same time, AI could improve central bank operations.

(4) Climate and environmental risks

Climate and environmental risks continue to have important implications for macroeconomic stability including the physical and transition risks from climate change. There is a need to continue working together to address these risks, including through climate financing and enabling regulations as well as climate data disclosure and reporting where relevant to central bank mandates.

3.2 Strengthening EMEAP for the future

EMEAP affirmed its core objective: *"to strengthen the cooperative relationship among its members by providing a platform for discussing matters of common interest and facilitating cooperation."* and will continue to remain a vital platform for cooperation in the region, and a trusted forum for candid exchanges and regional cooperation.

Members underscored the value of EMEAP as a low-burden, high-trust platform for discussion, relationship building, and mutual learning. They highlighted that the platform's agility, flexibility, and informal nature are essential to its effectiveness and continued engagement.

At the same time, EMEAP is proactively considering when to be more coordinated and strategically positioned to be able to respond to global and regional developments.

3.3 New Ways of Working

EMEAP members discussed new ways of working to support EMEAP's role in strengthening regional trust and information sharing through frank and candid dialogue at all levels and across various areas of central banking. Members agreed that changes should maintain EMEAP's low administrative burden, high flexibility and informal character, rather than create new structures and complex reporting requirements.

Strengthening alignment and coordination

In line with these principles, EMEAP will focus on enhancing synergies and coordination across its various bodies. This includes improving both ***vertical alignment*** (between Governors, Deputies, and working-level groups) and ***horizontal alignment*** (among Working Groups[2], ITDM and SGR). The goal is to ensure the overall workplan is coherent and complementary, with impactful outputs. EMEAP will also enhance coordination with other international forums to avoid duplication and amplify its collective voice. A key part of this is responding in a unified and purposeful way when major issues emerge.

High-level guidance and institutional memory

Central to shaping EMEAP's direction are the Governors and Deputies, who will provide high-level guidance, define strategic themes, and set medium- to long-term priority areas. This guidance will be cascaded to the various EMEAP bodies, which will then integrate it into their work programmes and discussions. Governors will undertake a periodic strategy review to ensure the central themes stay relevant amid rapidly evolving risks, and to review progress against medium-term strategies.

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[2] WGPMI, WGFM, and WGBS.

This top-down approach will be complemented by:

- A Troika arrangement involving past, current, and future chairs of Governors' meeting to ensure continuity, momentum and coherence in themes and deliverables.

- The establishment of time-limited taskforces to address cross-cutting issues that could span multiple Working Groups.

Fostering networks

Recognizing the value of its network, EMEAP will strengthen its core foundation of candid dialogue and multi-tiered relationships. To this end, a joint training program for young EMEAP staff will be developed. This initiative will not only build and strengthen professional networks but also equip future central bank professionals with the knowledge and skills needed to tackle emerging challenges.

Part 4: Conclusion

This report has presented a review of EMEAP's journey, highlighting its strengths in fostering candid dialogue, building trusted relationships, and delivering concrete outcomes in regional financial cooperation.

This review reaffirms EMEAP's comparative advantage as a nimble, discussion-driven forum uniquely positioned to address regional challenges, a strength that must be preserved as EMEAP evolves.

Looking ahead, EMEAP's future success hinges on its ability to strategically leverage its unique strengths—trust, candid dialogue, and regional focus—to proactively examine emerging challenges facing member economies, namely geopolitical tensions and their consequences; changing inflation dynamics; impact of digitalization and AI; and climate and environmental risks. These four strategic priority areas will guide EMEAP's work over the coming few years in navigating the challenges ahead.