



CENTRAL BANKS'



COMPETENCIES

THE CASE OF THE BANK OF JAMAICA

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CENTRAL BANKS' COMPETENCIES:

THE CASE OF THE BANK OF JAMAICA

- 1. Competencies And Functions Of Central Banks;**
- 2. The Economic Evolution Of The Bank Of Jamaica;**
- 3. Required Competencies For Changes In The Economic Arena;**
- 4. Administrative And Environmental Changes And Concomitant Competencies;**
- 5. General Attributes Required For A BOJ Employee;**
- 6. Managing And Rewarding Competencies At The BOJ;**
- 7. Conclusion – The Way Forward.**

A collection of medals and a compass on a wooden surface. The medals include a red ribbon medal with a circular emblem, a blue ribbon medal with a circular emblem, and a silver star-shaped medal with a central emblem. A pair of glasses and a compass are also visible.

1. **COMPETENCIES AND FUNCTIONS OF CENTRAL BANKS**

A competency is any knowledge, skill or personal attribute which enables a person to deliver successful performance.

A main challenge to organizations is attracting, deploying, managing and developing employees with an appropriate mix of competencies that ensures superior overall performance of evolving organizations.

The background of the slide features a collection of historical artifacts. On the left, there is a wooden chessboard with several pieces, including a red king and a blue knight. Below the chessboard are two ornate medals with star-shaped centers and ribbons, one red and one blue. In the bottom left corner, there is a silver compass. A pair of gold-rimmed glasses is positioned diagonally across the lower half of the slide. The overall background is a light, textured surface.

COMPETENCIES AND FUNCTIONS OF CENTRAL BANKS

as central banks evolved from institutions burdened with the broad mandate of stimulating investment to achieve economic growth to institutions that focus on price and financial system stability, new competencies are required.

In addition, the degree of importance that is placed on certain competencies diminishes or increases in tandem with the renewed focus of central banks.



COMPETENCIES AND FUNCTIONS OF CENTRAL BANKS

Competencies required for jobs in central banks are identified within the mandate of these institutions. Four areas of operations that are readily identifiable within central banks of the 21st Century are:

- ✚ Banking, including the issue of bank notes;
- ✚ Monetary policy and liquidity management;
- ✚ Financial institution and market regulation; Financial institution and market regulation;
- ✚ Exchange rate and foreign exchange market management.

A collection of medals and a compass on a wooden surface. The medals include a red ribbon medal with a circular emblem, a blue ribbon medal with a circular emblem, and two silver star-shaped medals with intricate designs. A pair of gold-rimmed glasses and a silver compass are also visible.

COMPETENCIES AND FUNCTIONS OF CENTRAL BANKS

To effectively undertake their operational mandate, central banks generally define three (3) main areas of competencies for each job.

- ◆ Core Functional Competencies
- ◆ Technical Competencies
- ◆ Business Competencies



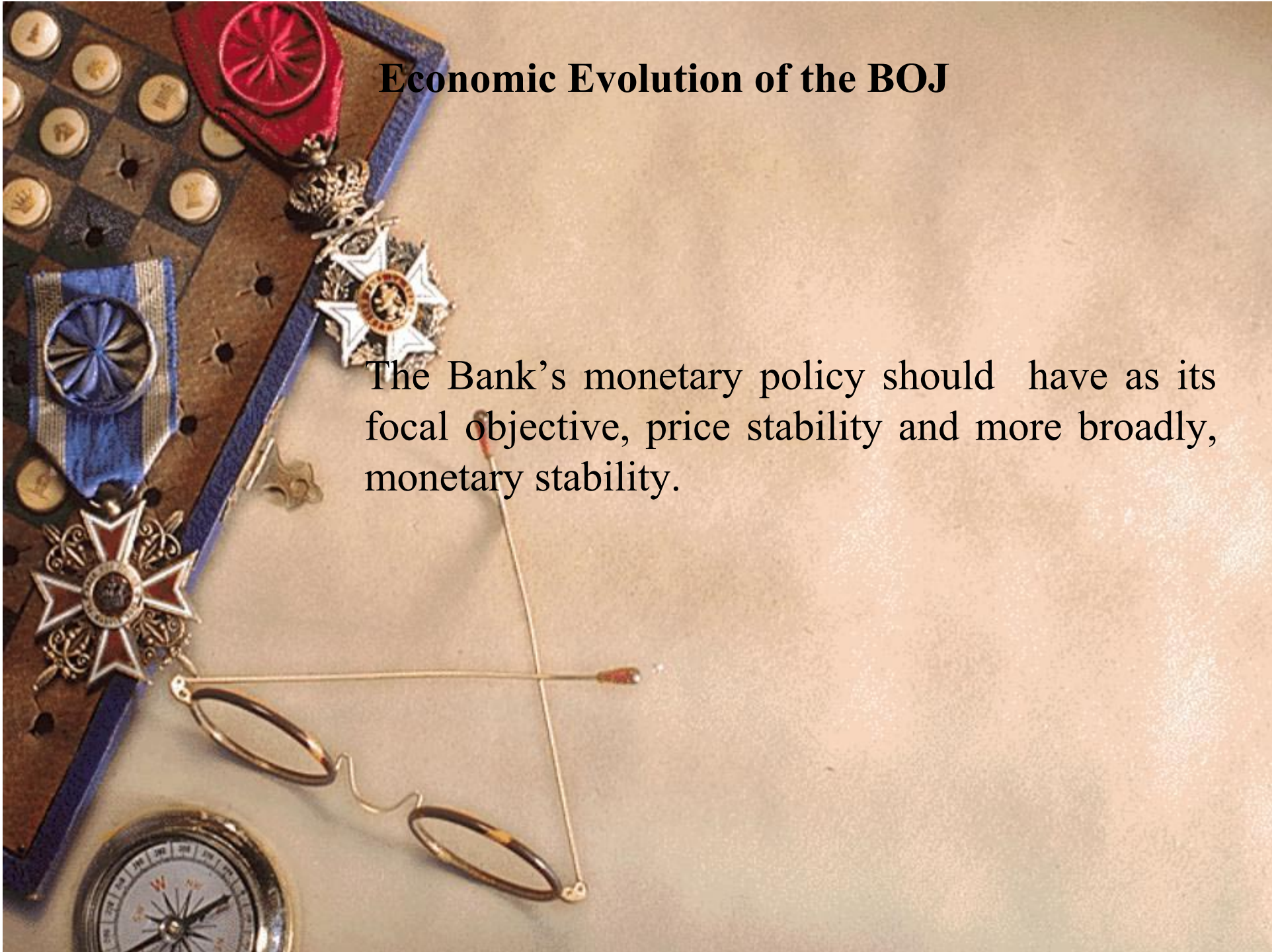
2. Economic Evolution of the BOJ

The Bank of Jamaica, like other Central Banks in the English speaking Caribbean has evolved from an institution with wide ranging objectives to one with much more narrow focus.

The BOJ Act (1960) included in the statutory objectives of the Bank the role of keeping and maintaining the external reserves of the country, influencing the volume and conditions of supply of credit, so as to promote the fullest expansion in production, trade and employment, consistent with the maintenance of monetary stability.

Economic Evolution of the BOJ

The Bank's monetary policy should have as its focal objective, price stability and more broadly, monetary stability.



The background of the slide features a collection of historical artifacts. On the left, there is a wooden chessboard with several pieces, including a red rook and a blue knight. Below the chessboard are two ornate medals with red and blue ribbons. In the bottom left corner, there is a silver compass. A pair of gold-rimmed glasses is positioned in the lower center of the image. The overall scene suggests a historical or traditional setting.

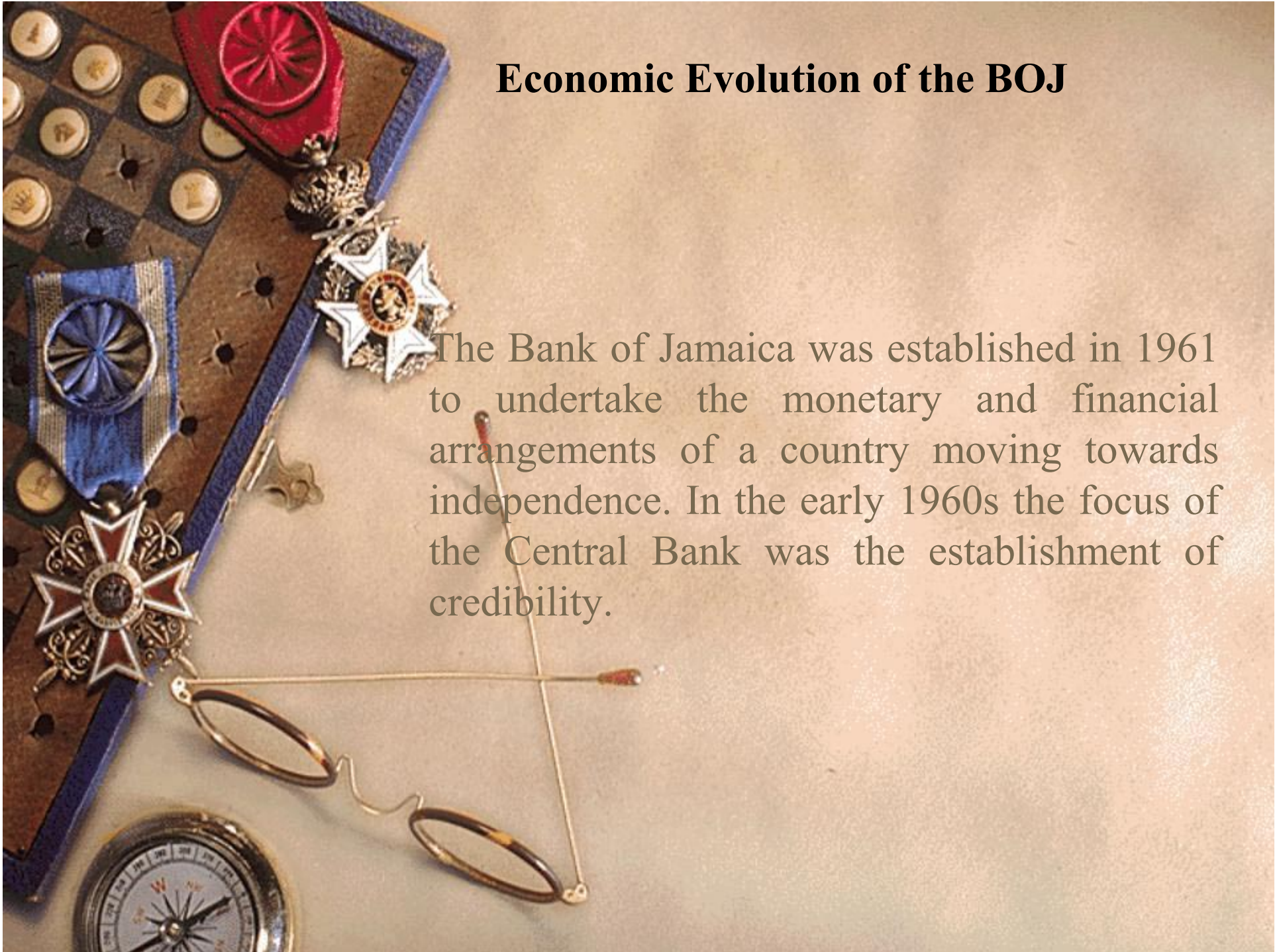
Economic Evolution of the BOJ

The Bank of Jamaica's mandate has therefore narrowed to

- ◆ Formulate and implement monetary and regulatory policies;
- ◆ Safeguard the value of the domestic currency;
- ◆ Ensure the soundness and development of the financial system.

Economic Evolution of the BOJ

The Bank of Jamaica was established in 1961 to undertake the monetary and financial arrangements of a country moving towards independence. In the early 1960s the focus of the Central Bank was the establishment of credibility.



A collection of historical artifacts is displayed on a light-colored surface. On the left, there is a wooden chessboard with several pieces. Below it, a blue ribbon with a circular emblem is visible. In the center, a pair of gold-rimmed glasses lies horizontally. To the right of the glasses, a silver compass is partially visible. Above the glasses, a red ribbon with a circular emblem and a silver star-shaped medal are shown. The background is a plain, light-colored wall.

Economic Evolution of the BOJ

By the late 1960s, the Bank of Jamaica fostered the development of the Jamaica Stock Exchange (1968).

The Students Loans Bureau in 1970.

In 1971, the Jamaica Export Credit Insurance Corporation (JECIC).

A collection of historical artifacts is displayed on a light-colored surface. On the left, there is a blue chessboard with several chess pieces. In the center, there are two medals: one with a red ribbon and a white star, and another with a blue ribbon and a white star. A pair of gold-rimmed glasses is positioned diagonally across the lower half of the image. In the bottom left corner, there is a circular compass with a white face and a black needle. The background is a plain, light-colored wall.

Economic Evolution of the BOJ

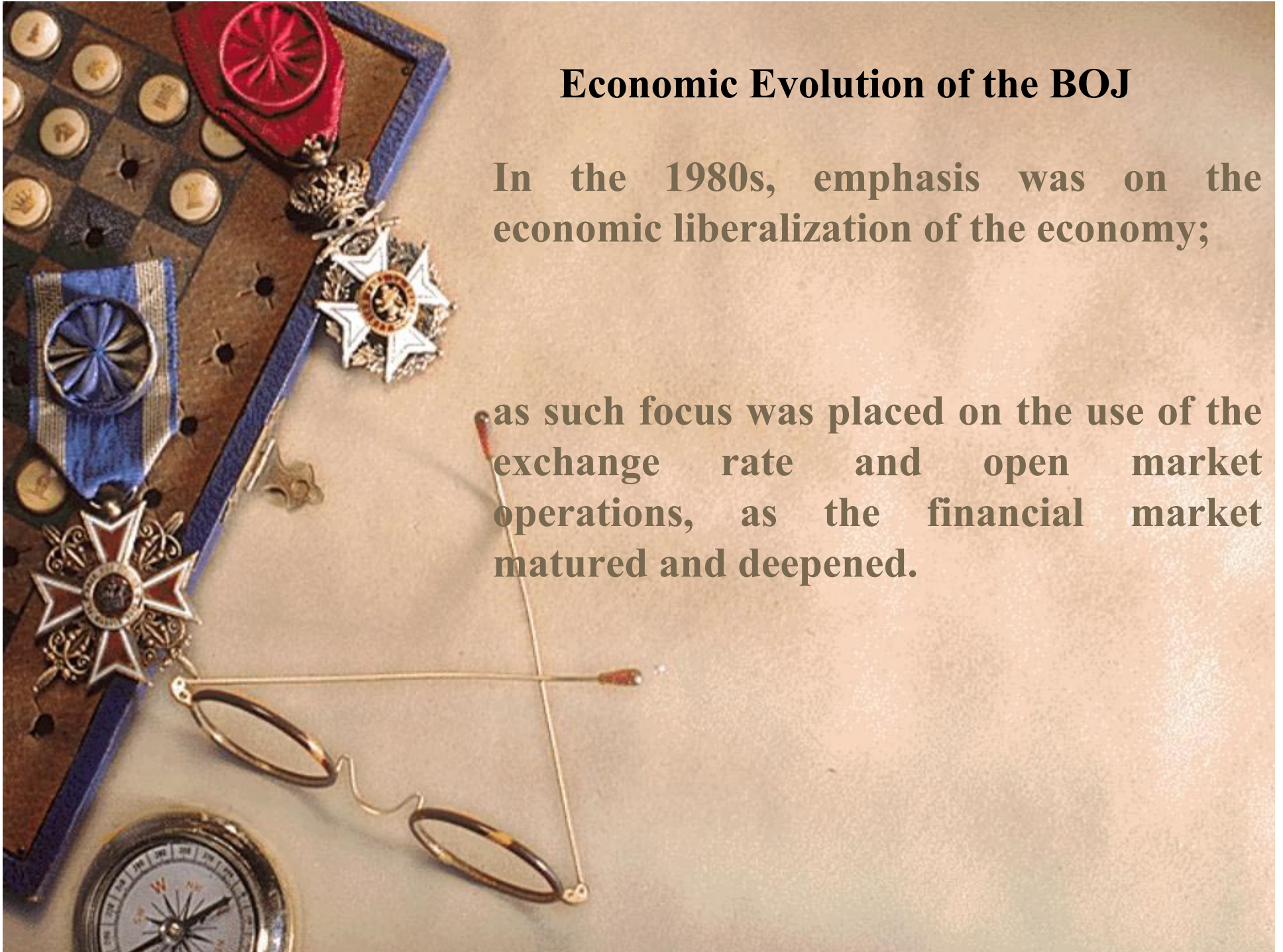
The post 1970s era of higher oil prices burdened the country's import bill and placed inflationary pressures on the economy.

The Bank of Jamaica responded with the use of exchange control measures.

Economic Evolution of the BOJ

In the 1980s, emphasis was on the economic liberalization of the economy;

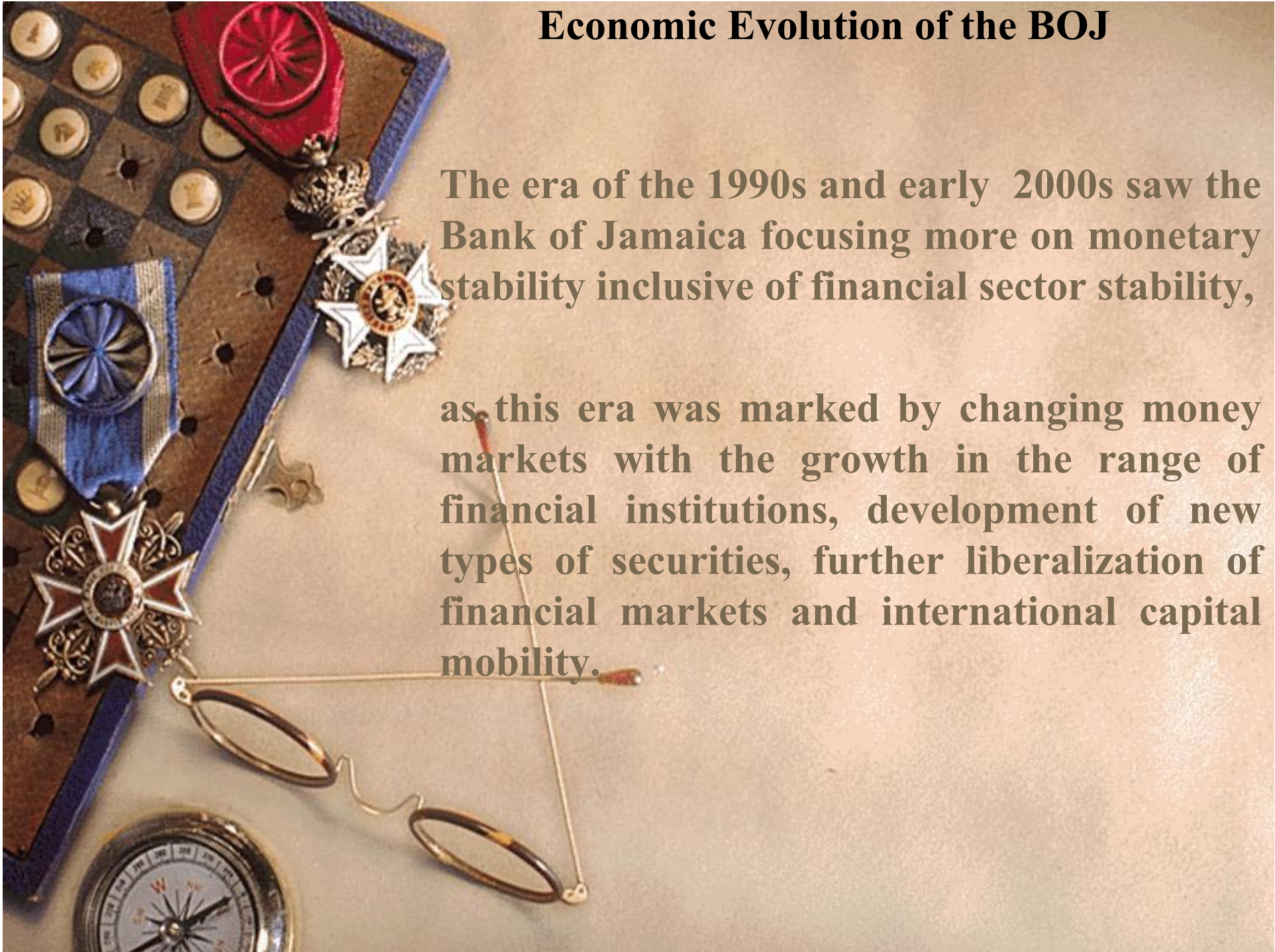
as such focus was placed on the use of the exchange rate and open market operations, as the financial market matured and deepened.



Economic Evolution of the BOJ

The era of the 1990s and early 2000s saw the Bank of Jamaica focusing more on monetary stability inclusive of financial sector stability,

as this era was marked by changing money markets with the growth in the range of financial institutions, development of new types of securities, further liberalization of financial markets and international capital mobility.





3. Required Competencies for Changes in the Economic Arena

✚ The focus of the Bank on growth and development in the 1960's required central bankers with competencies in *macroeconomic development and general management.*

✚ The need to effectively coordinate the subsidiaries of the Bank to promote growth called for skills in *planning and organizing, teamwork and problem solving.*

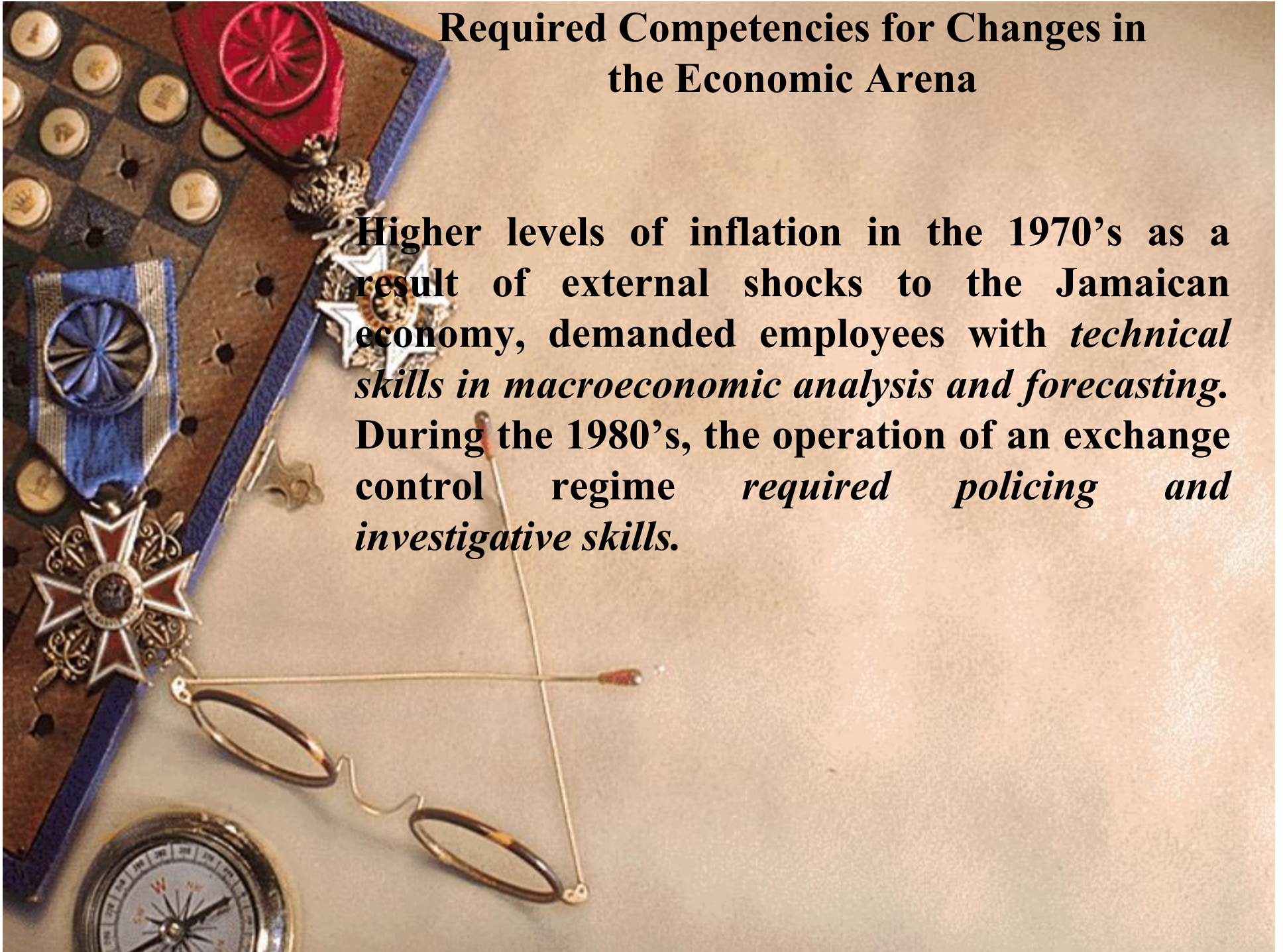
A collection of symbolic objects including a chessboard, medals, a compass, and glasses. The chessboard is in the top left, with several pieces visible. Two medals with ribbons are positioned vertically on the left. A compass is in the bottom left corner. A pair of glasses is in the bottom center. The background is a light-colored, textured surface.

Required Competencies for Changes in the Economic Arena


■ Central banking was a new phenomenon to Jamaica, accordingly, the then breed of central bankers required *competencies that enabled them to undertake a variety of assignments, quickly assess problem situations, search for creative solutions and initiate actions.*

Required Competencies for Changes in the Economic Arena

Higher levels of inflation in the 1970's as a result of external shocks to the Jamaican economy, demanded employees with *technical skills in macroeconomic analysis and forecasting*. During the 1980's, the operation of an exchange control regime *required policing and investigative skills*.



the Economic Arena

A collection of medals and a compass on a wooden surface. The medals include a red ribbon medal with a circular emblem, a blue ribbon medal with a circular emblem, and two silver star-shaped medals with intricate designs. A pair of gold-rimmed glasses and a silver compass are also visible.

■ The rapid growth in the financial sector and the complexities of financial transactions and instruments in the 1990's and the 2000's demanded:

■ employees with *strong competencies in financial analysis, accounting, auditing and technological know-how.*

A collection of symbolic objects including a chessboard, medals, a compass, and glasses. The chessboard is in the top left, with several pieces visible. A red ribbon with a circular emblem is at the top. A blue ribbon with a circular emblem is in the middle left. Two ornate medals are in the center. A pair of glasses is in the bottom center. A compass is in the bottom left.

Required Competencies for Changes in the Economic Arena

During the 1990s, the local financial sector recruited young risk inclined MBA graduates out of North America to head financial institutions,

with well developed technological skills, financial market exposure and a drive to ensure profitability of their institutions seemed to have been prepared to put depositors savings at risk.

A collection of historical artifacts including a chessboard, medals, a compass, and glasses. The chessboard is in the top left, with several pieces visible. A red ribbon with a circular emblem is in the top center. A blue ribbon with a circular emblem is in the middle left. A silver star-shaped medal is in the middle right. A pair of glasses is in the bottom center. A compass is in the bottom left.

Required Competencies for Changes in the Economic Arena

The BOJ faced with a pending crisis in the financial sector in the mid-1990s, shifted its focus to the recruitment and training of employees with:

the ability to use supervisory tools and techniques to detect and assess risks in financial institutions, make appropriate recommendation to facilitate corrective actions and who were able to stay abreast of the continuously changing technological environment.



Administrative & Environmental Changes & Concomitant Competencies

In anticipation of global and domestic changes and on the other hand in response to some administrative and environmental changes that had occurred, the BOJ carried out a restructuring exercise in 1998 which saw 121 posts being made redundant.

The main objectives of the restructuring exercise were:



Administrative & Environmental Changes & Concomitant Competencies

- Renewed focus on the core functions of central banking of price stability and financial system soundness.
- Utilization of technology to enhance operational efficiency.
- Elimination of unnecessary work and inefficient work processes.
- Significant enhancement of the performance capabilities of the Bank's staff.



Administrative & Environmental Changes & Concomitant Competencies

In keeping with this mandate, the Bank established a Training Institute in 2000 with the mission of

“providing high quality focused training to strengthen the managerial and technical competencies of the Bank’s staff as well as functionaries in the local financial services industry, the Caribbean and Latin American region”.



Administrative & Environmental Changes & Concomitant Competencies

It is evident that technological modernization has transformed the financial sector landscape.

The Bank of Jamaica has been acquiring new technological capacities and the development of new core competencies in order to effectively manage its operation.

Significant examples of the importance of technological competencies are seen the operational evolution of the Bank.

A collection of historical artifacts including a chessboard, medals, a compass, and a quill pen. The chessboard is in the top left, with several pieces visible. A red ribbon with a circular emblem is in the top center. A blue ribbon with a circular emblem is in the middle left. A silver star-shaped medal is in the bottom left. A compass is in the bottom left corner. A quill pen is in the center. The background is a light-colored, textured surface.

Administrative & Environmental Changes & Concomitant Competencies

In recent years, the payment system which is fundamental to the financial infrastructure of modern economies has undergone a significant change in Jamaica, due largely to the introduction of technology.

The Central Bank currently uses an Automated Clearing House (ACH), a batch processing system where transactions are processed and payment data transmitted electronically to an operator.

The ACH operator must now possess technological savvy to calculate multilateral positions and facilitate settlement of the obligations on a net basis.

A collection of historical artifacts is displayed on a light-colored surface. In the top left, a portion of a chessboard with several chess pieces is visible. Below it, a blue ribbon with a circular emblem is attached to a silver star-shaped medal. To the right, a red ribbon with a similar emblem is attached to another silver star-shaped medal. In the bottom left, a circular compass with a white face and black markings is visible. A pair of gold-rimmed glasses lies diagonally across the lower right portion of the image.

Administrative & Environmental Changes & Concomitant Competencies

The Preparation of Currency

In the past employees working to the Currency Department required a narrow set of competencies with the main one being *a high level of numeric competency*, as notes and coins were physically checked, culled and packaged for distribution.

This core function is still being carried out in the modern Currency Department, however, significantly less staff provides this service with the assistance of specialized processing machines.

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Administrative & Environmental Changes & Concomitant Competencies

Central banks generate a significant number of records, the Bank of Jamaica is no exception.

In this regard there has been an evolution of core competencies associated with record keeping.

Essential to the records management process at the Bank of Jamaica is the requirement that employees possess

competencies in imaging, storage and retrieval technologies, as these are critical to the retention of institutional knowledge for a central bank over 40 years of age.

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Administrative & Environmental Changes & Concomitant Competencies

• Administrative tasks, such as the operation of a payment system for the Bank's staff dining facility, has also benefited from the use of technology.

In April 2003, the Bank moved from a cumbersome payment system which used lunch vouchers as a means of payment to an electronic swipe-card system which provides data storage, maintains running balances and provides a much more efficient method of payment.

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Administrative & Environmental Changes & Concomitant Competencies

The wide-scale use of technology within the Bank posed a threat to the auditing of systems within the Bank.

The internal financial auditor is now required to have not only *accounting and auditing skills* but also significant *knowledge of computer based systems*, in order to ensure that effective controls are being maintained.

The *skills of electronic data processing auditors* have been important competencies sought by the Bank of Jamaica in recent years.

A collection of medals and a compass on a wooden board. The board is divided into a grid of squares, some containing small circular objects. A red ribbon with a circular emblem is at the top. A blue ribbon with a circular emblem is in the middle. Two silver medals with star-shaped centers are visible. A pair of glasses is lying on the board. A compass is at the bottom left.

Administrative & Environmental Changes & Concomitant Competencies

Technology has provided the Bank of Jamaica with new ways of applying conventional roles thereby introducing new core competencies to employees at the lowest levels. Employees working in various areas are now required to:

A collection of military medals and a compass on a wooden surface. The medals include a red ribbon with a circular emblem, a blue ribbon with a circular emblem, and a silver star-shaped medal with a central emblem. A pair of gold-rimmed glasses and a silver compass are also visible.

Administrative & Environmental Changes & Concomitant Competencies

i. *Understand systems, i.e., know how organizational and technological systems work and know how to operate effectively with them;*

ii. *Monitor and correct performance, i.e., distinguish trends, predict impacts on system operations, diagnose deviations in systems performance and corrects malfunctions;*

iii. *Improve or design systems by suggesting modifications to existing systems and develop new or alternative systems to improve performance.*

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Administrative & Environmental Changes & Concomitant Competencies

The complexities of financial transactions and instruments demand not only *financial and technological skills* but also *legal know-how* to wade through numerous legislations governing operation in the financial market.

In addition, the Bank in its daily operation enters into contractual arrangements with external entities for the supply of goods and services.

A collection of medals and a compass on a wooden surface. The medals include a red ribbon with a circular emblem, a blue ribbon with a circular emblem, and two silver star-shaped medals with intricate designs. A pair of gold-rimmed glasses is also visible. In the bottom left corner, there is a circular compass with a white face and black markings.

Administrative & Environmental Changes & Concomitant Competencies

Of importance also is that the Bank of Jamaica operates within a unionized environment.

If due care is not taken to ensure that disciplinary matters are within the policy and procedure of the Bank and governed by the Labour Laws of the country, then simple disciplinary procedures are likely to become litigious.

Legal skills have therefore become critical in the Bank's arsenal of competencies to handle various legal situations.

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Administrative & Environmental Changes & Concomitant Competencies

Recently in Jamaica, legislations governing Occupational Health and Safety have been promulgated through the Parliament.

This legislation requires that employers recognize the obligation to protect workers from occupational accidents and diseases.

In this regard, it was necessary for the Bank to expose Human Resource officers to relevant training that would result in acquiring skills *in health and safety procedures, maintenance of the physical integrity of the building, inter alia.*

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Administrative & Environmental Changes & Concomitant Competencies

There are also competencies that are not usually associated with central banking;

these include *electrical engineering and building maintenance management competencies.*

The Bank of Jamaica building is regarded as a national monument, as such the maintenance and the aesthetic of the building are given high priority.

It is important to the Bank that persons are employed with the requisite skills to ensure that the building is a safe place for members of staff and the general public.



5. GENERAL ATTRIBUTES REQUIRED FOR BOJ EMPLOYEE

Underpins good corporate governance:

- Accountability & Transparency
- Confidentiality
- Effective Communication



6. Managing & Rewarding Competencies at the BOJ

The Bank of Jamaica through its Training Institute provides continuous training to enhance competencies and to introduce new ones.

The Bank recognizes seventeen (17) competencies, inclusive of twelve (12) core and five (5) managerial competencies which are managed and rewarded through the performance appraisal system. The system assigns weights to competencies based on the nature of the job and quantitative scores are given based on how closely the individual's performance matches the required competency.

These factors have been selected because they indicate the areas that are of importance to the Bank. Accordingly, the employee knows exactly what is most important.

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7. CONCLUSION THE WAY FORWARD

decisions on the retrenchment of employees who do not possess the required mix of competencies for jobs that are constantly evolving and for whom training is not the most credible option, needs to be pursued.

Targeted training interventions have become the norm at the BOJ and should be pursued even more vigorously.

The recruitment programme must bring in candidates who possess stronger skill sets than current employees. New recruits must be multi-skilled which can provide needed flexibility in terms of reassignments as divisions restructure and job roles change.

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CONCLUSION THE WAY FORWARD

In almost all aspects of the job at the Bank there is a need for the use of technology, which will be the great change agent in terms of competencies.

The modern financial sector/market in Jamaica in its bid to be competitive is being driven by technology.

The Central Bank cannot lag behind because this would have dire consequence to the effective management of monetary policy and the mandate to ensure a sound financial system.

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7. CONCLUSION THE WAY FORWARD

i. The *application of technology*, individuals must be able to use technology to improve the effectiveness and efficiency of the business of the Central Bank.

ii. Strategic management skills, i.e., the ability to set realistic objectives, plan and develop a course of action to manage and achieve the sectional, departmental and organizational goals. Ability to actively contribute to the implementation of change and to maintain effectiveness in changing environments.

The background of the slide features a collection of symbolic objects. On the left, there is a chessboard with several pieces, a red ribbon with a circular emblem, a blue ribbon with a circular emblem, and two ornate medals. At the bottom left, there is a compass. A pair of glasses is positioned diagonally across the lower half of the slide. The text is overlaid on the right side of the image.

CONCLUSION THE WAY FORWARD

- iii. *Leadership skills*, i.e., to have a clear vision of the Bank's long-term objectives and the ability to get employees of the Bank share in the vision as well as improve productivity.
- iv. The *ability to communicate effectively*.
- v. *Analytical ability*, i.e., the ability to weigh facts and make logical deductions.
- vi. *Multi-skilled*, the ability to competently work in other areas of the Bank, as the institution's operations evolved.

COMPETENCY MATRIX BANK OF JAMAICA

COMPETENCIES	DESCRIPTION
Organizational Ability	Ability to manage and organize tasks in an efficient manner.
Quality of Output	The extent to which the employee meets the requirements of internal and external customers.
Communication	The ability to listen effectively and communicate clearly in writing or orally to internal and external customers.
Interpersonal Skills	Ability to interact cooperatively with others and to gain their support.
Customer Focus	Customer service orientation reflected in the provision of on-going quality service and meeting customer requirements.
Analytical Ability	Ability to weigh facts and make logical deductions.
Punctuality & Attendance	Regular attendance at work, being on time for work and on the job during the workday.
Deporment	Behavioural attitude and appearance.
Job Attitude	The level of co-operation, interest, drive and determination shown towards work and the willingness to perform duties assigned.
Initiative	The self-starting ability to do a job or get a job done properly.
Team Work	The level and extent of contribution to ensure that departmental objectives are met through team effort.
Job Knowledge	Demonstrates knowledge and technical skills relevant to the job function.
Leadership	Clear vision of organization's long-term objectives and ability to get team members to share in that vision as well as improve productivity, through sound leadership practices.
Strategic Management	Ability to set realistic objectives, plan and develop a course of action to manage and achieve the sectional, departmental and organizational goals. Ability to actively contribute to the implement of change and to maintain effectiveness in changing environments.
Decision Making	Ability to make timely decisions that reflect a thorough analysis of facts and logical assumptions.
Problem Solving/Judgement	Ability to identify and analyze work related issues or situations and prescribe logical, objective and corrective solutions and take appropriate action.
Staff Development	Ability to coach, counsel, build teamwork, and motivate staff to improve performance by generating a climate of cooperation and confidence amongst peers and subordinates.

