

## **BOT fieldwork mission, reported from the frontline**

**Nitisan Phongpiyaphaiboon**

**Economist, Economic Intelligence Team**

**Bank of Thailand**

Bank of Thailand, as the central bank of the country, has a main mission of conducting monetary policy to achieve economic stability for sustainable growth. To accomplish, monetary policy has to be formulated not only on concrete academic rationale, but also on sufficient economic information, both quantitative and qualitative data.

Some people may believe that the central bank looks only the statistical numbers and does not realize what happens in the real economy. As one of the BOT staffs, I would like to say that we often have chances to share ideas with people from the real economy. Although our office locates at Bangkhunprom Palace, we always leave the office for meeting with many people, from academic scholars to businessmen, from financial sector to real sector, and from Bangkok to other provinces in Thailand.

The dialogues with stakeholders are one of the BOT proactive communication policies. It provides a chance to explain to our stakeholders how monetary policy was formulated, as well as to collect first-hand economic information from the private sector. This means of communication is employed by many monetary authorities around the world, as seen through the Agents' summary of business conditions of the Bank of England, the Beige book of the Federal Reserve, and the Business Liaison Program of the Australian Treasury.

For the BOT side, there are 3 main channels for gathering and exchanging information from the private sector. Firstly, the BOT conducts the Business Condition Survey from 1,500 firms nationwide, both in manufacturing and non-manufacturing businesses, on monthly basis. Secondly, the BOT has established the Economic/Business Information Exchange Program since 2004, aiming to conduct dialogues with executives of private firms or business associations on current economic and business conditions as well as outlook. More than 800 dialogues with firms are conducted per year by staffs of the BOT headquarters and 3 regional offices. Finally, the BOT sets up meetings between top executives (e.g. Deputy Governor and Assistant Governor) and regional businessmen 6 times a year. As of September 2011, the meeting had already been held in Chiangrai, Khonkaen, Krabi, and Nakhonratchasima. For the rest of this year, there will be two meetings in Sukhothai and Trang.

All dialogues with the private sector, no matter big or small firms, provide valuable information on economic developments for policy makers. As the information come from the market practitioners, it contains experiences and forward looking views which cannot be retrieved from the statistical numbers. Particularly, when an industry or overall economy encounters a shock, the dialogues help the BOT assess its cause, impact as well as dynamic of the adjustments to shock comprehensively. For instance, during the supply disruption period due to Japan's natural disasters in March 2011, the dialogues with firms in vehicle and electronics industry helped the BOT analyzed the situation and impact to the economy more precisely and profoundly.

To make policy decision, the Monetary Policy Committee analyzes all information gathered from these dialogues together with other economic statistics, as well as results from econometric model in order to comprehensively assess current economic conditions and outlook. Therefore, I would say that if you

provide information to the BOT, you are participating in the formulation of monetary policy for the country. The more accurate and inclusive information is, the better monetary policy responses, and you can help to improve it!

Last but not least, to ensure confidentiality, the BOT strictly follows privacy policy, not to disclose individual information. While overall business development will be published for benefits of public policy and business planning. Monthly business sentiment index report and quarterly business report can be accessed at the Bank of Thailand's website [www.bot.or.th](http://www.bot.or.th).

---

**(The views expressed are the author's own.)**

**Published in the Nation on Monday, September 19, 2011**