

***2017 KGSF Essay Contest***  
***Knowledge Sharing Topic Category***

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## **I. Introduction**

My name is Jessica Andrea Bolaños, I am 34 years old, I have served my country, Ecuador, as a government official of the Central Bank of Ecuador since 2004. In 2014, I had the distinguished opportunity to be part of the alumni from the Korean Advanced Institute of Science and Technology, also known as KAIST, where I was conferred a Master's Degree of Business Administration in Finance, after the fulfillment of all the requirements. This essay aims to show to the KAIST Graduate School of Finance (KGSF) how I have shared what I learned with my colleagues and to motivate the international alumni to share their knowledge within their organizations, after returning to their home countries.

First, I would like to describe my position before I moved to Korea, I already had more than nine years working for the Central Bank of Ecuador. The first five years, I was an accounting assistant in the Financial and Management Department of the Regional Direction of Culture in Guayaquil; then, I moved to Quito and worked in the National Direction of Corporate Services, where I had to supervise the accomplishment of national budget, among other responsibilities. The last four years, I worked as a banking specialist; three years in the International Banking Services Direction, where I served as operator of the Unified System for Regional Compensation (SUCRE, in its Spanish acronym) and manage the Governors agenda with international counterparts; and the last year and a half in the Investment Department, which nowadays is known as National Direction of Reserves Management, where I was able to manage, evaluate, and monitor the international investment portfolios of the Central Bank of Ecuador.

From September 2016, I am the current National Director of Reserves Management. I was designated by recommendation of the Chief Executive of Operations after he evaluated my curriculum and experience, he believed I was a good candidate to lead that department. He also stated that studying abroad was a plus for me, considering that I would contribute with fresh ideas and as I was away from the Institution, because of my studies, I would have an innovative point of view. I am in charge of four Departments: Portfolio Operations, International Treasury, Operations Record, and Gold Trading, with nineteen people who collaborate within the Direction.

## **II. Motivation**

I knew so little about Korea before I decided to study there. I was familiar with the names of important brands like Samsung, LG or Hyundai, but knowing about the Korean development experience, is to learn about hardworking and constancy. For example, the "pali-pali" way of living showed me the importance of the value of time; understanding how the unification of the country, working towards the same objective, as a group not as individuals, could transform ruins into a G20 member; the importance of good education and learning from successful cases for the construction of a politic plan, applied to their own necessities, to transform their matrix of production and its whole nation; the gratitude of the Korean government which contributes to the development of other countries, by offering financing of sustainable projects, scholarships, among others.

I was impressed and moved learning on how the Korean government invested in training their people, not only within their territory but sending public officers to obtain their degrees and experience abroad, and then returning to Korea to share what they learned, becoming professors or placing them in strategic positions within their organizations. In addition, they are able to support other governments through the Korea International Cooperation Agency (KOICA) together with the sponsor of prestigious Korean Universities, they offer full scholarships to dozens of government officials from under developed countries around the world, every year.

Being a KOICA scholar, accepted in the KAIST Finance MBA Program, I was able to share with people from all over the world, Africans, Americans, Asians, Australians, and Europeans; I had classmates from around 25 different countries, and it was very inspirational to learn from their experience and culture. Sharing student laboratories and classrooms with Korean students helped me for a better understanding of traditions and customs of Korean culture.

When I lived in Korea I tried to spread the Ecuadorian culture among my classmates, professors, KGSF staff, networking meetings, or every time I had the chance to share with a foreign pal. I used to show pictures of representative places as the Galapagos Islands, breathtaking volcanoes or beach landscapes, give travel advices to visit Ecuador and South America, share some typical dishes that I prepared myself, performed traditional dances<sup>1</sup> or give delicious Ecuadorian products as chocolate, tuna, coffee or green plantains chips. As a consequence of this experience I fervently believe I became an Ambassador, because I felt I was accomplishing the mission of an emissary.

Once I left Korea, I adopted and learned a new culture, I am not only an Ecuadorian Ambassador but a Korean too. I was invited by the Ecuadorian Embassy in Korea to do a presentation about the life and culture in Korea<sup>2</sup> as an induction to new scholars. I was able to share how was my life as a student in Korea, give some advices and recommendations how to handle being a foreigner in a country so different and distant from home, providing them with useful tips that helped me to make a better and easy living in Korea. I also participated and continue cooperating as an advisor for new students that wish to travel to Korea, or encouraging my colleagues to apply to KOICA scholarships, knowing the great opportunity they offer, with top ranked universities among Asia and the world, coverage of total expenses as full tuition, accommodation, travel airfares, and more.

As a KOICA-KAIST scholar, I had the commitment to come back to my country to apply and share what I learned. I strongly believe our main duty is to improve not only our work performance but our lives, and to not keep our knowledge just with ourselves but to socialize it.

### **III. On-site Application**

After I finished the KAIST program and was back in Ecuador, I joined my job immediately. I returned to the National Direction of Reserves Management,

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<sup>1</sup> Picture 1

<sup>2</sup> Picture 2

where my duties were to manage, evaluate and supervise the portfolio of the International Reserves.

In addition, the Chief Executive of Operations delegated me as budget manager, and I started to be in charge of supervising the accomplishment of the monthly budget goals by the three National Directions under its charge, Reserves Management, Financial Security and Operations of Liquidity. Considering that, the specialized system for budget management of the BCE did not have a report where it was possible to show and track the monthly expenses, I designed a report, in a spreadsheet, to supervise the accomplishment of each Direction by a monthly basis, which became an useful tool for the Chief Executive of Operations to follow up the accomplishment of goals on budget of every coordinated area.

I was also able to develop a report to make a prior control of the investment policies of the International Reserves, which are part of the responsibilities that a middle office should comply. This report is prepared on a daily basis, and turned into a very helpful tool in the decision making, for example in which counterpart and which type of security to invest, with the certainty that the investments are done in accordance to the policies.

Once I assumed the position as Director of Reserves Management, I had the chance to made a revision of the Manual of the Processes and Procedures of the Gold Trading Department, which led to request a reform of this Manual, in order to make operational improvements that will help to mitigate any operational risks and to fulfill with all requirements established by the Central Bank of Ecuador policies and Ecuadorian laws. The reform to this Manual was approved by the Deputy General Manager in July 2017.

Under my administration I promoted the acquisition of the software update of the application "PORTIA", which is used to manage the investment portfolios of the Central Bank of Ecuador, which was not updated since 1996. The update started on July 2017 and it will be finished by the end of this year.

Furthermore, I was part of the team that prepared and reviewed the Manual of the Processes and Procedures of the Portfolio Operations Department, which was approved by the Deputy General Manager in October 2017.

Together, with the Chief Executive of Operations, we proposed to expand the Gold Trading Department by opening a new office near the main Mining Districts of the country, with the objective of providing to small and artisan miners the opportunity to sell its mineral at a fair price, while the Central Bank of Ecuador increases the gold reserves. The office is planned to start operating in January 2018.

#### **IV. Knowledge Sharing**

As I learned from the Korean experience, I have been sharing some of the knowledge I acquired, within the Central Bank of Ecuador. I have done three presentations, between April 2016 and October 2017.

First, on April 2016, I had the chance to do a short presentation about the economic development of South Korea and to communicate the curriculum of the

Finance MBA Program, that I covered in KAIST, in order to identify the topics that were of interest to develop a course session, that could contribute to the knowledge of the Reserve Management staff. This activity had 9 participants<sup>3</sup> and they were interested in several topics such as Corporate Finance, Investments and Financial Accounting.

Most of the participants did not know much about the development of Korea and its "Han River Miracle". The participants were impressed about how oriental people are very disciplined and how they work as a group in contrast that Ecuadorians search for individual benefit. They also believe in the relevance of a good education. The possible topics for delivering a course session would be analyzed and decided by the Coordinators and Director.

When I was delivering this presentation, I remember all the enthusiasm that professor Ji Soo Kim have always put into his classes, how we learned from him the development not just of Korea, but Japan, and other East-Asian countries, known as the Tigers, which underwent rapid industrialization through technological innovation, and how he always encourage each one of us to be better professionals, because we are the future of our countries.

In November 2016, I got an invitation from the Latin American Reserves Fund (FLAR, its Spanish acronym) to participate in their XXX Reserve Management Conference<sup>4</sup>, which was held in Cartagena, Colombia, it had the participation of 12 central banks (Bolivia, Costa Rica, Mexico, Dominican Republic, Nicaragua, Uruguay, Spain, Colombia, Paraguay, El Salvador, Peru and Ecuador), 7 financial organisms (World Bank, European Investment Bank, Inter-American Development Bank, Bank for International Settlements, Latin American Export Bank, Andean Development Corporation, FLAR), 2 investment banks (Goldman Sachs, UBS), among others.

What I learned during several courses, such as International Finance, International Financial Markets, Foreign Exchange Markets and Policy, Investments, among others, helped me to understand the terms delivered during the conference.

This conference was focused on "The future of investment management in times of change", and the main topics discussed were the future of investment management; impact of technology on the future of finance; macroeconomic and investment global environment, perspectives for Latin America.

The participation of the Central Bank of Ecuador in this type of events was of the utmost importance, firstly, because it allowed to know not only novel topics in the management of reserves, but also experiences of different managers. Secondly, it was valuable to meet other reserve managers and be able to establish different links for any type of consultation in the processes of investment and market analysis, market risk management, liquidity, counterparty, and management evaluation.

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<sup>3</sup> Knowledge Sharing Form, April 14, 2016

<sup>4</sup> Certificate of participation

All the knowledge acquired from this conference was shared to the Reserve Management staff in November 21, 2016. It has the participation of 10 colleagues<sup>5</sup>, where we were able to discuss the following:

- With regard to the impact of technology on the future of finance, the importance of computer security that specialized services should consider in transactions was ratified. Financial services, thanks to the latest technology applications, are becoming more simplified and efficient. Finance is constantly evolving as a result of its link with technology.
- With regard to the global macroeconomic and investment environment, BREXIT was discussed and the implications it would bring both to the European Union and the United Kingdom. The majority of the participants affirmed that this separation would bring a strengthening and consolidation of the block that uses the Euro.
- In addition, taking into account the empowerment of the Chinese economy and the positioning of the Yuan in international markets, several central banks commented that, in order to optimize the management and diversification of their reserves, part of these are destined for investments in the Chinese currency. Although they stated that it is not a liquid investment, the incursion in this market is used to mitigate the exchange risk of the debt with the eastern country and to gain experience.
- Regarding prospects for Latin America, it was concluded that inflation rates are controlled in most countries; in a macroprudential framework, increasingly liquid reserves are needed; international reserves fulfill the role of external liquidity insurance.
- Among the proposed adjustments to the future is to change the methodologies used historically (structure of reference portfolios) for a "flexible approach" whose basic objective is the preservation of capital, maximizing returns based on the analysis of risk factors and investment opportunities with active management. It should be noted that this approach involves assuming higher levels of risk and it is not feasible to compare its efficiency since it does not have a reference.

During this year, I was invited by the Direction of Human Resources, of the Central Bank of Ecuador, to deliver a course about "Financial Analysis"<sup>6</sup>, which aims to help in the development of practical skills to analyze and understand the situation of a company through the results of financial statements, in order to take decisions.

The objective of this course was to analyze the performance and situation of a company, through the application of financial indicators using as a basis accounting data, which will serve in making strategic decisions. For this course, 50 colleagues from different areas of the Central Bank of Ecuador signed up,

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<sup>5</sup> Knowledge Sharing Form, November 21, 2016

<sup>6</sup> Picture 3

however, only 39 approved and complete the whole course<sup>7</sup>, which had a duration of 8 hours. The topics covered on this course were the following:

- Basic concepts and financial statements structure
- Introduction of financial analysis
- Financial ratios and cash flow analysis
- Case study

What I learned on Financial Accounting and Corporate Finance was really helpful to deliver this course, it covered theory and also contained practical cases for a better understanding. At the end of this course, I was evaluated by all the participants, where the results showed an average score of 3.5<sup>8</sup>, equivalent to Satisfactory, and among the recommendations they mentioned making the continuity of the course, deepening topics of specific interest.

## **V. Conclusion**

In conclusion, participating in the KOICA-KAIST program has brought many benefits into my life. Moreover, the fact of being able to contribute and help to boost the country through a better organizational performance, makes me to be more involve by assuming new challenges in my organization, and by taking new responsibilities with due diligence.

I am a proud KAIST student and also a proud government official, I certainly believe that all efforts and good work made so far, have resulted into the recognition of a trajectory in my organization. I hope to continue serving in accordance with best practices and promoting the development of a better institution.

Finally, I hope the Central Bank of Ecuador continues offering this type of opportunity, where the officials are able to share their knowledge and expertise in certain fields. Personally, the knowledge sharing I have been able to do, has been a challenging experience, because I need to get prepared and investigate to refresh information, but also comforting because I believe I am contributing in the education of other colleagues. That is why, I would like to extend an invitation to all of the international alumni of KGSF to create a program to share knowledge within their organizations, if they do not have one.

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<sup>7</sup> Sample of Course Certificate

<sup>8</sup> Evaluation of Financial Analysis Course

Picture 1. Traditional Ecuadorian dance performance in Korean school



Picture 2. Presentation about Korean culture and life, at the Ecuadorian Embassy in Korea





Picture 3. Participating as instructor of the Financial Analysis Course

