



RESOLUTION OF PARLIAMENT OF MONGOLIA

Date: November 8, 2012

№ 57

Approval of monetary policy guidelines
for 2013

Pursuant to clauses 25.1.7 in Article 25 of the Constitution and 10.2 in Article 10 of the Central Bank (Bank of Mongolia) Law, the Parliament of Mongolia is resolving to:

1. Approve monetary policy guidelines for 2013 as attached.
2. With view of normalizing activities of the Financial Stability Board and securing sustained long-term economic growth, assign the duty to the Government of Mongolia, Bank of Mongolia, and Financial Regulatory Commission to implement coherent macro-prudential measures and report on the financial sector's situation to the public on a quarterly basis.
3. Assign the duty to the Government of Mongolia and Bank of Mongolia to outline effective measures to ensure stable provision of main consumer goods and implement comprehensive measures to achieve price stability.
4. Assign the duty to the Government of Mongolia and Bank of Mongolia to bring money laundering and anti-terrorism financing laws and regulation in line with relevant international standards and implement recommendations by the FATF to improve Mongolia's ranking.
5. Assign the duty to the Bank of Mongolia to develop action plan for implementing monetary policy guidelines for 2013 and report on the progress of its implementation to the Economic Standing Committee on a quarterly basis.
6. Assign the duty to the Government of Mongolia, Bank of Mongolia, and Financial Regulatory Commission to conduct implementation of this resolution.
7. The Economic Standing Committee shall be responsible for monitoring of the implementation of this resolution.

SPEAKER OF PARLIAMENT

Z. ENKHBOLD

MONETARY POLICY GUIDELINES FOR 2013

Monetary policy shall be calibrated towards enhancing the macroeconomic and financial sector stability that forms the foundation for sustained long-term growth.

1. Under the framework of enhancing macroeconomic stability:

- 1.1 Maintain inflation at stable and collaborate with the government to restrict the impact of supply-driven inflation. Owing to this, keep CPI-inflation below 8 percent at end-2013 and in the range of 5-7 percent during 2014-2015.
- 1.2 Continue the flexible exchange rate policy in line with macroeconomic fundamentals.
- 1.3 Enhance the central bank's responsibility through independent, more open and transparent monetary policy decision-making processes and regular public reporting of implementation of monetary policy objectives.

2. Under the framework of enhancing banking sector stability:

- 2.1 Improve the sector's resilience through higher capital adequacy and solvency.
- 2.2 Improve the risk-based supervision framework by bringing in line with international best practices of supervisory and regulatory instruments yet taking into the sectoral specifics.
- 2.3 Upgrade the legal framework for collaterals with the aim of creating conditions for better mitigation of bank risks and lower interest rates.

3. Under the framework of strengthening financial sector infrastructure and institutions:

- 3.1 Replace the blanket guarantee framework with that of limited deposit insurance to reduce the sovereign's risk and improve financial discipline and responsibility of the banking sector.
- 3.2 Under the framework of intensifying modernization of Mongolian payment and settlement system during 2013 - 2015, encourage and upgrade the use of non-cash payment settlements to ensure its safety and uninterrupted functioning.
- 3.3 Start introducing an internationally acceptable framework to assess banking products and services. Improve individuals' access to finance and financial literacy.
- 3.4 Create infrastructure for developing professional investors to securities market and facilitate to access in asset-backed securities and central and local government debt market.
- 3.5 Collaborate with the Government in introducing an internationally acceptable framework to gold refining.