

MONETARY POLICY GUIDELINES FOR 2015

Monetary policy will aim at achieving a balanced external economic condition, ensuring low and sustainable inflation, improving stability in the financial sector and facilitating an environment for balanced and sustainable growth in the medium and long-term.

1. Under the framework of monetary policy objective:

1.1 The BoM will select the appropriate policy option that maintains the CPI inflation at 7% by the end of 2015 and at the same level in 2016-2017 to safeguard real income of citizens and form the basis for sustainable growth.

1.2 The BoM will adhere to an exchange rate policy that ensures financial and macroeconomic stability, is flexible enough to support external economic balance and thus, in line with expanding domestic production and safeguarding employment in the medium term.

2. Under the framework of ensuring stability of the financial sector:

2.1 The BOM will implement policies aimed at maintaining capital adequacy of banks by improving risk management skills, increasing capital requirements and improving financial sector safety net.

2.2 The BoM will continue risk-based approach to supervision and introduce international standards and guidelines taking into account the peculiarities of the banking sector.

2.3 The BoM will undertake research on enhancing legal framework of issuing special permits for varying banking activities and improve supervisory effectiveness in cooperation with authorized internal and external institutions.

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

3.1 The BoM will ensure smooth and secure functioning of the payments and settlement system and take measures to increase the coverage of up-to-date banking services based on the latest technology.

3.2 The BoM will intensify the implementation of an integrated measure aimed at widening financial inclusion by protecting the rights of banking sector participants and strengthening nationwide financial literacy.

3.3 The BoM will further advance monetary policy decision making process, continue communicating monetary policy objectives and implementation to the public on a regular basis and maintain transparency of the Central bank. As such, the BoM will prepare inflation report on a quarterly basis and financial stability report on a semi-annual basis, present them during Financial stability council meetings and deliver them to a relevant Standing committee of the Parliament.

3.4 The BoM will initiate measures to develop appropriate export and double taxation framework in the financial market.

3.5 The BoM will take initial measures to expand the coverage of deposit insurance scheme to include deposits at saving and loan associations.

3.6 The BoM will support the initiative of sustainable finance.

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