

MONETARY POLICY GUIDELINES FOR 2016

The main objective of monetary policy is to ensure stability of the national currency-togrog. Within its main objective the Bank of Mongolia shall also promote macroeconomic and financial stability that leads to long-term sustainable economic growth.

1. Under the framework of monetary policy objective:

1.1 In order to promote sustainable economic growth through a balanced internal and external economic condition, inflation measured by consumer price index will reach 7 percent by the end of 2016 and 5-7 percent in 2017-2018.

1.2 The BoM shall adhere to a policy, in which exchange rate is determined in line with macroeconomic fundamentals and in a flexible manner.

2. Under the framework of enhancing financial sector stability:

2.1 The BoM will implement policies aimed at ensuring bank solvency, maintaining financial stability and improving risk management skills.

2.2 The BoM will continue to strengthen the banking supervision through risk-based approach by coordinating banking sector activity with international principles and regulatory instruments for banking supervision.

2.3 The BoM will expand cooperation with internal and external authorities in the field of maintaining financial stability and enhancing effective banking supervision.

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

3.1 The BoM will ensure smooth and secure functioning of the payments and settlement system and take measures to modernize payment system and improve its legal framework.

3.2 The BoM will initiate measures to diversify the structure of asset management of the financial sector and develop secondary markets, in which the assets issued in primary markets are retraded.

3.3 The BoM will implement “National program for financial literacy” step-by-step in cooperation with related institutions.