

RESOLUTION OF PARLIAMENT OF MONGOLIA

November 11, 2017

Government building,
Ulaanbaatar city

N° 70

Approval of monetary policy guidelines for 2018

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 2018 as attached.
2. Assign the duty to the Bank of Mongolia (N.Bayartsaikhan) to increase the charter capital of the Bank of Mongolia and report its implementation to the Parliament of Mongolia
3. Assign the duty to the Government of Mongolia (U.Khurelsukh), the Bank of Mongolia (N.Bayartsaikhan), and the Financial Regulatory Commission (S.Davaasuren) to:
 - 1/ develop and implement detailed action plan within national mid-term program to combat money laundering and terrorism financing by January 2018; bring money laundering and anti-terrorism financing laws and regulation in line with relevant international standards by July 2018; and implement them by October 2018.
 - 2/ submit for approval and implement a program of developing financial market;
 - 3/ strengthen infrastructure of bank re-structuring and improve its legal environment;
 - 4/ develop a strategy on decreasing lending rate;
 - 5/ develop a sustainable mortgage program consistent with the economic and financial potential;
 - 6/ develop and implement a strategic plan to reduce non-performing loans in the banking sector and avoid building-up of non-performing loans;
 - 7/ reduce Government bills; ensure use of Government bills held by commercial banks as monetary policy instruments.
4. Assign the duty to monitor the implementation of this resolution to the Economic Standing Committee (D.Damba-Ochir).

SPEAKER OF PARLIAMENT

M. ENKHBOLD

MONETARY POLICY GUIDELINES FOR 2018

Monetary policy in 2018 shall be directed towards strengthening the positive outcomes of the economy, enhancing the stability of the banking and financial system, and facilitating an environment for sustainable growth in the long term.

1. Under the framework of monetary policy objective:
 - 1.1 The BoM will stabilize inflation measured by consumer price index around 8 percent throughout the period of 2018 to 2020, with the use of market-based monetary policy instruments.
 - 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.
 - 1.3 The BoM will implement macroprudential policy instruments aiming to prevent possible accumulation of risks in the financial sector, incompatible with the monetary policy.
 - 1.4 The BoM will promote openness and transparency of the policy, and develop and improve the public relations channels to improve policy effectiveness as well as implement forward looking monetary policy.
2. Under the framework of financial sector stability:
 - 2.1 The BoM will take measures to improve commercial banks' financial capabilities, and if necessary recapitalize them in order to preserve the stability of the financial system, expand the scope of financial intermediation, improve the bank financial institution's ability to withstand risks, and support economic growth.
 - 2.2 The BoM will develop the risk based supervision system to protect the right of bank customers and depositors, and improve the confidence on the banking sector.
3. Under the framework of strengthening institutional development of financial sector:
 - 3.1 The BoM will continue the legal reforms in the banking and financial sector, ensure compliance with applicable laws and regulations that are newly approved and amended, and develop necessary rules and regulations.
 - 3.2 The BoM shall ensure the reliability and continuity of the national payment system and create a consolidated payment regulation.
 - 3.3 The BoM will continue its cooperation with the international, public and private organizations, on the "National Program for Financial Literacy".
 - 3.4 The BoM will publicize and disseminate its financial, and external sector statistical information in accordance with international standards.