



**EDICT  
OF THE PRESIDENT OF THE REPUBLIC OF BELARUS**

December 20, 2018

No. 484

Minsk

On the Approval of the Republic of Belarus  
Monetary Policy Guidelines for 2019

1. To approve the Republic of Belarus Monetary Policy Guidelines for 2019 enclosed herewith.
2. The National Bank, in concert with the Council of Ministers of the Republic of Belarus, shall ensure execution of the Republic of Belarus Monetary Policy Guidelines for 2019.
3. This Edict shall come into force on January 1, 2019.

**A. LUKASHENKO**  
President of the Republic of Belarus

APPROVED

Edict of the President  
of the Republic of Belarus  
No. 484 dated December 20, 2018

## REPUBLIC OF BELARUS MONETARY POLICY GUIDELINES FOR 2019

### CHAPTER 1 MONETARY POLICY OBJECTIVE

1. The monetary policy will continue to follow the strategic objective of maintaining price stability as the basis of sustainable and well-balanced development of the economy of the Republic of Belarus.

The main objective of the monetary policy in 2019 will be curbing of inflation, measured by the consumer price index, at the level of no more than 5% (December 2019 to December 2018).

### CHAPTER 2 MONETARY POLICY IMPLEMENTATION

2. In 2019, the National Bank will ensure price stability within the monetary targeting regime. Broad money supply, which remains an intermediate monetary policy target, is forecasted at the level of 9-12% (December 2019 to December 2018).

The interest rate on intraday interbank credits in the national currency will still be used as the monetary policy operational target.

3. The interest rate policy will be conducted with regard to the need of attaining the inflation target. The interest rates will be maintained at the positive level in real terms, which facilitates the growth of savings in the national currency and ensures financial stability and sustainable development of the economy.

As part of the transition to the inflation targeting regime in the medium term, the National Bank will continue the work designed to improve the

significance of the interest rate channel of the monetary policy transmission mechanism by means of streamlining approaches to managing banks' liquidity.

4. Auction transactions in the open market, the parameters of which are established having regard to the need to attain operational target and which are carried out in line with the approved schedule, will be the main instrument of the banking system's current liquidity regulation.

The refinancing rate will be a guideline for the cut-off rate when conducting the National Bank's auction operations and thus will act as a basic instrument for regulating interest rates in the money market.

Interest rates on the National Bank's standing facilities will start to change towards a greater symmetry relative to the refinancing rate level.

With a view to achieving a more stable and predictable money market, it is planned to gradually narrow the margins of fluctuations in the value of resources in the interbank market, which are formed by the rates on standing facilities.

5. Approaches to the implementation of the National Bank's exchange rate policy will be retained. As part of the transition to the inflation targeting regime, the exchange rate policy mechanism will continue to be improved in terms of expanding the boundaries of the operational interval and neutral range, as well as reducing the daily limit of the National Bank's foreign exchange purchase and sale operations in the domestic foreign exchange market.

6. In order to increase the economic security of the country, an important nationwide task in 2019 will be a build-up of the country's gold and foreign exchange reserves.

The structure of international reserve assets will continue to be improved by means of decreasing the volume of foreign exchange liabilities and purchasing foreign exchange by the National Bank under the conditions of a stable excess of foreign exchange supply in the domestic foreign exchange market over a demand therefor.

### **CHAPTER 3**

## **ENSURING STABILITY OF THE BANKING SYSTEM**

7. In 2019, the National Bank will continue to ensure the sustainability and security of the country's banking system, including by dint of maintaining the regulatory capital of banks, non-bank financial institutions and JSC "Development Bank of the Republic of Belarus" at a level sufficient to cover the risks accepted thereby.

For these reasons, the work on further introduction of international capital standards Basel II and Basel III is planned in terms of improving the methods of measurement of the main risk types, including credit, market and operational risks.

Implementation of internal procedures for economic capital assessment by banks will become an additional instrument of ensuring capital adequacy for covering contingent losses.

In 2019, a special attention will be paid to the banks' work on improving their performance indicators, as well as maintaining the share of non-performing assets in the assets exposed to credit risk at the level that does not exceed 10%.

Development and introduction of the new complex risk-oriented process of supervisory assessment of banks, including assessment of a business model, risk-profile, corporate governance, and internal procedures of capital adequacy and liquidity assessment, will contribute to ensuring further secure functioning of banks.

8. The National Bank will continue the work on executing control over the activities of financial institutions by means of conducting inspections and holding events involving execution of preventive control over the breach of legislation with the purpose of maintaining stability of the banking system of the Republic of Belarus.

#### **CHAPTER 4 PAYMENT SYSTEM**

9. In 2019, an efficient, sound, and safe functioning of the payment system will be ensured by dint of improving regulatory legal framework, developing software and hardware infrastructure and electronic document management, introducing international standards, limiting (reducing) risks and conducting oversight over the payment system.

10. The development of the remote channels of banking services, the single settlement and information space, interbank identification system, digital

bank technologies for the provision of financial services to banks' customers and active use of electronic payment instruments and means of payment will be continued.

## **CHAPTER 5 DEVELOPMENT OF FINANCIAL MARKET AND FINANCIAL SERVICES**

11. In 2019, the National Bank in concert with the Government of the Republic of Belarus will continue to monitor financial stability. The Financial Stability Council will keep on carrying out its coordinating functions in this sphere.

The financial stability will be ensured by means of implementing the measures aimed at limiting systemic risks. The instruments of macroprudential policy and supervision will be further improved in all segments of the financial market.

Diversification and strengthening of the financial market structure, including acceleration of non-banking sectors' development, dedollarization, evening up the terms of lending in different segments of the credit market, formation of the bad assets market, improvement of early response to risk growth in separate banks and the banking sector as a whole will contribute to strengthening financial stability.

The National Bank's actions will be aimed at further developing the investment banking and securitization mechanisms, expanding the use of other financial instruments, creating conditions for the banks' activities in the field of collective investments, and forming prerequisites for functioning of the national market of rating services.

12. Development of the non-banking segment of the financial market will be continued. With a view to ensuring full-fledged functioning thereof, it is envisaged to further improve the legislation regulating the activities of leasing and microfinance organizations.

Control over compliance with the legislation on leasing activities, the activities of microfinance organizations and other participants of the non-banking segment of the financial market will be carried out in an efficient manner.

13. The National Bank will continue to take, via the available instruments, the measures influencing the reduction of the level of dollarization of the

Belarusian economy. As a result, by the end of 2019 the share of loans in the national currency in the aggregate structure of loans must amount to no less than 50%\*.

At the same time, the National Bank's actions will be aimed at creating a new legislative framework providing for lifting of restrictions for foreign exchange operations involving capital movement, as well as opening accounts by residents of the Republic of Belarus abroad, abolishing restrictions on the terms of repatriation of foreign exchange earnings and establishing the terms of foreign exchange earnings return in foreign trade contracts, and creating the foreign exchange monitoring system.

Decrease in the level of dollarization of the Belarusian economy will increase the demand for the use of the instruments for foreign exchange risks hedging by the non-financial sector organizations.

14. The National Bank's activities will be still focused on stimulating banks to attract savings of the population and legal persons in the national currency, on the irrevocable basis and for the long terms, contributing to the improvement of the deposit portfolio's structure and establishment of the banks' stable resource base.

Establishment of more attractive conditions for making savings in the national currency will be a factor of further dedollarization of the economy.

15. The policy of improving efficiency of the resources distribution in the economy, involving reduction of banks' participation in the directed lending, including by means of developing the mechanism of lending under government programs and measures using subsidies, with the simultaneous expansion of lending on the commercial principles, will be further developed.

16. The measures aimed at strengthening protection of the financial services consumers' rights, including by means of formation of the comprehensive regulatory legal base and taking measures designed to prevent the unfair practice of the financial market participants, will be further implemented.

17. The National Bank will continue the work aimed at improving regulation of banking transactions as relates to the standardization of

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\* The term "loans" means the claims of banks and the Development Bank of the Republic of Belarus JSC on the economy.

terminology on the conditions of lending, attraction of monetary funds into deposits, and other banking services provided to the households.

With a view to developing non-cash settlements, it is envisaged that the measures designed to implement the mechanism of collection of monetary funds without recourse for the purpose of timely execution of the payment demand orders and decreasing the risks of growing debts to the budget will be taken in concert with the involved government agencies.

As part of activities on building up the segment of electronic bank guarantees, the measures aimed at introducing the mechanism of circulation of these guarantees between banks and customs authorities will be further implemented.

It is planned that legislation regulating the issues of application of special accounts with a view to ensuring the use of monetary funds according to the intended purpose while implementing different projects and carrying out events, including those of great state importance, as well as of the escrow accounts for conducting settlements in the Republic of Belarus, will be improved.

18. The National Bank will conduct the work on implementing the measures aimed at applying the International Financial Reporting Standards (IFRS) as primary and single standards of accounting and financial reporting of banks.

19. Under the conditions of preserved high inflationary expectations, the key task will remain the building-up of confidence in the conducted monetary policy, as well as improving its transparency and predictability.

In this context, the National Bank's information policy will be still aimed at active clarification of the purposes and measures being taken, preparation and publication of statistical and analytical materials on the official website of the National Bank, that, on the whole, will make it possible to reinforce the influence of the decisions being taken by the regulatory authority on the economic activity and inflation.

20. In 2019, the issues relating to the functioning of the Eurasian Economic Union (EEU), as well as the development of contractual and legislation framework, and harmonization of financial and foreign exchange legislation of its members will be given a significant attention.

21. In the course of the negotiation process on joining the WTO by the Republic of Belarus, the discussion of the systemic issues and the conditions of access of foreign entities to the Belarusian financial and banking services market will be continued with the WTO member states.

In the context of activation of interaction with international financial entities and organizations, the focus will be made on attracting their financial resources and implementing technical assistance programs in the banking sector of the Republic of Belarus.

## **CHAPTER 6 FINAL PROVISIONS**

22. In 2019, implementation of the monetary policy will result in further slowdown of the inflationary processes, assurance of financial stability, and maintenance of macroeconomic stability.

Key forecast performance indicators of the banking system of the Republic of Belarus for 2019 are given in the Appendix hereto.

Appendix  
to the Republic of  
Belarus  
Monetary Policy  
Guidelines for 2019

Key forecast performance indicators of the  
banking system of the Republic of Belarus for  
2019

Indicators	Forecast for January 1, 2020
Growth in consumer prices, % (December 2019 to December 2018)	no more than 5
Growth in average broad money supply, % (December 2019 to December 2018)	9 – 12
International reserve assets of the Republic of Belarus according to the IMF's methodology, USD billion	no less than 7.1