De-dollarizing the Belarusian economy

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National Bank of the Republic of Belarus, October 31, 2019
Belarus – high level of loan and deposit dollarization

**Deposit Dollarization, 2018**
(FX as a percent of total)

**Loan Dollarization, 2018**
(FX as a percent of total)

Sources: Belarusian authorities, FSI, MFS, and IMF staff calculations.
Belarus – dollarization decreasing, but still higher than a decade ago

**Household Deposits**
(FX in percent of total)

**Loan Dollarization**
(FX as a percent of total)

Sources: Belarusian authorities, MFS, and IMF staff calculations.
High dollarization creates systemic risks and vulnerabilities

- Liquidity risk: run on FX deposits would put pressure on FX reserves
- Balance sheet risk: unhedged FX position of banks and/or borrowers
- Reduced effectiveness of monetary policy
- Aggregate debt ratios worsen sharply with any depreciation of the domestic currency
Successful de-dollarization requires various factors

- A (public) de-dollarization strategy
- Better macro-policies
- Better prudential policies
- Deeper domestic currency capital markets
- The X-factor
Successful de-dollarizers did it on the back of an appreciating currency.

De-dollarization in Peru
(Percent)

Source: Central Bank of Peru, IMF World Economic Outlook, and IMF staff calculations.
Peru (continued)

Deposit Dollarization
(Percent)

Sources: IMF Monetary and Financial Statistics and IMF staff calculations.
De-dollarization in Israel
(Percent)

Sources: Alvarez-Plata and Garcia-Herrero *To Dollarize or De-dollarize: Consequences for Monetary Policy*, IMF *International Financial Statistics*, and IMF staff calculations.
...and in the Russian Federation as well

De-dollarization in the Russian Federation
(Percent)

Sources: Haver Analytics, Central Bank of the Russian Federation, and IMF staff calculations.
Even successful de-dollarizers have seen reversals following currency depreciation

Deposit Dollarization
(Percent)

Sources: IMF Monetary and Financial Statistics and IMF staff calculations.
Thank you