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The NBM measures in the context of emergency state generated by COVID-19



- The NBM continues to take incentive monetary policy measures
- Monetary policy decision: base rate remains unchanged
- The NBM urges citizens not to disclose any information about their bank cards
- The National Bank of Moldova recommends banks to refrain from paying dividends
- The NBM decided to decrease the required reserve ratio in Moldovan lei up to 34 percent
- The NBM adjusted the monetary policy instruments
- The NBM offers banks flexibility in approaching the economic agents with bank loans
- The NBM approved measures for supporting the individuals as banking loan consumers during the emergency period
- Interview of the NBM governor, Octavian Armasu, on public television channel Moldova 1

- The banking system of the Republic of Moldova ensures the continuity of services provision during the period of COVID-19, in the interest of citizens
- The National Bank of Moldova encourages the use of cashless payment methods

The NBM continues to take incentive monetary policy measures

The Executive Board of the National Bank of Moldova (NBM) decided today in an extraordinary meeting, by unanimous vote, to maintain at the same level the values of the main monetary policy instruments. Thus, the core rate applied to the main short-term monetary policy operations remains at the level of 2.65 percent annually.

Interest rates on overnight loans and deposits also remain unchanged: 5.15 percent and 0.15 percent annually, respectively.

At the same time, the required reserves ratio from funds attracted in Moldovan lei and in non-convertible currency were decreased by 2.0 percentage points to 28.0 percent of the calculation base, while the required reserves ratio from financial means attracted in freely convertible currency remains at the current level of 30.0 percent of the calculation base.

The decision continues the NBM's series of measures to mitigate the impact of the pandemic and supports the recovery of the economy by boosting aggregate demand. The NBM also supports the upward trend in lending activity, ensuring sufficient adequate liquidity for this purpose, while reducing lending costs in support of the business environment. The support is also needed to avoid the "crowding out" effect along with the increase in demand for funding from the Ministry of Finance.

This decision was based on the analysis and evaluation of information associated with excessive liquidity in the banking system. Thus, after that the required reserves ratio from funds attracted in Moldovan lei and non-convertible currency decreased by 2 percentage points last month, the level of liquidity increased to MDL 7.1 billion on 16 March this year, but later it continuously decreased and reached the level of MDL 3.4 billion today. This decrease was due, in particular, to the payment of taxes to the state by economic agents.

The NBM emphasizes the need for continuous monitoring of the macroeconomic situation and, in due course, without prejudice to its fundamental objective, will come up with the necessary measures to support a viable and stable banking system.

The next meeting on monetary policy of the NBM Executive Board will take place on 30 April 2021 [1], according to the published schedule.

Monetary policy decision: base rate remains unchanged

The Executive Board of the National Bank of Moldova (NBM) decided unanimously to maintain unchanged the values of the main monetary policy instruments.

Thus, the base rate applied to the main short-term monetary policy operations is maintained at the level of 3.25 percent annually. At the same time, interest rates on overnight loans and deposits remain unchanged at the level of 6.25 percent and 0.25 percent, respectively.

At the same level remains the required reserves ratio of funds attracted in Moldovan lei and in non-convertible currency - 34.0 percent of the calculation base, as well as the required reserves ratio of funds attracted in freely convertible currency remains at the level of 21.0 percent of the calculation base.

The decision was taken in order to achieve the core objective of the NBM in the conditions of economic uncertainties associated with the pandemic COVID-19.

This decision was based on the assessment of the macroeconomic information available from the internal and external environment, as well as the assumptions related to the new forecast round and the prospects for domestic economic conditions.

At the same time, the current situation shows an increased degree of uncertainty regarding the scale of the crisis generated by COVID-19, the subsequent economic recovery and the evolution of raw material and energy resources prices globally. The weather conditions could also generate a modest harvest in 2020.

Currently, disinflationary pressures are attested and will continue to be apparent, which determined the recent orientation of monetary policy measures towards mitigating the consequences of the pandemic and supporting aggregate demand. The current base rate is incentive and creates conditions to support the lending process.

The NBM will continue to monitor the macroeconomic situation caused by the pandemic implications and also reiterates that in due course, without prejudice to its fundamental objective - to ensure price stability - will come up with the necessary measures to maintain a sufficient liquidity level of licensed banks in support of a viable and stable banking system.

The NBM urges citizens not to disclose any information about their bank cards

The National Bank of Moldova (NBM) comes with this urge for card holders in the context of intensification, in the last days, of the attempts at manipulation to disclose confidential information that allows unauthorized access to their payment cards.

The NBM reiterates the need to ensure the confidentiality of the bank card data. In order to avoid unauthorized use of cards, the National Bank warns that no person is entitled to request information related to the bank card or single-use passwords received by SMS to confirm certain transactions.

Thus, the NBM calls citizens for caution, especially in the social context influenced by COVID-19, which may cause prejudice from potential profiteers.

For additional recommendations with reference to the increased security when using the payment card, please access HERE [2].

The National Bank of Moldova recommends banks to refrain from paying dividends

The Executive Board of the National Bank of Moldova approved unanimously, in an extraordinary meeting, a decision by which recommends the licensed banks to refrain from distributing dividends to shareholders and other forms of capital distribution, at least until 30 September 2020. The decision comes in the context of mitigating the effects caused by the COVID-19 pandemic in order to keep banks well-capitalized and stable.

At the same meeting, there were approved measures to relax the requirements for capital buffers. Thus, the NBM allows banks to use temporarily (until a later date is communicated) the capital conservation buffer previously established.

The preserved capital may be used to absorb eventual worsening of the loan portfolio quality and to support the financing of the business environment and of the population.

In this context, banks are encouraged to continue promoting appropriate policies for recognition and coverage of non-performing exposures and to carry out sound capital and liquidity planning, as well a robust risk management.

These measures are in line with the best international practices and are similar to the decisions promoted last period by most central banks of the European Union and of the region.

Starting with 17 March, along with the state of emergency declaration in the country, the National Bank adopted a series of measures aimed at mitigating the impact of the coronavirus epidemic on the banking sector, population and business environment.

The NBM decided to decrease the required reserve ratio in Moldovan lei up to 34 percent

The Executive Board of the National Bank of Moldova (NBM) approved unanimously, at today's extraordinary meeting, the amendment to p.3 of the Decision of 20 March 2020 [3] on the NBM interest rates level and required reserves ratio. Thus, the required reserves ratio in Moldovan lei and non-convertible currency for the application period of 16 April 16 – 15 May 2020 is set at the level of 34.0 percent of the calculation base.

The convening of extraordinary meeting of the NBM Executive Board is conditioned by the need to apply certain monetary policy measures capable to partially mitigate the impact of the effects generated by COVID-19 pandemic on the national economy.

The decision aims to increase the liquidities available to the licensed banks, in order to prevent liquidity risk and strengthen the Moldovan banking sector's stability. As a result of this decision, the liquidities available in the banking sector will increase by about MDL 3.0 billion.

At the same time, the decrease in required reserves ratio represents a continuity of the monetary policy measures to balance the required reserve ratio in the context of reinforcing the transmission's effectiveness of the monetary impulses in the real sector.

The National Bank will continue to monitor the situation and, if necessary, will come up with measures to maintain the sufficient level of liquidity in the banking system.

The NBM adjusted the monetary policy instruments

CThe Executive Board of the National Bank of Moldova (NBM) decided unanimously, at today's extraordinary meeting, to decrease the base rate applied to the main short-term monetary policy operations by 1.25 percentage points, up to 3,25 percent annually. At the same time, the interest rates on overnight loans and deposits decreased up to 6,25 percent and, respectively, to 0,25 percent annually.

The required reserve ratio in Moldovan lei and non-convertible currencies also decreased by 2,5 percentage points, while the required reserves ratio in freely convertible currencies increased by 1,0 percentage points.

Thus, the NBM decision comes to further strengthen the level of liquidity in the banking sector in support of the economy and business environment amid the recent developments in the global and national economy.

The National Bank will continue to monitor the situation and, if necessary, will come with incentive measures to encourage the demand, maintain the sufficient liquidity level in the banking system and to ensure the efficient transmission of its monetary policy.

In this regard, the central bank will continue to use all available instruments to meet the objectives of price stability and to strengthen the banking sector that is well-capitalized and resilient.

The NBM offers banks flexibility in approaching the economic agents with bank loans

The Executive Board of the National Bank of Moldova (NBM) approved a decision that allows licensed banks to postpone or change the payment deadlines and/or the amounts of due payments on loans granted to economic agents until 30 June 2020. The change in the aforementioned deadlines will not have the effect of automatic classification of these loans into a tougher category than the existing one, as of the date of adoption of this decision.

The decision refers to the legal entities whose financial situation is temporarily affected due to the state of emergency and the economic consequences generated by COVID-19.

The measures may be applied individually by each bank, according to its internal regulations and contractual provisions with the debtors, including their payment ability. Thus, the economic agents will have to reasonably notify the bank about their temporary difficulty of payment in relation to the situation. In this context, the banks will be further obliged to prudently assess the quality of loans and to identify any situation concerning the payment improbability of the debtors. At the same time, the banks will continue to ensure the efficient and prudent management of all risks in order to maintain the stability of their financial situation.

The NBM approved measures for supporting the individuals as banking loan consumers during the emergency period

The Executive Board of the National Bank of Moldova (NBM) adopted on 17 March 2020 a decision that allow licensed banks to manage flexibly the payment obligations of individuals in difficulty to pay their contracted loans under the conditions of state of emergency.

The decision facilitates the licensed banks to grant some facilities to individuals for paying their existing loans until 31 May 2020.

These measures may be applied selectively and individually by banks, according to their own capacities, regulations and contractual provisions. At the same time, the NBM decision determines the need for prudent management by banks of all risks in order to maintain the stability of the banking sector and to protect depositors.

The change in the deadlines of payments and/or in the amounts of payments on these loans until 31 July 2020, will not have the effect of classifying them into a tougher category than the existing one, as of the date of adoption of this decision.

The decision does not refer to new loans granted during the aforementioned period.

Individuals who may continue to fulfill their obligations by paying their loans, especially via remote payment methods, are encouraged to do it.

The licensed banks of the Republic of Moldova are solid and stable, having sufficient liquidity and capital.

Interview of the NBM Governor, Octavian Armasu, on public television channel Moldova 1

The banking system of the Republic of Moldova ensures the continuity of services provision during the period of COVID-19, in the interest of citizens

The National Bank of Moldova (NBM) imposes a set of measures to prevent the COBID-19 spread and to ensure the further functionality of the financial and banking system of the country.

The measures are necessary for the health protection of the banks' employees and their customers in order to further benefit from provided services without interruption. In this regard, the NBM urges the citizens to respect strictly the behavioural and hygienic rules. If the physical presence at the bank is not mandatory, it is recommended to use the remote service systems, cashless instruments and services, such as internet-payments applications, mobile payments, cards, credit transfer (payment order) that allow to perform payments at any computer or mobile device.

At the same time, in order to prevent the COVID-19 spread, the National Bank took greater measures of protection in accordance with the recommendations of the World Health Organization and the Extraordinary National Commission for Public Health. The critical operational processes and the institution's activity continuity will be ensured during this period. It was also launched the remote activity

process for more categories of employees.

The National Bank of Moldova, licensed banks and non-bank payment service providers continue their activity, providing all financial services. At the same time, more licensed banks announced short or modified working program for customer services.

Additional information may be requested by telephone or e-mail of the licensed banks. Contact details here [4].

The National Bank of Moldova encourages the use of cashless payment methods

The National Bank of Moldova (NBM) encourages the citizens to use cashless payment methods, such as internet applications and mobile payments, secure e-commerce payments and the cards for paying the goods and services in commercial points. These methods are more hygienic than the cash use and represent a good practice for preventing the spread of communicable diseases, including the COVID-19 virus.

The avoidance or limitation of the contact with money circulating hand to hand may have significant effects for health protection.

At the same time, the National Bank, as monetary authority, takes special measures for storage and processing of banknotes and coins received from circulation by isolating them for a period of minimum 14 days, before being put back into circulation, to limit the risk of spread of the new virus.

The National Bank of Moldova, licensed banks and non-bank payment service providers operate in normal regime, being ready to provide all financial services.

Tags
măsurile BNM în contextul COVID-19 [5]

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