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Effects of adopting the euro as the reference currency: Citizens and businesses saved approximately EUR 21.8 million in foreign exchange costs

On 1 January 2025, the National Bank of Moldova (NBM) adopted the euro as the reference currency [1] for determining the official exchange rate of the Moldovan leu. The data indicate positive effects on both foreign exchange costs and the management of international reserves. The decision led to an increase in the number of transactions conducted in euro, greater liquidity in the euro foreign exchange market, and narrower bid-ask spreads for the EUR/MDL exchange rate. Between January 2025 and June 2026, the average spread between the euro buying and selling rates declined, while the adjustment of the currency composition of reserves reduced the NBM's exposure to foreign exchange risk related to the reporting currency.

The euro replaced the US dollar as the reference currency on 1 January 2025. This methodological decision reflected changes in the economy of the Republic of Moldova, as the European Union is the country's main trading partner and the euro accounts for the largest share of foreign trade, remittances and domestic foreign exchange market operations. At the time the decision was adopted, more than 60% of trade transactions and approximately 70% of remittances were conducted in euro.

In practice, the change concerned the currency against which the official exchange rate of the Moldovan leu is calculated directly. Prior to 1 January 2025, this role was performed by the US dollar. The USD/MDL exchange rate was determined on the basis of spot purchases and sales of US dollars against Moldovan lei on the interbank and intrabank foreign exchange markets. The exchange rate of the leu against the euro and other currencies was then calculated using international cross-exchange rates.

The same mechanism is now applied directly to the EUR/MDL currency pair.

The change did not mean that the leu was fixed or anchored to the euro, nor did it alter the exchange rate regime, monetary policy or the money supply. The official exchange rate continues to reflect actual market transactions and the balance between foreign currency supply and demand. It is used for accounting and statistical purposes, while foreign exchange operations continue to be carried out at commercial rates set by banks and foreign exchange offices in accordance with market conditions.

Savings on euro transactions – EUR 21.8 million remained in the pockets of citizens and businesses

One of the effects observed following the adoption of the euro as the reference currency has been a reduction in the euro spread, namely the difference between the weighted average selling and buying rates applied by banks in transactions with their customers.

Between January 2025 and June 2026, the average spread on euro transactions in the intrabank foreign exchange market stood at 16 bani, compared with 21 bani in 2024. The spread therefore narrowed by 5 bani, representing a reduction of approximately 24%. By contrast, the average spread for the US dollar increased marginally by around 1 ban, partially offsetting the benefit arising from the narrower euro spread.

Based on the actual transaction volumes, this development corresponds to an estimated net reduction of approximately EUR 21.8 million in the implicit cost of foreign exchange borne by bank customers, including both individuals and businesses.

This estimate is for reference purposes only. The evolution of the spread is also influenced by international market volatility, liquidity levels, the structure of currency supply and demand, and competition among market participants.

Improved alignment of international reserves

The adoption of the euro as the reference currency was accompanied by a gradual adjustment in the currency composition of international reserves. Within the investment limits established under the strategic asset allocation framework, the NBM increased the share of euro-denominated assets in order to better align the reserves with the reporting currency and reduce foreign exchange risk.

As part of this process, the NBM sold USD 623.4 million on the international foreign exchange market at a weighted average exchange rate of USD 1.0456 per euro and purchased the equivalent of EUR 596.2 million. These operations were undertaken solely for the purpose of managing official reserve assets. They did not constitute interventions in the domestic foreign exchange market and had no direct impact on the supply or demand for euro or Moldovan lei in the local market.

By 30 June 2026, the EUR/USD exchange rate had reached 1.1426. At that rate, the USD 623.4 million would have been worth approximately EUR 545.6 million had it remained in the reserve structure. Compared with the EUR 596.2 million obtained through the conversion, this represents an estimated positive valuation difference of around EUR 50.6 million.

This difference is an ex post valuation effect, calculated against the hypothetical scenario in which the previous currency structure of the reserves had been maintained. Its value depends on movements in the EUR/USD exchange rate and may change in either direction.

Overall, the data for the period from January 2025 to June 2026 show that adopting the euro as the reference currency generated savings for those carrying out transactions in euro and resulted in a better alignment of the structure of international reserves with the foreign currency profile of the economy of the Republic of Moldova.

FAQ on establishing the reference currency for calculating the official exchange rate of the Moldovan leu [2]

Tag-uri
reference currency [3]
EUR [4]
EUR reference [5]
change of reference [6]
amendment of the exchange rate reference [7]
exchange rate calculation reference [8]
reference currency of the National Bank of Moldova [9]
reference currencies of the National Bank of Moldova [10]
EUR reference currency [11]

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[1] http://bnm.md/en/content/reference-currency-setting-official-exchange-rate-moldovan-leu-will-be-euro [2] http://bnm.md/en/content/faq-establishing-reference-currency-calculating-official-exchange-rate-moldovan-leu [3] http://bnm.md/ro/search?hashtags[0]=reference currency [4] http://bnm.md/ro/search?hashtags[0]=EUR [5] http://bnm.md/ro/search?hashtags[0]=EUR reference [6] http://bnm.md/ro/search?hashtags[0]=change of reference [7] http://bnm.md/ro/search?hashtags[0]=amendment of the exchange rate reference [8] http://bnm.md/ro/search?hashtags[0]=exchange rate calculation reference [9] http://bnm.md/ro/search?hashtags[0]=reference currency of the National Bank of Moldova [10] http://bnm.md/ro/search?hashtags[0]=reference currencies of the National Bank of Moldova [11] http://bnm.md/ro/search?hashtags[0]=EUR reference currency