

Annual report 2017

2018-04-27

Chairman's message

Dear reader,

This annual report of the Central Bank of the Republic of Armenia provides an overview of the main developments of the Bank's activity for 2017, namely the results of the policy carried out to maintain price and financial stability. In a low inflation environment in 2017, the Bank continued implementing a contractionary monetary policy. The refinancing rate fell to 6.0 percent and remained at that level until the end of the year. A low policy rate of the Bank continued to be reflected in interest rates of government bonds, dram deposits and loans, bolstering the growth of domestic demand. As a result, domestic demand expanded and inflation amounted to 2.6 percent at the end of the year, staying within the confidence band. Rebounding economic activity, steadier expectations of income from the external sector and expansionary monetary policy have all contributed to the strengthening of the financial system, including the extent and scope of financial intermediation.

The banking system has secured a significant increase in all key indicators. Credit organizations, insurance companies and other financial system participants too have ended the year with the growth of main financial ratios. Accelerated growth of assets in mandatory funded pension schemes during the year is worth mentioning. In view of highlighting the importance of financial stability, the Bank continued efforts in improving its regulatory and supervisory functions. Changes in the regulatory framework were mainly aimed at bringing it into line with the new Constitution of the Republic of Armenia, as well as internalizing best international standards.

In the context of financial stability, activities in the regulation and supervision framework contributed to the enhancement of the financial system's stability as the macroeconomic situation improved. The banking system continued to offer sufficient capital adequacy and high liquidity standards. Improved quality of loan portfolio has positively affected the total capital adequacy of banks.

The "Financial Education in Schools" program, which has been developed in cooperation with the Armenian Ministry of Education and Science and is now in a testing phase, is

aimed at ensuring necessary conditions for the protection of consumers' rights and legitimate interests in the financial system.

Improving the professional qualities and competences of the employees remains a priority for the Bank in achieving its objectives. To make sure the staff benefits lifelong education, the Bank has been expanding cooperation with international organizations as well as with central banks and prestigious training centers in different countries.

[Annual report 2017](#)

Chairman
ARTHUR JAVADYAN