

Financial System of Armenia. Development, Regulation, Supervision 2017

2018-07-03

Introduction

The financial system expanded the volume and scope of financial intermediation in 2017 in light of emerging trends of economic recovery and external sector income stabilization. The financial system intermediation indicators - the asset-to-GDP and the loan-to-GDP ratios - were 89.1% and 49.8%, respectively.

The largest player within the financial system - the banking system - achieved significant growth in the key balance sheet indicators. The aggregate indicators of credit organizations, insurance companies, and other players within the financial system, too, grew steadily. By contrast, accumulations in mandatory pension funds grew more rapidly.

Capital adequacy and liquidity - both indicators of banking system stability—remain above the required prudential minimums. At yearend 2017, total capital adequacy was 18.6%, while total and current liquidity prudential ratios were 32.1% and 141.7%, respectively.

In line with its financial system stability objective, the Central Bank continued efforts aimed at improving regulation and supervision. The regulatory framework amendments were driven mostly by needs of harmonization with the new Constitution and international best practices. In view of the importance attached to protecting consumer rights and lawful interests in the financial system, the Central Bank implemented a number of measures to improve the financial literacy of various target groups in society, as well as to regulate and to supervise the conduct of financial institutions.

[Financial System of Armenia. Development, Regulation, Supervision 2017](#)