Published on (https://www.bnm.md)

02.01.2024

Information regarding NBM

Legal Status of the National Bank of Moldova

The National Bank of Moldova is the central bank of the Republic of Moldova, is an autonomous public legal entity and is responsible to the Parliament.

The National Bank is not subject to registration in the State Register of companies and in the State Register of organizations. The National Bank may establish branches and representative offices within the state and abroad, where it deems necessary.

The primary objective of the National Bank shall be to ensure and maintain the price stability. Without prejudice to the primary objective, the National Bank shall aim at ensuring the stability and viability of the banking system and shall support the general economic policy of the state.

As a central bank, it directs its efforts toward achieving its strategic objectives, aligned with its core areas of activity. These areas include monetary policy, the supervision of financial institutions, currency issuance, and the payment system.

Basic tasks of the National Bank of Moldova

- establishes and implements the state monetary and foreign exchange policy;
- acts as banker and agent of the state;
- conducts economic and monetary analyses and based on them, to submit proposals to the Government, to publish the results of the analyses;
- licenses, regulates and supervises the activity of banks;
- provides credits to banks including liquidity assistance in emergency situations;
- constitutes, regulates, licenses, authorizes, manages, and supervises financial market infrastructures, payment systems, arrangements and instruments;
- acts as the sole issuer of the national currency;
- establishes the exchange rate regime of the national currency;
- holds and manages foreign exchange reserves of the state;
- undertakes, in the name of the Republic of Moldova, obligations and performs transactions resulting from the participation of the Republic of Moldova in the activity of international public institutions in the banking, credit and monetary areas pursuant to conditions of international agreements;
- elaborates the balance of payments, international investment position and the statistics of the external debt of the Republic of Moldova;
- performs foreign exchange regulation on the territory of the Republic of Moldova;
- licenses, regulates and supervises the activity of providing payment services and the issuance of electronic currency;
- acts as a resolution authority for the banks;
- licenses/authorizes/issues the state registration permit, regulates and supervises the activity of insurers, reinsurers and insurance and/or reinsurance intermediaries, the National Bureau of Motor Insurers of the Republic of Moldova, savings and loan associations, credit history bureaus and non-bank financial institutions;
- acts as a supervisory authority for reporting entities, in accordance with Law No. 308/2017 on the prevention and combating of money laundering and terrorism financing;
- develops and implements macroprudential policy in relation to entities supervised by the National

Bank;
- develops and implements policy documents regarding financial education and inclusion in areas where the National Bank has responsibilities.

The National Bank and its governing body members are independent in exercising the powers established by this law and do not request or accept instructions from public authorities or any other third party. Public authorities, as well as any other third parties, shall not attempt to influence the members of the National Bank's governing body in the performance of their duties.

Prohibited activities of the National Bank

In accordance with art. 71 of the Law on the NBM, with the exceptions of the cases provided by its law, **the National Bank shall not**:

- grant any financial assistance, whether in the form of a direct or indirect loan, or by purchasing a loan, participation to a loan or the use of any instrument that has as result any liabilities, the assumption of a debt or in any other similar actions;
- practice commercial activities, like purchasing shares of commercial companies, including the shares of banks, the acquisition of any ownership right of a financial commercial, agricultural, industrial nature.

By way of derogation from the above provisions, the National Bank may:

- make investments in amount of maximum 20 per cent from its capital and reserves in the institutions that have committed to offer only to the National Bank and to other banks financial services with regard to evaluation, administration and storage of collateral, processing and submission of data, printing financial instruments, clearing operations, courier services and property sale;
- to purchase for the purpose of covering the amounts owed to it, any goods, and exercise the rights and obligations related to these goods, under the condition to relieve itself of all these goods as soon as possible;
- grant credit to any of its employees on the basis of the regulation approved by the Supervisory Board;
- constitute and hold up to 100%, but not less than 76% of the share capital of the Single Central Securities Depositary;
- exercise rights and obligations concerning movable and immovable assets held, including conducting, in accordance with the applicable regulatory framework, activities such as construction, reconstruction, restoration, modernization, consolidation, extension, or partial demolition of immovable properties in the public or private domain;
- to collect payments and commissions in accordance with this law.

The legality control of the NBM acts

- The acts issued by the National Bank are subject to review of legality by the administrative courts, in accordance with the procedure established by the Administrative Code, only to the extent they do not conflict with the provisions set forth in Law No. 548/1995 on the National Bank of Moldova;
- The acts issued by the National Bank are not subject to review of their appropriateness;
- The acts of the National Bank of Moldova can be contested with the Executive Board of the National Bank of Moldova, by submitting a preliminary appeal within 30 days from the day of notification. The 30-day term does not cover normative acts;
- The acts issued by the National Bank in the field of monetary and foreign exchange policy, including the safeguard measures, may be challenged only with regard to their adoption procedure;
- In administrative lawsuits regarding the administrative acts of the National Bank, the court, as a basis for its own assessment, uses the qualitative and quantitative assessments of the factual situations made by the National Bank, except in cases where the court finds an obvious error likely to lead to a solution diametrically opposed to the solution provided in the contested act;
- Until the final decision of the administrative court, the execution of the acts of the National Bank

relating to monetary and exchange-rate policy, including safeguard measures or financial stabilisation measures, the acts of the National Bank regarding the application of resolution instruments, the establishment of the recovery, remediation, special and/or provisional administration of the institutions supervised by the National Bank, the suspension or withdrawal of licences, authorisations, permits, approvals or confirmations granted to entities supervised by the National Bank, the suspension of activities or removal from the register of the institutions supervised by the National Bank, the initiation of the forced winding-up procedures for banks or insurance or reinsurance companies, the acts of the National Bank adopted in the process of assessing and supervising the quality of shareholders/associates and persons in managerial positions in entities supervised by the National Bank, as well as the acts and measures implemented by the National Bank, the special administrator or the liquidator during the winding-up of the bank, the insurance or reinsurance undertaking or during the forced windingup of the bank, the insurance, or reinsurance undertaking, cannot be suspended.

National Currency

The monetary unit of the Republic of Moldova is the Moldovan Leu, which is the only legal tender on the territory of the Republic of Moldova. The National Bank has the exclusive right to put into /withdraw from circulation bank notes and metal coins of Moldovan Lei.

Monetary policy

The National Bank of Moldova establishes and implements the monetary and foreign exchange policies.

Following the approval of Law no. 191-XVI of 30.06.2006 on the modification of Law no. 548-XIII of 21.07.1995 on the National Bank of Moldova, the fundamental objective is the maintenance and the ensuring of prices stability.

At the same time, without prejudice to its fundamental objective, the National Bank promotes and maintains a financial system based on market principles and supports the general economy policy of the Government.

In order to achieve its fundamental objective, the National Bank of Moldova uses a wide range of available indirect instruments of monetary and foreign exchange policy, including: SS selling-buying operations and reverse REPO agreements; Lombard facilities, required reserves; NBM base rates, issuance of the National Bank Certificates, deposits acceptance from banks and others.

Foreign exchange policy

The National Bank of Moldova maintains a floating exchange rate regime and sets out the official exchange rate of Moldovan leu as against US$ based on exchange rates leading in the domestic foreign exchange market.

In this context, the National Bank of Moldova shall be entitled to conduct foreign exchange interventions with a view to recessing the excess fluctuations of the official exchange rate and to building up the international foreign exchange reserves. Direct interventions in the domestic foreign exchange market, including forward transactions, as well as swap reversible foreign exchange operations are used as foreign exchange policy instruments.

Within the framework of foreign exchange policy implementation the National Bank of Moldova endeavors to maintain the international reserves at an acceptable level for covering three months or so of imports and promotes a prudent foreign exchange policy, consistent with the fundamental objective of ensuring and maintaining the price stability along with the placement of the state's international reserves into investment instruments complying with the security and liquidity criteria.

Balance of payments

Starting with 1992 the Republic of Moldova has become a member of the International Monetary Fund (IMF), assuming the obligation to systematically submit to IMF the information on the national economy dynamics, among which external sector-related statistical documents.

Based on the Law on the National Bank of Moldova, the NBM Balance of Payments Division works out the Balance of Payments, which is a macroeconomic account reflecting systematically the resident-nonresident transactions for a certain period of time. The statistical document International Investment Position – an instrument of financial assets and liabilities evaluation versus foreign partners at period-end is worked out in relation with the Balance of Payments. The Balance of Payments Division of the National Bank is also responsible for the working out of the external Debt statistics of the country.

The methodology of compiling the Balance of Payments of Moldova is based on methodological norms set out in the 5th edition of the IMF Manual and is under on-going development according to the economic dynamics. The main methodology principle – double-entry – ensures the registration of the information on international transactions on those two balance accounts, current account and capital and financial account, enabling the analysis of economic events through both the real and financial sectors statistics.

The Balance of Payments and the International Investment Position are statistical documents that reflect the evolution of the external sector of the national economy. They are worked out quarterly and yearly. The Balance of Payments is worked out as a general lay-out, by partner regions and countries (Ukraine, Romania, Russia, Germany, Belarus).

Annual budget of the NBM

In compliance with Art. 21 of Law on the National Bank of Moldova no. 548-XIII of 21 July 1995, all administrative expenditures and capital investments of the National Bank are provided in the expenditure estimate and, respectively, in the investment allocations, which are approved by the Supervisory Board in execution and are verified in accordance with the control and internal audit practices and procedures.

Public acquisitions

According to Art. 13 of Law no.96-XVI from April 13, 2007 on public acquisitions, the National Bank works out annually the plan of public acquisitions [1] (only in official language).

Communiqué on the use of the name of the National Bank of Moldova within fraudulent transactions

Following the recent inquiries concerning the use of the name of the National Bank of Moldova (NBM) in connection with the issuance of variously denominated financial instruments or offers of participation in certain financial schemes and “joint projects”, the National Bank of Moldova is warning that the NBM neither issues any obligations called “Bank Guarantees”, “Promissory Notes”, “Bills of Exchange” “Prime Bank Notes”, etc., nor negotiates the possibility of participating in the so-called “joint projects” with legal entities and/or individuals (except for those provided for according to the legislation). Moreover, the NBM does not guarantee any debentures or other financial instruments issued by any bank, financial institution, public or private entity or individual.

According to Article 71 (1) of the Law on the National Bank of Moldova no.548- XIII dated July 21, 1995, the granting of any financial assistance, whether in the form of a direct or indirect loan, or by purchasing a loan, a loan participation or utilization of any instrument of indebtedness, assumption of a debt or in any

other form, including the above-mentioned obligations, represent prohibited activities.

The National Bank of Moldova would like to emphasize that any of the so-called “Bank Guarantees”, “Promissory Notes”, “Bills of Exchange” “Prime Bank Notes”, etc. and other documents, such as contracts, debentures or other financial instruments using the name of the National Bank of Moldova are fraudulent documents and are regarded as illegal financial activity.

Tags

fundamental objective [2]

acquisitions [3]

fraudulent transactions [4]

banking sistem [5]

Source URL:
https://www.bnm.md/en/content/information-regarding-nbm

Related links:

[1] https://www.bnm.md/ro/content/planul-achizitiilor-publice-pentru-anul-2014-al-bancii-nationale [2] https://www.bnm.md/en/search?hashtags[0]=fundamental objective [3] https://www.bnm.md/en/search?hashtags[0]=acquisitions [4] https://www.bnm.md/en/search?hashtags[0]=fraudulent transactions [5] https://www.bnm.md/en/search?hashtags[0]=banking sistem