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Parliament passes Law on banking activity in final reading

The Parliament has passed today the Law on banking activity in final reading, which will modernize the regulation and supervision standards in the banking system.

According to the law, the National Bank of Moldova (the NBM) rights and duties in the banks' assessment and supervision process will be extended, as well the penalties applied to banks will be increased and diversified. At the same time, the law stipulates the improvement of the corporate governance framework in the banks and the requirement to have an adequate capital in relation to the risks they are exposed to. Also, the new law will allow the harmonization of the national banking legislation to the international standards and principles.

The law will develop a supervision instrument needed to prevent and minimize potential gaps in the banking activity at an early stage.

"The passage of the law marks the transition to the next step in the banking system reforming. Its implementation will require joint efforts of the banking sector and the National Bank. However, we believe that the application of international standards and the best practices in the field will ensure a considerable modernization of the banking system of the Republic of Moldova", says Cristina Harea, Deputy Governor of the NBM.

The document sets out the transition to the newest international principles in banking regulation adopted in 2010, known also as BASEL III. The draft law was elaborated with the support of experts from the central banks of Romania and the Netherlands, within the Twinning project, financed by the European Union.

The banks will have a period of 3 years, until 2020, to comply with all new rules. The document shall enter into force on 1st January 2018.

Information about the draft law and the Twinning project:

- draft law [1];
- Twinning Project [2].

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