CENTRAL BANKING

# Georgia's Gvenetadze on implementing an aggressive reform agenda

## The National Bank of Georgia governor speaks about efforts to improve monetary policy, financial infrastructure, financial literacy, transparency and ESG

Koba Gvenetadze, National Bank of Georgia

Photo: NBG



Christopher Jeffery
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**What were your main priorities when you took office in March 2016?**

I was not a newcomer when I joined – my first professional job, between 1993 to 1996, was with the National Bank of Georgia [NBG], so I was aware of how the central bank works and knew people here. When I took office, I first wanted to understand all the main issues I needed to deal with so I could define and prioritise my strategy over my seven-year term. Careful analysis at the start was important. I looked at the situation, read a lot of analytical information, met the staff and determined several directions I wanted to take.

First, was to improve the inflation-targeting framework, which the NBG had already adopted back in 2009. To do that, we had to further develop and strengthen the monetary policy tools. At the same time, the NBG was moving to Basel III and a priority was to finalise this move. There were lots of requirements, in terms of disclosures by financial institutions. At the same time, we were working hard on Pillar 3 requirements.

There were three other important areas to focus on. One was the revelation that the non-bank financial sector was growing, but, based on key indicators, was not going in what I thought was the right direction. Second was the need for better financial education and consumer protection. These two concepts are linked because your ability to successfully protect your rights only comes once you are financially educated. We had online lending with very high interest rates, and consumers were not fully aware of the risks they had been taking. The third element was the capital market development, which is crucial for the country. As we have a highly developed banking system in Georgia, the capital markets got overshadowed. Reform was absolutely necessary, but it takes time. Later, other things also emerged.

**Did your previous experiences at the International Monetary Fund or as a deputy finance minister specifically assist you in carrying out your duties at the NBG?**

My experience as deputy minister of finance and working with the IMF, especially for emerging countries, was really a big asset for me. My practical usage of economic tools capped with analytical tools were definitely of great help. My experience also helped with the new IMF-supported programme for Georgia, which is still ongoing and is being implemented quite successfully.

**The NBG has adopted inflation targeting with a broadly flexible exchange rate. Why did the central bank adopt such a mandate, and how well has it worked so far?**

The simple answer would be that when you see that monetary targeting does not work, you have to do something else. There was a time when I worked for the NBG in the early '90s when we looked at money aggregates and their relation with inflation, and

> **"When you see that monetary targeting does not work, you have to do something else**

**Koba Gvenetadze**

we adjusted the money supply in a way to get the result that we wanted. However, once the economy grows and the financial system becomes sophisticated, then this relation does not hold.

Georgia is a small, open economy. We are not closely integrated with any economy with a stable monetary policy. Given that we want to have an active monetary policy, inflation targeting was the best option. In addition, as time shows, more and more countries have adopted inflation targeting. If we apply the constraints of the impossible trilemma – we want to have capital mobility and to have active monetary policy, which means that by default we have to have a floating exchange rate – it is optimal for a small, open economy.

Inflation targeting has worked quite well for the NBG. Of course, we are still in the process of developing some tools. Nevertheless, if you look at the statistics, for example, for the period of 2000–08, average inflation was about 6.8% in Georgia. After adopting the inflation-targeting regime in Georgia, starting in 2009, average inflation is down to 3.7%. We needed to build up our institutional and intellectual capacity, but this definitely is a good option for Georgia.

**The inflation target currently is 3%. It appears you had inflation expectations reasonably well anchored in 2018/2019, but then inflation jumped up significantly. What were the reasons for the relatively large rise in inflation?**

Yes, inflation was quite well anchored. Unfortunately, the Georgian economy has been hit by two distinct shocks. One was in the summer of 2019, when Russia introduced an air-travel ban, which had a quite negative impact, since tourism revenues from Russia represented a significant part of overall tourism sector revenues. This put upward pressure on the exchange rate, leading to a spillover effect on inflation because we had a nominal effective depreciation of the Georgian currency. We tightened monetary policy, and in about two months, inflation started go down and the exchange rate stabilised. Based upon our projections, we would have been back to target sometime in September this year. Unfortunately, the second shock - the current Covid-19 pandemic – hit us in March 2020. So, while were still recovering from the external shocks of 2019, we were hit by a shock to both the Georgian and the global economy. Our floating exchange rate depreciated, but at the same time, as in many countries, aggregate demand slowed as well. We expect the real economy to drop by about 5% this year. These two elements put pressure on inflation in different directions, but we think that the effect coming from weak aggregate demand will be stronger, bringing inflation down to its target level.

National Bank of Georgia

**Is that why you felt you could cut rates this year, because of the reduction in aggregate demand?**

Exactly. We tightened monetary policy after the summer of 2019 shock, and were ready to start easing monetary policy, but then we had this shock that caused the decline in the demand, and this enabled us very gradually to reduce our refinancing rate. Our approach has worked quite well. The statistics office in Georgia (Geostat) announced September inflation at 3.8%. Therefore, inflation is falling in line with the way we have projected it, and, all other things being equal, we could be back to our inflation target by the beginning of next year.

**Is the priority to get back to target, rather than glide in a little more slowly?**

Yes, because for some time already we have had higher-than-target inflation. Economists like inflation targeting because it is a live process that allows you to account for the latest developments. In 2017, for example, due to a one-off increase in excise rates, inflation increased and we accommodated that and did not take action because we knew that it was just a one-time event, and sure enough, the inflation fell to close-to-target level after one year. This time, due to the summer events of last year, higher-than-target inflation was a bit prolonged and it could have become entrenched into expectations – and truly efficient targeting is about managing inflation expectations. That is why we need to be very careful and bring inflation close to its target level. This approach will be more helpful in the future to recover growth and return to the high growth rates that we had before Covid-19.

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**Somewhat unusually for the central bank of an emerging economy, the NBG publishes its monetary policy rate forecasts. What are the pros and cons of this approach? How, specifically, have policy rate forecasts helped the transmission of monetary policy to the economy and reduced interest rate risks?**

One of the plans I had back in 2016 was for the NBG to increase and improve communication, which is a core part of inflation targeting. We had been projecting a forward-looking monetary policy rate, and noted that several countries had started publishing such a rate in public. Some viewed the risk of the publication of forecasts as tying the hands of the central bank, but it doesn't, because it is conditional: you publish it, but if the circumstances change you may change it later; the most important aspect is that you need to explain why did you it. For example, there might be positive or negative shocks. As you show the forward-looking interest rate, it gives interested parties a more complete picture of your monetary policy thinking. It makes policy more predictable, but it had to come hand in hand with greater communication. So, we also started having my briefings after monetary policy meetings – out of eight monetary policy meetings, four are followed by my briefing that runs without a time limit. This was received quite well, and very soon we saw a fall of 1.5–2.0 percentage points in the interest rate, which means that the public started trusting our monetary policy more than before, and this predictability helped to improve the positive impact.

**The NBG has also expanded its tools for monetary operations. What were the biggest changes, and how is this changing the effectiveness of monetary policy?**

Photo: NBG

The development of inflation targeting and ensuring the transmission mechanism is working is multidimensional. We have worked hard to improve our monetary framework and develop new instruments so we could address many arising challenges, positive or negative. We needed to make sure that we have enough instruments in our hands. We introduced one-month open-market operations back in 2017. As our banking sector is operating under structural liquidity deficit conditions, their introduction made sure that we provided the market with sufficient liquidity. The market took it very well, and interbank interest rates became closer to the monetary policy rate. We also had discussions with technical teams from the International Monetary Fund and an adviser, to help with fine-tuning. Deposit auctions by the ministry of finance serve the same purpose as they provide liquidity to the banking system. With the right pricing, this helps to have a liquid system, avoid any liquidity risks and reduce liquidity management related cost by the financial sector. Currently, in response to Covid-19 we started temporary foreign exchange swaps with commercial banks using foreign exchange as collateral. We also made liquidity available for micro-finance institutions, and we introduced the liquidity supply instrument that supports lending to SMEs [small and medium-sized enterprises].

**What is the National Bank of Georgia's overall experience dealing with the lockdown and economic fallout from the Covid-19 pandemic? Has the lockdown hit the government's fiscal position, and what implications does this have for the NBG?**

Georgia was well prepared for the shock because macroeconomic stability is overarching. We have been under an active IMF-supported programme, the Extended Fund Facility, which was approved back in 2017. Furthermore, in November last year, instead of ending the programme in April 2020, we extended it by an additional year – because 2020 is an election year, when it is easy to lose shape. It means we met Covid with a very well-run economy in terms of macroeconomic stability, good fiscal buffers, and good liquidity and capital levels in the banking system – although the shock was very big and almost instant. The preparation meant the ministry of finance could quickly seek IMF support, with Georgia being the first country to receive augmented assistance under the programme. This helped the government to provide social assistance for those that have lost their jobs as well as to finance medical expenses.

Photo: NBG

Although the country needed assistance, our banking system was very well prepared in terms of capital and liquidity buffers. This allowed us to release part of the capital requirements for commercial banks as well as request them to make loan-loss provisions, not yet based on asset analysis, but based on stress tests to determine the amount that could be lost by the banking system. Even with this loss provisioning equal to 3% of total bank portfolios, the banking system remains well capitalised and without any liquidity problems, which enables commercial banks and the financial system to extend loans and to finance economic activities. The same was true of microfinance institutions. We maintain a constant dialogue with commercial banks and microfinance institution to discuss their needs. The focus is on liquidity, liquidity and liquidity. Of course, some indicators will deteriorate. The current account deficit will be much higher this year, versus the historically low deficit last year. But I think we'll be able to recover from this crisis and get back to where we were in a year or two.

**How would you assess the outcomes so far from your de-dollarisation policy in the monetary and financial system? How has Covid-19 affected your plans?**

Dollarisation in Georgia emerged following the breakup of the Soviet Union. Georgia and Moldova had almost the same level of hyperinflation, the highest among the 15 former Soviet republics. Georgia suffered a severe depreciation of its currency. We implemented de-dollarisation policies in as market-friendly a way as possible. We looked at the experiences of other countries, such as Chile, Israel, Peru and Poland, and discussed our plans with the ministry of finance, the government and International Monetary Fund experts. We learned that pushing for a rapid de-dollarisation is not the right approach, and instead we have a horizon of five to 12 years. Over the last four years, loan and deposit dollarisation have declined by more than 10 percentage points, which is something I would not have thought we could have achieved. But de-dollarisation slowed down and reversed last year after the summer events, as I mentioned. But the situation improved, and dollar use started to decline again. This year, we have had the same situation, it has started to reverse a bit, but now we see a decline in dollar use again. The key is having the correct macro-stability policies, which we have used in many ways. De-dollarisation will continue, but we need to be patient.

L to R: Koba Gvenetadze and Christine Lagarde in 2019



**You have a policy to smooth FX rates, but the central bank has spent more than $500 million defending the value of the lari, which has still fallen by close to 20% this year. Are the interventions worth the effort?**

Yes, they definitely are. We have a floating exchange rate, but occasionally we do intervene in the foreign exchange market. These interventions are of a different kind at different times. The foreign exchange reserves of the National Bank of Georgia were not adequate in terms of the ARA [assessing reserve adequacy] metrics developed by the IMF, so our policy was to make sure that we reached the minimum acceptable level of ARA metrics. Therefore, we have been accumulating reserves: on average, we have been buying about $180 million for the last three years. This enabled us to have a buffer to use during this unprecedented time with the Covid-19 crisis. Now, we are selling, but it is not to halt the depreciation of the currency, which is grounded by changes in economic fundamentals, but to prevent short-term excessive foreign exchange volatility, which eventually leads to higher inflation expectations. This period is very different. Tourism – a main generator of foreign exchange in Georgia – does not exist. Therefore, for this period of time, we have accommodated our monetary policy, mobilised financial assistance for the country – I mentioned the IMF, but there is also the World Bank, Asian Development Bank and other institutions and donors

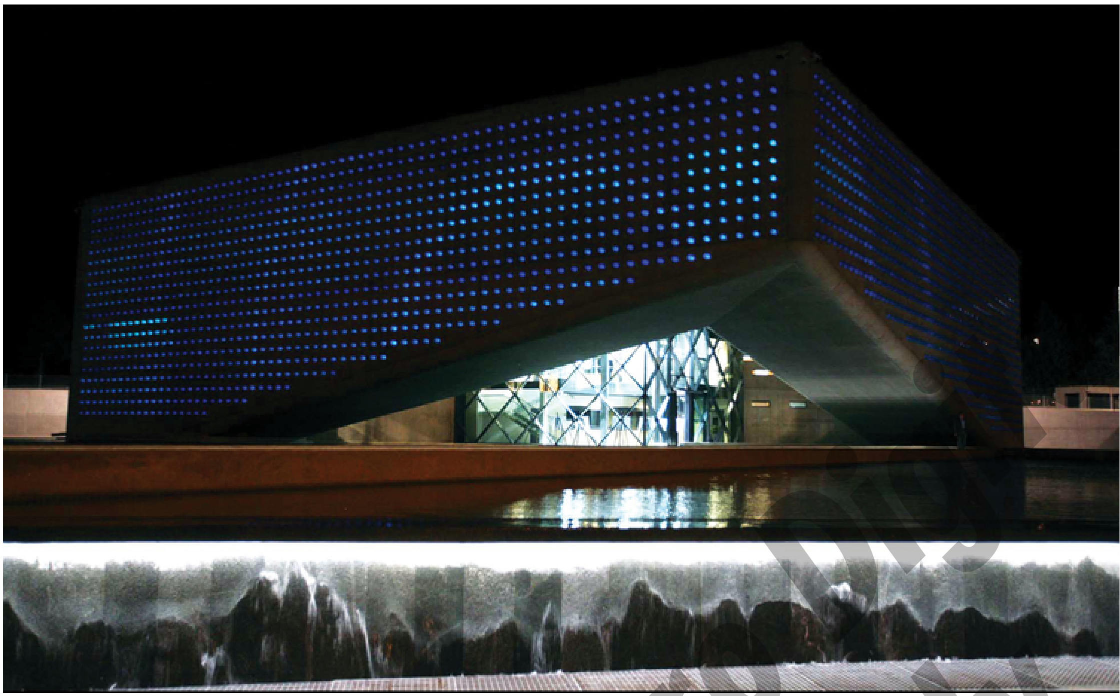
– to deal with this difficult period. To address this unprecedented shock for Georgia and the global economy, we are using the buffers that have been accumulated.

**Are you still intervening in the FX market?**

Yes, we are.

**How have efforts to shore up the NBG's FX reserves been going? The NBG is perhaps the first central bank on the World Bank's Ramp (Reserve Advisory & Management Partnership) programme to use options in reserve management. What has your experience been like?**

Ramp was very useful for us, and allowed the NBG to build best practices in the management of foreign exchange reserves. We are managing our foreign exchange based on three principles: safety, liquidity and return. We have always held part of reserves in liquid form. But given the falling returns on the majority of asset classes, the NBG's focus has also been on increasing profitability. That is why we have invested quite a lot in options. The preparation was quite long in terms of training our staff, and we started introducing exchange-traded options back in 2017. Before this, we had some experience with other classes of assets such as Treasury inflation-protected securities, floating rate notes that we used for yield enhancement purposes. Trading options became possible, as the NBG has developed tools for pre and post trade analysis and reporting featuring state of the art quantitative models. Our experience, so far, has been quite successful. Options facilitated better understanding of yield curve movements and improved portfolio managers overall performance. Options brought extra motivation to the team, as they invested in elaborate investment strategies without committing sizable portion of reserves – an ideal solution for a central bank without large excess reserve holdings.



National Bank of Georgia Cash Center

**Did you see physical currency usage change much during Covid-19, in terms of any shift between lari and hard currencies, electronic versus cash retail lari payments and/or evidence of cash hoarding?**

At the beginning of the Covid-19 pandemic, we saw some increase in demand for cash. This was related to a fear that something bad might happen and people may have needed to have some cash. However, as they saw that the financial system continued to work without any problem – yes, there were some medical safety rules introduced – but banks, microfinance institutions and the payments system continued to work without any interruption. Then we saw a decline in the demand of the cash and an increase in electronic payments.

**What were the main operational challenges presented by remote working due to Covid-19 lockdowns, including having sufficient IT capabilities and long-term remote access? How did you overcome them?**

Covid definitely brought challenges, but we were ready for them. Firstly, we have been continuously developing our IT systems and capability. At the same time, as a responsible institution, we have a BCP [business continuation plan], risk continuation plan and run many simulations, which imply no electricity, no internet and other shocks. All this means we were quite prepared. Covid did create different challenges. We have had experience and practice of working from home, but not for the whole institution. It was a test of whether the system would be able to withstand such a big usage of remote access and communication. We provided our staff with laptops, but also addressed cybersecurity risks to ensure there was no hijacking of information or eavesdropping by uninvited parties. We had to have all the ring-fences to ensure our work was not jeopardised or interrupted. We also continued to provide support as a regulator to the payments and financial system. As of now, about 40% of our staff are working in our offices. We are watching the situation very carefully, and even if it is not possible for anyone to come to the NBG, we can continue working without any interruption.

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**What was the reasoning behind the creation of a macro-financial and macro-prudential analysis department? The NBG has started using a macro-financial model, incorporating interlinkages between the real economy and the financial system to analyse financial and macroeconomic risks scenarios, conducting macro-stress tests, and providing analytical support for macro-prudential policy. Has this had any tangible impact on decision-making?**

The creation of the financial stability department was also one of the first ideas I had when I started to work at the NBG. This was related to my experience working as an IMF economist in emerging countries, especially after the 2008 crisis. The discussion was whether a central bank's mandate should not only be about price stability, but financial stability as well. Our main mandate is for price stability, but we are also responsible for financial stability and the transparency of the financial system. Given the macro-linkages with the real economy became very distinct after the 2008 crisis, I felt it was necessary to focus on this area.

In fact, the NBG had issued a financial stability report before, but it was halted in 2012. So, I thought about what constitutes a good financial stability report. The best ones are forward-looking: they analyse the risks that may come in the future, rather than just analysing what happened in the past – although this is also very important. Using this as a basis, we asked for technical assistance from the IMF and created a department. The training and development of our model was part of the technical assistance, and our staff participated in seminars and training. Last year, for the first time since 2012, we produced a financial stability report. It is very informative, and includes good analysis, and it is already on the website and **translated in English**.

The model we have been developing belongs to a family of integrated policy frameworks, which are the most recent advancements in policy models worldwide. It is not completely finished, but provides us with enough information and analysis to assess the risks: whether it is related to real estate, tourism or consumer lending. These models are always a work in progress. We have been able to provide macro scenarios for IFRS 9 [International Financial Reporting Standard 9] purposes, and for loan-loss provisioning for commercial banks, which we are publishing every quarter now. The framework also provides enough necessary information to make decisions regarding macro-prudential regulations and other decisions taken at our quarterly financial stability committee meetings, two of which are followed by a briefing by me to support increased transparency and communication.

**Has there been a need to introduce national rules that are different to Basel III and/or IFRS 9 because of Covid-19 challenges, or is there enough flexibility within the frameworks?**

It is not a question of breaking the rules. If the system has accumulated enough capital and liquidity buffers, then it is a matter of relaxing them for a certain period of time. This is what many countries have done. I do not think that there is a need to 'reinvent the bicycle'. However, we did develop some temporary rules for supervision, which were introduced due to this specific situation. An example is related to restructuring, where we had to provide a definition to commercial banks and microfinance institutions on how we assessed the asset quality for this period. Our commercial bank and microfinance institutions provided three months of relief on payments and then another three months for those that needed it – something that was important for those who temporarily lost jobs. This temporary supervision plan enabled banks to use capital and liquidity buffers during this financial stress. We are still under Basel III. But during this extraordinary time, we have made some temporary releases, and we'll be rebuilding them once the crisis is over.

Koba Gvenetadze in the Georgian parliament



**Getting credit to SMEs has been a major challenge around the world. How much success have you had at trying to bolster SME financing during the crisis?**

We were focused on SMEs even before the Covid-19 crisis. Consumer lending facilitated by fintech had really taken off and squeezed the availability of resources to SMEs, which are a very important part of the economy and create a lot of jobs. Therefore, two years ago, we introduced responsible finance principles, which resulted in an improvement in SME lending. The SMEs themselves also had to make sure they were transparent and accountable to get more financing. During Covid-19, we introduced new SME liquidity support instruments for commercial banks and microfinance institutions to eliminate liquidity-related risks. The government revived its credit guarantee scheme - the budgeted amount was increased and requirements to secure the guarantee were adjusted to facilitate lending. Some other packages were also approved by the government, for example: postponing liability, property and social taxes; subsidising interest expense on bank loans; providing guarantees to banks for buying residential properties from developers at discount prices for refugees to support construction-sector SMEs in this difficult time. We have seen an improvement in SME lending, and, if things continue along their current trend, we will see positive growth for SME financing by the end of the year.

**To reduce FX risks in the household sector, the authorities made lari pricing mandatory and banned foreign currency lending for all loans smaller than GEL100,000 ($31,000), as well as introducing liquidity coverage ratios with preferential treatment for lari-denominated liabilities. Against a backdrop of the currency losing one-fifth of its value this year, has the effort been successful?**

This effort has been very successful. A big exchange rate shock is exactly the time when those borrowing in foreign exchange, whose revenues were in domestic currency, would suffer. The actions we took with the government were very timely and have helped to avoid stress in the financial system and the broader economy. Our overarching goal was to maintain financial stability in the country, with the de-dollarisation measures a part of this. The minimum threshold for borrowing in foreign currency was established at 100,000 lari, and then increased to 200,000 lari, which is a significant amount, and is only available to relatively high-income individuals. We also implemented loan-to-value ratios, maximum term limits, etc. Capital requirements for unhedged foreign exchange exposures are also more strict.

The NBG's financial education strategy has seen Gvenetadze delivering lectures at primary and secondary schools

**What changes have been made from the National Bank of Georgia having oversight of credit bureaus and non-bank lending companies?**

Once we started to address the issue of responsible lending in the country, it was necessary to secure sound information on borrowers. We have had credit bureaus that were functioning without regulation before, but in September 2018, the World Bank assisted us in developing our regulatory framework and the NBG became the regulator for the credit bureaus. When we analysed the data collected by the credit bureaus, we found quite a few irregularities related to its quality, consistency and timeliness. A lot had to be done to standardise credit bureau data and facilitate sound lending decisions. The changes have enabled more borrowers to borrow. This is the area we will continue to improve.

**How have you been developing a responsible lending framework, protecting consumers and improving financial literacy?**

We just launched a site called **FinEdu**, which I also shared on my Facebook page, and has been in development for more than one year. Financial education is very important, and, when I analysed the structure of the NBG when I assumed my position back in 2016, I thought this area was not sufficiently addressed. Consumer protection was under banking supervision, so I removed it from there and created the Department of Consumer Protection and Financial Education, which is under my supervision now. With the help of the EFSE DF [European Fund for Southeast Europe Development Facility], based on an OECD [Organisation for Economic Co-operation and Development] methodology, we conducted a survey of financial education in Georgia, and based on the findings developed a financial education strategy for the country. It has many stakeholders, but we are driving this effort because, without appropriate levels of education, people and companies will always be vulnerable to make ill-informed financial decisions.

> **We have introduced financial literacy topics in the nation's school curriculum for grades seven through to nine**
>
> **Koba Gvenetadze**

The ministry of education helped us a lot in developing this programme, and we have introduced financial literacy topics in the nation's school curriculum for grades seven through to nine. I have also delivered some lectures for primary and secondary school students. We introduced quite a lot of consumer protection rules in line with European Union legislation – Georgia has responsibilities under an association agreement with the EU, so we are implementing this. These consumer protection laws are also helping consumers to feel safer and much more educated when making important decisions such as buying a property, getting a loan for education or securing consumer or business loans. As time goes on, this new generation of students will benefit from learning about budgeting, compound and effective interest rates, etc, and will make much better financial decisions.

**Georgia had a very active crypto asset market, with unregulated fintech firms contributing to overindebtedness in the low-income segment of the population. How has the central bank approached these activities from a supervision perspective**?

In 2018, the NBG prohibited PSPs [payment service providers] from acting as virtual asset service providers, and provided guidance to the supervised population to classify clients dealing with virtual currencies as high-risk and apply enhanced measures.

Despite the measures mentioned, currently, crypto assets are unregulated. But regulation of crypto asset is being considered as we speak in the context of anti-money laundering and counter-terrorism financing [AML CFT] issues. It is not finalised, but we expect the NBG will be seen as best suited to address regulation in this area due to AML concerns.


Photo: NBG

**The central bank has started work on a new instant payment system. How will this system facilitate competition within the banking and payments sector?**

As a part of our association agreement with the EU, we have an obligation to implement the Payment Services Directive 2 [PSD2]. Our RTGS [real-time gross settlement] system works quite well, although it does not work during holidays or after 7pm – something we need to change. Unfortunately, Covid-19 put the brakes on some of these efforts, as they require a lot of preparation and discussions with payment providers and commercial banks. I hope we will finish the implementation next year. This will create opportunities in the financial sector, including for non-bank PSPs to launch more innovative, flexible and cost-effective solutions for payments, which will facilitate competition in payments area.

**The National Bank of Georgia’s reform agenda has not always proven popular. What problems has this raised in terms of implementing policy? Have you tried to counter concerns via communication initiatives? If so, what specifically have you done?**

Central banks and their policies can be quite unpopular. That is one of the reasons for having an independent central bank – implementing policies that at times might be unpopular. This independence comes with the responsibility of being an open and transparent institution in a democratic society. Therefore, when potentially unpopular decisions come, such as keeping the flexibility of a floating exchange rate, the introduction of macro-prudential rules for the financial stability or the regulation of consumer lending or non-bank financial institutions, increasing the level of communication is very, very important. If you do not explain what you are doing and why you are doing it, then you may become even more unpopular.

However, with a very good explanation and a platform for discussion of that explanation, you, in fact, may become popular – because you can explain why the different steps have been taken. We are using communication to explain the benefits of the reforms. Take, for example, the tightening of monetary policy. In lari lending, which is very important for de-dollarisation, the interest rates offered by commercial banks and micro-financial institutions are linked to the monetary policy rate. If the rate rises, consumers will temporarily need to pay more and we need to explain why it was necessary for rates to rise and that they will not be high forever. There may be a time lag, but good communication pays off. Central banks should not be hesitant, as they should take the long-term view and explain that, in the long term, their actions support higher levels of sustainable growth.

**The NBG has established a ‘corporate governance code’ that promotes the integration of sustainability issues – such as environmental, social and governance (ESG) standards – within commercial banks’ long-term strategic development plans. Why did**

**you do this? Can you describe any tangible results so far? What are the possible next steps for NBG, when it comes to ESG?**

Sustainability issues are very important for the global economy. That is why issues like environmental, social and governance are essential for development in areas including the banking sector. That is why we have been working on a corporate governance code and joined the Network for Greening the Financial System. We incorporated ESG factors into our corporate governance because it ensures the financial sector will account for risks stemming from sustainability issues in the long term. Moreover, corporate governance assumes a mandatory publication and disclosure of ESG requirements. Next year will be the first year that the commercial banks need to publish how they comply with ESG requirements. This will make them more attractive to the external investment.

At the same time, we continue working on the development of the sustainable finance framework. Last year, we have published our road map, and are now in the process of implementing it, with the IFC [International Finance Corporation] helping us with this. We host an annual conference on sustainable finance principles – unfortunately, it could not take place this year, but I hope it will again next year, which will attract participants from many countries. Continuation of this reform will be very important in all directions, including financial and banking. We have to make sure that we are developing in a sustainable way.

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