



# **SEYCHELLES FORUM**

**CENTRAL BANK OF  
SEYCHELLES**

**MAY 18, 2009**

# TABLE OF CONTENTS

1. Main policy elements for the Central Bank
2. Results achieved thus far
3. Quantitative Performance Criteria Under the Stand-By Arrangement
4. Going Forward

## 2. MAIN POLICY ELEMENTS FOR THE CENTRAL BANK

- Adopt a flexible exchange rate regime, effective November 1, 2008
- Monetary policy framework is now based on reserve money targeting
  - Use of indirect instruments for liquidity management
  - Amendment to the Central Bank Law in April 2009, which puts price stability as the primary objective of monetary policy
- Improve the efficiency and operations of the financial sector by modernising the regulatory framework and strengthening the supervisory capacity

## 2. RESULTS ACHIEVED THUS FAR

- Results
  - Exchange rate regime liberalised with all restrictions in the foreign exchange market removed
  - Since the initial depreciation float, the exchange rate has stabilised
  - Reserve Money and External Reserves targets have been met
  - Approval of new Central Bank Act providing for price stability as primary objective
  - New regulatory norms for the financial system have been introduced
  - Significant decline in prices and interest rates from the peaks at the start of the reform program

### 3. Quantitative Performance Criteria Under the Stand-By Arrangement

	Dec 08		Mar 09		Jun 09
	Tar.	Act.	Tar.	Act.	Tar.
NIR (US\$ m)	19.0	41.2	20.0	76.2	51.9
Reserve Money (SR million)	1,151.0	1,119.9	1,146.0	1,051.0	1,266.0

# 4. GOING FORWARD

- Introduce Additional Monetary Instruments
- Continue institutional reforms
  - Amendment to the Financial Institutions Act
  - New Foreign Exchange Act
- Strengthen regulatory framework and financial supervision
- Enhance coordination between monetary and fiscal policies

Thank you!

*To view this Presentation visit*

[WWW.CBS.SC](http://WWW.CBS.SC)