
Armenian banks are well capitalized and profitable, EBRD report

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Armenian banks are well capitalized and profitable, but the financial sector lacks diversification, the EBRD report reads

Yerevan, February 25 /Mediamax/. The banking sector of Armenia is fully privatized and has undergone primary consolidation, which was followed by increase in mid-2005 of the requirements as to the sufficiency of the capital'.

Mediamax reports that this is stated in the report of the European Bank for Reconstruction and Development (EBRD) on the process of transition for 2007.

`In January of 2006, consolidation of the banking and non-banking control within the framework of the Central Bank of Armenia took place, and today such control covers 400 insurance companies, credit organizations, broker companies and exchange points.

This assisted the increase of prudential standards for non-banking financial mediators and led to revocation of a few licenses. In 2006, a system of insurance of deposits was implemented, and the banks passed on to the International standards of financial accounting.

On the whole, the banks are well capitalized, are liquid and profitable, and the quality of credit portfolios remains relatively high. At the same time, the financial sector lacks diversification, and the non-banking financial sector remains small.

The growth speeds for private crediting increased, especially concerning consumer and mortgage credits, however, the total share of the credit activity in the economy still makes less than 10% from the GDP', the report notes.
