
Armenian Commercial Banks Increase Capital

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YEREVAN, March 5. /ARKA/. The Armenian commercial banks have increased their capital by US \$120mln over the last few months, RA Prime Minister Tigran Sargsyan stated in his interview to the RA Public Television.

This means that bank owners have invested US \$120mln in their banks to secure depositors' funds by means of their own funds.

The commercial banks also managed to attract US \$250mln to ensure their own stability.

"At present the commercial banks have US \$700mln cash at their disposal, which enables them to serve their clients and economy. That is, the commercial banks are well prepared for serving the entire economic system, which was a necessity," T. Sargsyan said.

According to him, the preparation for a floating rate meant enhancing the commercial banks' potential.

CBA Board took into account the gradually worsening trade conditions amid the present global economic and financial crisis, as well as lower capital flow rates, and decided to restrict its interventions in the currency market thereby reverting to its floating exchange rate policy. CBA experts believe that the USD average exchange rate will be 360-380 AMD/\$1 this year.

"Over the last few months the Central Bank has repeatedly stated that our countries never abandoned the floating rate policy, but had just gave temporary preference to financial stability," T. Sargsyan said.

According to him, this preference was expressed in stability on financial markets.

The Premier explained that the stable exchange rate allowed the CBA to ensure stability of the financial system and gradually bring the economy to a floating rate regime.

"During a certain period the national currency showed steady revaluation against the US dollar. However, influenced by the global economic crisis, our economy found itself in a situation when devaluation was and transition were required," the Premier said.

T. Sargsyan said that the economy is like a living organism, which must be prepared for temperature changes.

"The Central Bank has been making statements and explaining its policy, which actually means preparations for this period. First of all, this means that the commercial banks were to enhance their potential, which was done," the Premier said.
