
Armenian Prime Minister Appeals To Bankers To Jointly Address Urgent Issues On The Basis Of Principles Of Public Private Partnership

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Armenian Prime Minister Serzh Sargsyan appealed to the Armenian bankers to jointly address economic issues of current importance. During the June 25 annual meeting of the Union of Banks of Armenia, the Prime Minister noted that the Armenian banking system has passed a hard way of establishment over the past 15 years, it is rapidly integrating into the international banking community and applying the best standards of the international banking practice. "We have passed a long way of reforms. Structures, which either failed to stand competition or broke the rules of the market discipline, had to leave the system. Today the banking system of the country is stable and the confidence in it is increasing with every passing day," S.Sargsyan said.

A growth of the banking system's indices outstripping GDP prove this, and, first and foremost, such factors as introduction of corporate management system, creation of banking infrastructure, establishment of such institutes as the Fund for banking deposits guarantee, National payment system, credit bureau, contributed to this. "However, a lot has still to be done. The indices of financial mediation are still low. The banks' aggregate provision of crediting do not exceed 10% of GDP, this means that the banks' participation in development of the country's economy is not yet at a satisfactory level. This is the reality that troubles us most of all. We should make credit funds available for wide layers of population, so as any citizen can have an opportunity to improve his or her living conditions by means of credits. The availability of credits would allow young people to study at educational institutions," S.Sargsyan said.

The Prime Minister noted that the Armenian government has worked out a program for economy development for the next 5 years. This program will be discussed at the National Assembly on June 26. The program reflects the tasks concerning the banking system as well. "In the program we suggest implementing the principles of public private partnership. In this case, it means that the government, the Central Bank and the Union of Banks will jointly work out and implement important economic programs. And the state is to create favorable conditions for the private sector and implement important projects on the basis of mutual understanding and respect," he pointed out.

S.Sargsyan formulated a number of urgent problems. First of all, we must make Armenia the financial center of the region. We have real prerequisites for so doing. The second problem is uneven banking development of the country. In Armenia banks are concentrated in Yerevan. As a result, the greater part of our population has no access to banking services.

"I think it is time for you to consider this problem. Perhaps, the CB should pick some regional city, for example, Dilijan, and make it a financial center. This will be a good stimulus for the whole region." The banking system must become the locomotive of the real sector development. "You should actively develop new technologies, introduce a wide range of financial services, particularly, asset security, leasing and business development support."

S.Sargsyan said that today most of reformers work in the Central Bank . "Our banking system must become a bright example of efficient real sector manager applying effective mechanisms of corporate and business process management, financial administration, etc.. One more problem is social policy: banks are public institutions and are responsible for social problems. However, you must not confuse charity with social programs."

In conclusion, S.Sargsyan said that banker's word is generally regarded as a word of honor and expressed hope that the same is true for Armenian bankers.

"We have a long way to go and the Government is ready for a constructive dialogue. So, I urge you to thoroughly consider the above proposals and to draw relevant conclusions," Sargsyan said.
