
Banking System Of Armenia Is One Of Most Developed Spheres Of Country s Economy

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The banking system of Armenia is one of the most developed spheres of the country's economy, Chairman of the Union of Banks of Armenia Stepan Gishyan said today at the annual meeting of the Union.

He said that the average annual growth of Armenia's banking system makes up 20-24%, while the country's economic growth makes up 10-12%. Nevertheless, he said, the level of penetration of the banking system into the country's economy is still low. "If the specific weight of the total size of deposits of physical persons in GDP does not exceed 50%, this indicator in Armenia in 2006 made up 5,4% in all", he said. S. Gishyan noted that the Union of Banks welcomes all the steps of the commercial banks aimed at the opening of branches in the country's regions and extension of the sector of banking services. "However, presently, the work aimed at increase of the level of penetration of the banking system into economy is yet unsatisfactory. In view of this, its is necessary to join the efforts of the government, the parliament and the whole society for the available monetary flows to be directed to the banking system, that will allow to lessen the shadow economy", Gishyan said.

He informed that the country's commercial banks over the last 3 years assured high level of profitability. He said that the last year was successful for all 21 commercial banks of Armenia, that is confirmed by good final indicators. He also said that all the banks completed the year 2006 with profit and the total indicator of the net profit made up 17 bln drams.

In 2006, the assets of 21 commercial banks grew by 20% to 544.2 bln drams by Jan 1, 2007. The volume of credit investments grew by 21,23% to 254.5 bln drams. He added that long with growth of the assets, liabilities of the country's commercial banks grew by 18,35% to 424.1 bln drams, the volume of deposits with fixed period, attracted from the physical and juridical persons, exceeded 150 bln drams. The authorized fund of the commercial banks for 2006 grew by 32,8%, while the fund of the total capital - by 26,54% to 80,1 and 120,1 bln drams, respectively. By S. Gishyan's forecasts, these indicators in 2007 will much exceed those of 2006. "Use of the Diaspora's financial potential may contribute to the growth of Armenia's banking system and it is necessary to develop special programmes for its attraction", he said.

According to S. Gishyan, every commercial bank of Armenia strives to meet the international standards as to closer unit with the international banking system. "The banking system of Armenia has reached much over its 16-years of existence. Of course, there were some omissions, however, the banking system takes the lead over the banking systems of CIS countries by a number of indicators. It does not even yield to the banking systems of many developed countries, which have a 100-year-old history", he emphasized.

S. Gishyan thinks that competition among the presently functioning commercial banks of Armenia is growing, as a result of which quality of the banking service continuously improves, new banking technologies, services and financial tools are implemented, the credit interests rates are reduced.

"The principles of corporate management are implemented in RA commercial banks, all the banks work with the shareholders, the state control agencies, the Central Bank, the Tax Service and the public, assuring the maximum

transparency", S. Gishyan said. He added that the assets of the commercial banks have a great liquidity and are characterized by high level of diversification.
