



RESERVE BANK OF VANUATU

PRESS RELEASE

Press Release No : 2003-08

Phone : (678) 23333

Date : 23 December 2003

Fax : (678) 24231

Email : bnksup@rbv.gov.vu

RESERVE BANK OF VANUATU REDUCES LIQUID ASSETS REQUIREMENT

Bank Supervision Policy Guideline 3 – Supervision of the Adequacy of Liquidity of Banks – requires domestic banks to meet a minimum Liquid Assets Requirement (LAR).

The purpose of the LAR is to ensure that each domestic bank holds a stock of cashable, undoubted assets which, with the Reserve Bank's approval, can be quickly converted into cash in extreme circumstances. Such stock is additional to the liquid assets which each bank needs for management of its day-to-day liquidity needs. Banks are expected to meet the Liquid Assets Requirement at all times.

Following a review of the Liquid Asset Requirement (LAR), the Reserve Bank of Vanuatu has decided to reduce the requirement from 15 per cent to 12 per cent effective 2 January 2004.

Reserve Bank of Vanuatu