



NATIONAL BANK OF KAZAKHSTAN

The Expert and Analytical Club of the National Bank discussed prospects for changing the reserve requirements mechanism and the sectoral CCyB

Almaty

March 13, 2025

The National Bank of Kazakhstan (NBK) held the third meeting of the Expert-Analytical Discussion Club, which brought together representatives from the financial market, the Agency for Regulation and Development of the Financial Market, the academic community, and experts.

During the event, detailed approaches and calculations for implementing the Sectoral Countercyclical Capital Buffer (sectoral CCyB) were presented. This buffer allows banks to accumulate additional reserves during periods of rapid growth in specific credit portfolio segments in order to mitigate systemic risks. The decision to introduce the sectoral CCyB was made by The Council on Financial Stability of the Republic of Kazakhstan with the aim of ensuring the resilience of the country's financial system. Under the new requirements second-tier banks will be required to form and maintain a 2% buffer for lending to individuals by April 1, 2026.

Additionally, NBK representatives presented an analysis of the effectiveness of the Minimum Reserve Requirements (MRR) mechanism. Based on a study of current MRR regulations, several proposals were developed to adjust the mechanism in line with international best practices.

The analysis showed that Kazakhstan has some of the lowest MRR levels in the region. Increasing them to the regional average could enhance MRR effectiveness as a regulatory tool.

For instance, in Central Asia countries, Russia, Armenia, and Belarus, the average MRRs levels for liabilities in national currency range from 4 to 4.5%, while for foreign currency liabilities they are approximately 15%. In Kazakhstan, these levels are significantly lower (0-3%), which limits their effectiveness, especially in times of structural liquidity surplus.

During the discussion with club participants on the potential changes to MRR parameters, NBK analysts emphasized that raising reserve requirements would help establish a stable and predictable demand for liquidity from banks. In turn, this would have an indirect disinflationary effect on the economy. Empirical analysis indicated that MRR levels do not impact the pace of lending.

The Expert-Analytical Discussion Club meeting featured an active exchange of ideas and discussions among participants about the presented initiatives and their impact on the banking sector and the financial system as a whole.

Detailed information for the media representatives is available upon request:

8 (7172) 77-52-10

e-mail: press@nationalbank.kz

www.nationalbank.kz