



Nepal Rastra Bank

Press Release

Governor Dr. Khatiwada Participated in ACU Meeting, 2013

Governor Dr. Yuba Raj Khatiwada returned to Kathmandu on 20 June 2013 after participating at the 42nd Board of Directors' Meeting of Asian Clearing Union (ACU) held on 19 June 2013 and the SAARCFINANCE Governors' Symposium held on 18 June 2013 in Islamabad, Pakistan.



ACU is the multilateral organization comprising Central Banks of Bangladesh, Bhutan, India, Iran, Maldives, Myanmar, Nepal, Pakistan and Sri Lanka. It was established in December 1974 and started its operations a year later in November 1975 with the main objective of providing an efficient mechanism for payment and settlement among the member countries on a multilateral basis.

The 42nd meeting of the Board of Directors of the ACU was, at the outset, chaired by the Governor Dr. Yuba Raj Khatiwada and the Chairman of the Board of the ACU for the year 2012/13. While starting the meeting, he emphasized the growing role of the ACU and turbulent global financial and payment systems. Later on, he handed over the Chairmanship to the Governor of State Bank of Pakistan Mr. Yaseen Anwar for the year 2013/14.

Governor Dr. Khatiwada, delivering his speech in the meeting, highlighted recent macroeconomic and

financial development situation of the country. Governor opined that despite Nepal grappling with the challenges of low growth, inflationary pressure and external sector vulnerability, its macroeconomic fundamentals were stronger and even encouraging. He further viewed that, as a competitive, efficient and healthy financial system was vital for enhancing growth, economic efficiency and maintaining economic stability, a reasonable growth of real economy was equally important to sustain the expansion of the financial services. On ACU operations, Governor Dr. Khatiwada raised concerns on the declining volume of the ACU trade and suggested an expert review on the trend of ACU activities and take appropriate measures to channel more trade through the ACU mechanism.

Governors of Central Banks and Monetary Authorities of Bhutan, India, Maldives, Myanmar, Nepal and Pakistan and Deputy Governors from Bangladesh, Iran, Sri Lanka had attended the meeting. The meeting discussed over the issues of use of domestic currencies in the ACU mechanism, establishment of the ACU Trade and Development Bank, use of software application for messaging, accounting and reconciliation, central bank swap line arrangement and other operational issues. As Iran was elected the new Chairman of ACU for the year 2014/15, the 43rd Board meeting is scheduled to be held in Iran in 2014.

The 42nd Board of Director meeting was followed by Standing Technical Committee Meeting, which was held on 17 June 2013 in Islamabad.

Office of the Governor
21 June 2013, Friday