



## Nepal Rastra Bank Press News

### Governor Dr. Khatiwada Attends 43<sup>rd</sup> Asian Clearing Union Board of Directors' Meeting held in Iran

Governor Dr. Yuba Raj Khatiwada returned to Kathmandu on 25<sup>th</sup> May 2014 after having participated in the 43<sup>rd</sup> Board of Directors' Meeting of Asian Clearing Union (ACU) held on 23<sup>rd</sup> May 2014 in Kish Island, Iran.



ACU is the multilateral organization comprising nine member central banks: Bangladesh Bank, Royal Monetary Authority of Bhutan, Reserve Bank of India, Central Bank of the Islamic Republic of Iran, Maldives Monetary Authority, Central Bank of Myanmar, Nepal Rastra Bank, State Bank of Pakistan and Central Bank of Sri Lanka. The Clearing Union 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 of

trade transactions among the member countries on a multilateral basis.

The 43<sup>rd</sup> meeting of the Board of Directors of the ACU was chaired by the Governor of State Bank of Pakistan Mr. Ashraf Mahmood Wathra who then handed over the chair to the Governor of Central Bank of the Islamic Republic of Iran Mr. Valiollah Seif. The meeting was formally inaugurated by Dr. Mohammad Bagher Nobakht, Government speaker and Deputy President of Iran.

Governor Dr. Khatiwada, delivering his speech in the meeting mentioned that the country's macroeconomic fundamentals were strong and even encouraging for growth and investment. He added that the space provided by sound macroeconomic management for higher investment and growth was, however, yet to be fully utilized by the economy.

Governor Dr. Khatiwada further focused on the need to strengthen financial system in a competitive, efficient and healthy manner, which is vital for enhancing growth, promoting economic efficiency and

maintaining economic stability. He also mentioned that as a reasonable growth of real economy was important to sustain the expansion of the financial services, Nepal Rastra Bank was formulating financial sector development strategy which could support economic growth along with ensuring financial inclusion. 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 to take appropriate measures to channel more trade through the ACU mechanism.

Governors, Deputy Governors of Central Banks and Monetary Authorities of Bangladesh, Bhutan, India, Iran, Myanmar, Nepal, Pakistan and Sri Lanka attended the meeting. The meeting discussed over the issues of expanding trade under ACU, bringing in more members in the Union, easing fund transfer among ACU member countries, web-based application for messaging, accounting and reconciliation,

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the setting up task force for dispute resolution, payment of interest on balances, as well as other operational issues. Bangladesh Bank was elected the Chairman of ACU for the year 2015/16 and would host the 44<sup>th</sup> Board of Directors meeting in 2015.



The 43<sup>rd</sup> Board of Directors meeting was preceded by a Standing Technical Committee Meeting, which was held on 22 May 2014 in Kish Island, Iran. Executive Director Mr. Vishnu Nepal, Deputy Director Mr. Ashok Kumar Paudel and Assistant Director Sudha shrestha also attended the meeting.

**Office of the Governor**