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ROYAL MONETARY AUTHORITY OF BHUTAN



RMA/DB/094/2018-19/2378

November 14, 2018

Chief Executive Officer
Bank of Bhutan Ltd.
Thimphu

Chief Executive Officer
Bhutan National Bank Ltd.
Thimphu

Chief Executive Officer
Bhutan Development Bank Ltd.
Thimphu

Chief Executive Officer
T Bank Ltd.
Thimphu

Chief Executive Officer
Druk PNB Ltd.
Thimphu

Sub: Directive on Sweeping of Accounts

Dear Sir(s),

We would like to inform you that the RMA recently conducted a review study on the Sweeping of the Current Accounts of the Government. The study revealed that under the current sweeping arrangement, sweeping is not undertaken uniformly across all the banks. It was noticed that some accounts were subjected to sweeping in some banks while, others were not- mainly due to opening of those accounts in the later period and was not notified to the RMA for updation. Further, the study also revealed that there is a need for including additional accounts that are volatile and sporadic in nature which is creating a temporary liquidity surplus in the banking system. This has posed challenges to the RMA in determining the true liquidity position of the banking sector.

As you may be aware, following the next fiscal year 2019-20, the RMA will be introducing a new market oriented Monetary Policy Implementation Framework (MPIF). The main objective of MPIF is to (i) facilitate policy signaling (ii) support money market development and (iii) allow banks to enhance their treasury function, leading to reduce liquidity cost.

In preparation to the implementation of MPIF and to create stability in the liquidity position of the banking sector, the RMA has decided to carry out sweeping of the identified Current Accounts on a daily basis as **ANNEXED**.

Please note that this Directive will be effective from **December 01, 2018**, and banks will be subject to the following terms and conditions as stipulated below:

POST BOX:154, CHHOPHEL LAM, KAWAJANGSA, THIMPHU BHUTAN
TEL# :(+975-2-323110, 323111, 323112, 321699) FAX :(+975-2-322847)
SWIFT:RMABBTBT



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- 1) The RMA shall sweep the current accounts of the above agencies, irrespective of its location, name and type of current account.
- 2) The Banks shall inform the RMA on any changes in the above account names or creation of any new current accounts under above agencies or projects and any new current accounts under a different hydro projects or agencies concerned.
- 3) The banks shall send the Bank Statement of the sweeping accounts at the end of the day via. E-mail on a daily basis to the Department of Banking, RMA.
- 4) The RMA shall notify the bank on the accounts to be swept on a regular basis, depending on the nature and volatility of the funds that creates instability in the liquidity conditions of the banking sector.
- 5) The RMA shall monitor the existing sweeping arrangement on a regular basis.
- 6) The information on the sweeping accounts shall be sent to the RMA on a timely basis as stipulated in Clause (3) above and the information shall be accurate and complete.
- 7) Compliance of this Directive shall be monitored and enforced in accordance with the standing Regulations of the RMA.

Thanking you and look forward to your kind cooperation.

Sincerely,

(Yangchen Tshogyel)

Deputy Governor

Cc: Head, Finance and Accounts Department, all Banks

: The Director, Department of Macroeconomic Research and Statistics, RMA

: The Offtg. Director, Department of Financial Regulation and Supervision, RM



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Annex

The following identified Current Accounts of the banking sector will be subjected to daily sweeping with effect from **December 01, 2018**.

- 1) Government Consolidated Account
- 2) MOF Refundable Deposit Account
- 3) Bhutan Trust Fund
- 4) ESP-Revolving Fund
- 5) RMA Imprest account
- 6) Tourism Council of Bhutan
- 7) Embassy Account
- 8) Dungsam Project
- 9) Punatsangchhu-I
- 10) Punatsangchhu-II
- 11) Bhutan Information & Communication for Media Authority
- 12) Mangdechhu
- 13) Kholongchhu Hydro Energy Limited
- 14) Tangsibji Hydro Energy Limited
- 15) Druk Green Power Corporation
- 16) Bhutan Power Corporation
