



CENTRAL BANK of SOLOMON ISLANDS
P.O. BOX 634, Honiara, Solomon Islands

Press Release: 08/2020

Monday 15th June 2020

CBSI eases Cash Reserves Requirement

The Central Bank of Solomon Islands (CBSI) has made changes to the Cash Reserves Requirement (CRR) as part of its responses to the Coronavirus-19 (Covid-19) pandemic. Effective Monday 15th June 2020, the CRR has been eased from 7.5% to 5%.

This decision is made in line with the Bank's expansionary monetary policy stance in March and aims to mitigate the impacts of Covid-19 on the economy.

The CRR is an important and direct monetary policy tool. It requires commercial banks to hold minimum reserves on their deposits at CBSI. The reduction in the ratio would support the banking sector and ensures additional liquidity support should it be required during the current period of uncertainty. Notwithstanding this policy development, other supervisory measures remain in place to ensure people's deposits are secure in the financial system.

The reduction in the CRR is amongst the various measures undertaken by the Bank in response to the negative effects of Covid-19. This has included an expansionary monetary policy stance, support to the government's stimulus package with planned purchases of government bonds in the secondary market, the relaxation of Commercial Banks' Prudential Guidelines 2 and 8, and a reduction in the stock of CBSI Bokolo Bills.

In view of the current economic outlook and the impact of Covid-19, CBSI will continue to closely monitor economic and financial developments, and will take appropriate actions if necessary.

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