



Банк России

Центральный банк Российской Федерации

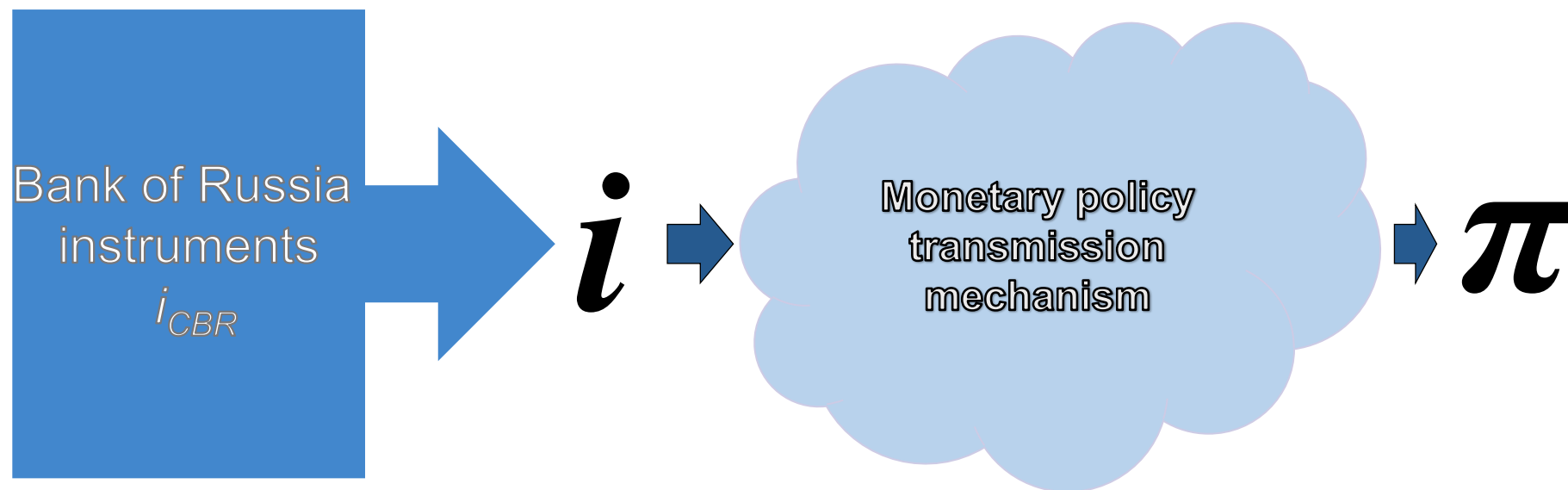


## Interaction between the Federal Treasury and the Bank of Russia with respect to the Single Treasury Account cash management

April, 5 2017

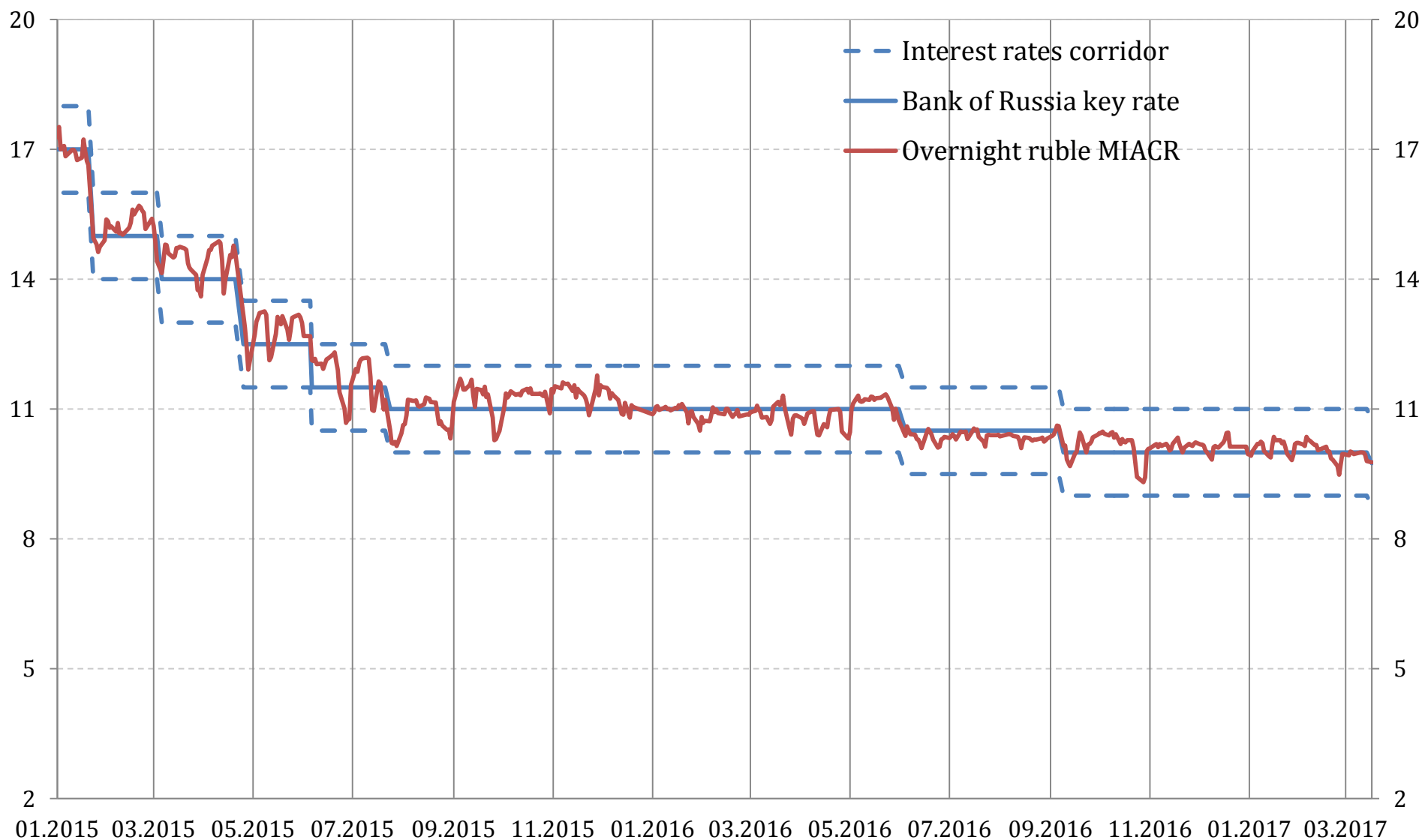
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# Bank of Russia steers the interbank overnight rate through the monetary policy instruments in order to achieve the inflation target

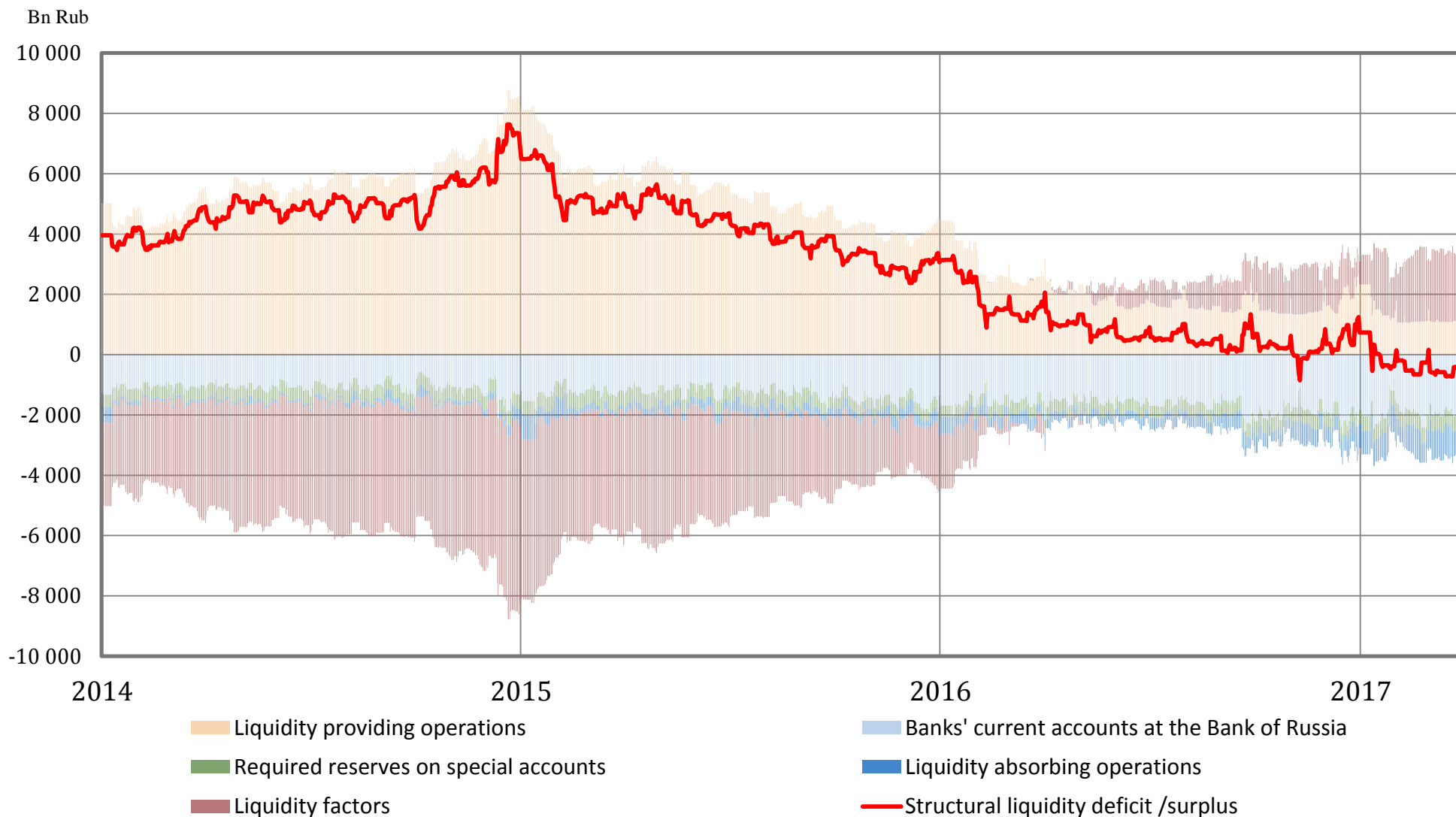


Bank of Russia's actions	Bank of Russia's goals
Determining the key rate (KR)	Development of the interest rates in the economy consistent with the achievement of the inflation target
Determining the volumes of operations	Convergence of the interbank overnight rate to the KR (operational target of the monetary policy)

# Short-term money market rates are close to the KR

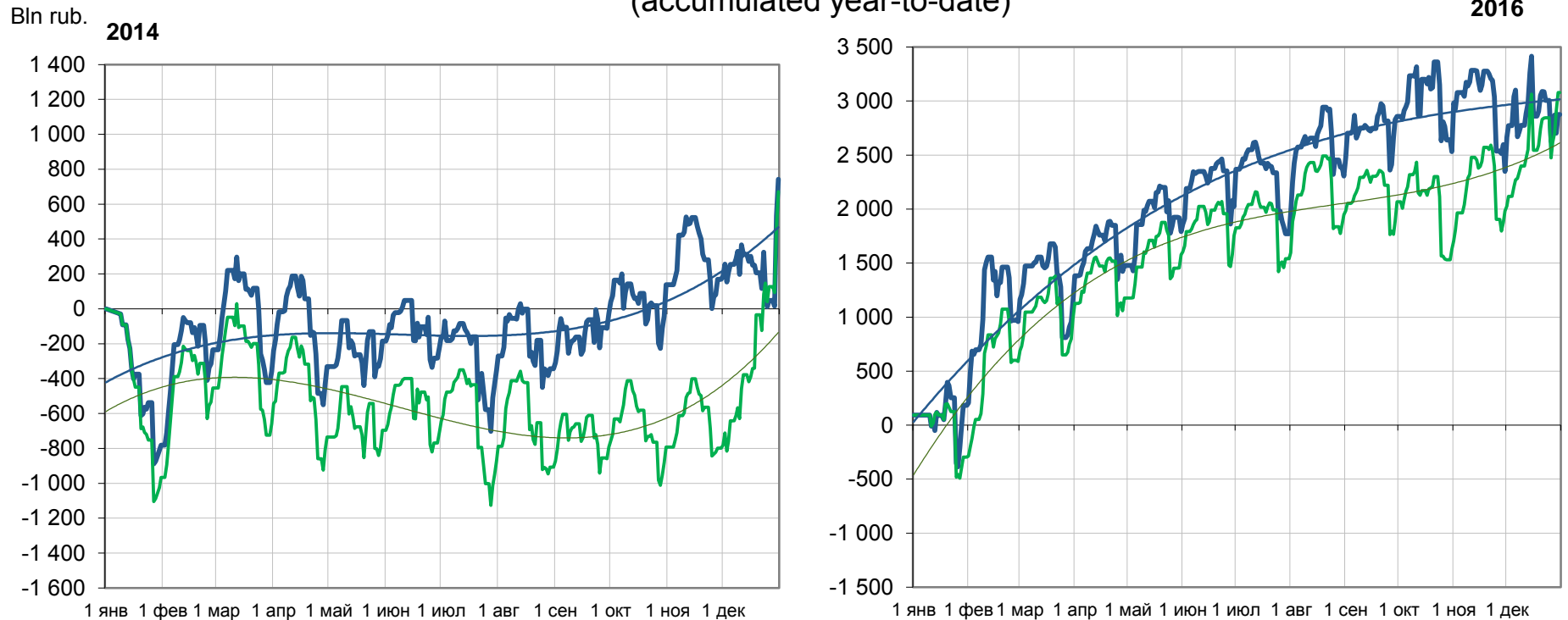


# 2 The banking sector switched to the structural liquidity surplus



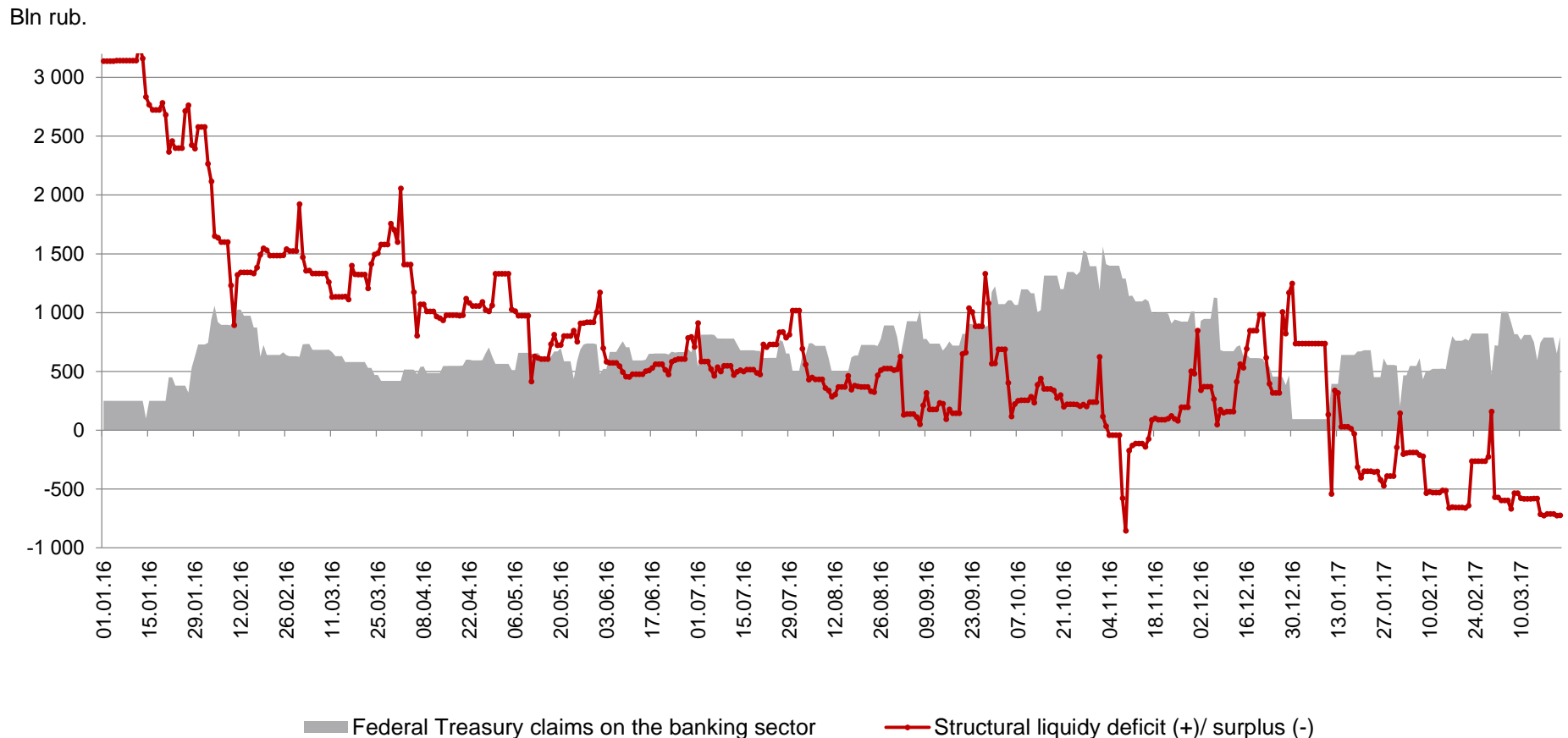
# Federal Treasury operations help to smooth the effect of budget flows on the banking sector liquidity

**The effect of the change of the balances at the general government accounts with the Bank of Russia on the banking sector liquidity**  
( "+" liquidity inflow, "-" liquidity outflow )  
( accumulated year-to-date )



— including deposits and repos of the Federal Treasury  
— excluding deposits and repos of the Federal Treasury

## Federal Treasury operations in the presence of structural liquidity surplus compensate liquidity shortages of some banks



## Interaction with the Federal Treasury with respect to banking sector liquidity management

Bank of Russia makes the **recommendations** to the Federal Treasury on the following parameters of repo and deposit operations :

- volume of operations;
- terms of operations;
- the minimum auction rate;
- eligible collateral for repos.

## Main principles of the Bank of Russia recommendations on the parameters of Federal Treasury operations

- **Allotment volumes for Bank of Russia operations are established under the assumption that the Federal Treasury will allocate all its funds**, that were declared to be placed in the banking sector.
- **The Bank of Russia has to control the volume of liquidity supply on short-term segment of the money market.** Therefore, it is preferable for the Federal Treasury to allocate the funds on the longer-term segment (i.e. over a week). The volume of overnight operations shouldn't be large.
- **Banks and the Bank of Russia should have certainty about expected liquidity flows.** Thus the volumes allocated with T+0 settlement also should be limited.
- **Rates for the Federal Treasury operations should be close to the Bank of Russia key rate** in order not to create competitive advantages for a few banks, that are allowed to participate in these operations.



- The cash management by the Federal Treasury enhances the efficiency of monetary policy implementation
- Bank of Russia welcomes an increase in the range of the instruments available to the Federal Treasury for cash management purposes



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Thank you for your attention!