

НАРОДНА БАНКА

СРБИЈЕ



REPO transactions – Serbia

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Outline of the presentation

- History
- Current Status
- Future challenges

History

- Introduced in January 2005 by the NBS
 - New type of transaction in Serbian Money Market
 - Based on Master Repo Agreement
 - Provided collateral for Marginal Lending Facility
- 2w Repo main monetary operation of the NBS
 - New monetary policy framework introduced in 2006 – key policy rate the main instrument

Current Status

- National Bank of Serbia - Repo sell transaction
 - “Special” issue of NBS bills for Repo (360 d. mat.)
 - Banks bid securities, not liquidity
 - Purchase price equal to the nominal value of sold bills
 - Repurchase price paid at the end of transaction, purchase price + interest (key policy rate)
 - Accounting – Off-Balance Sheet

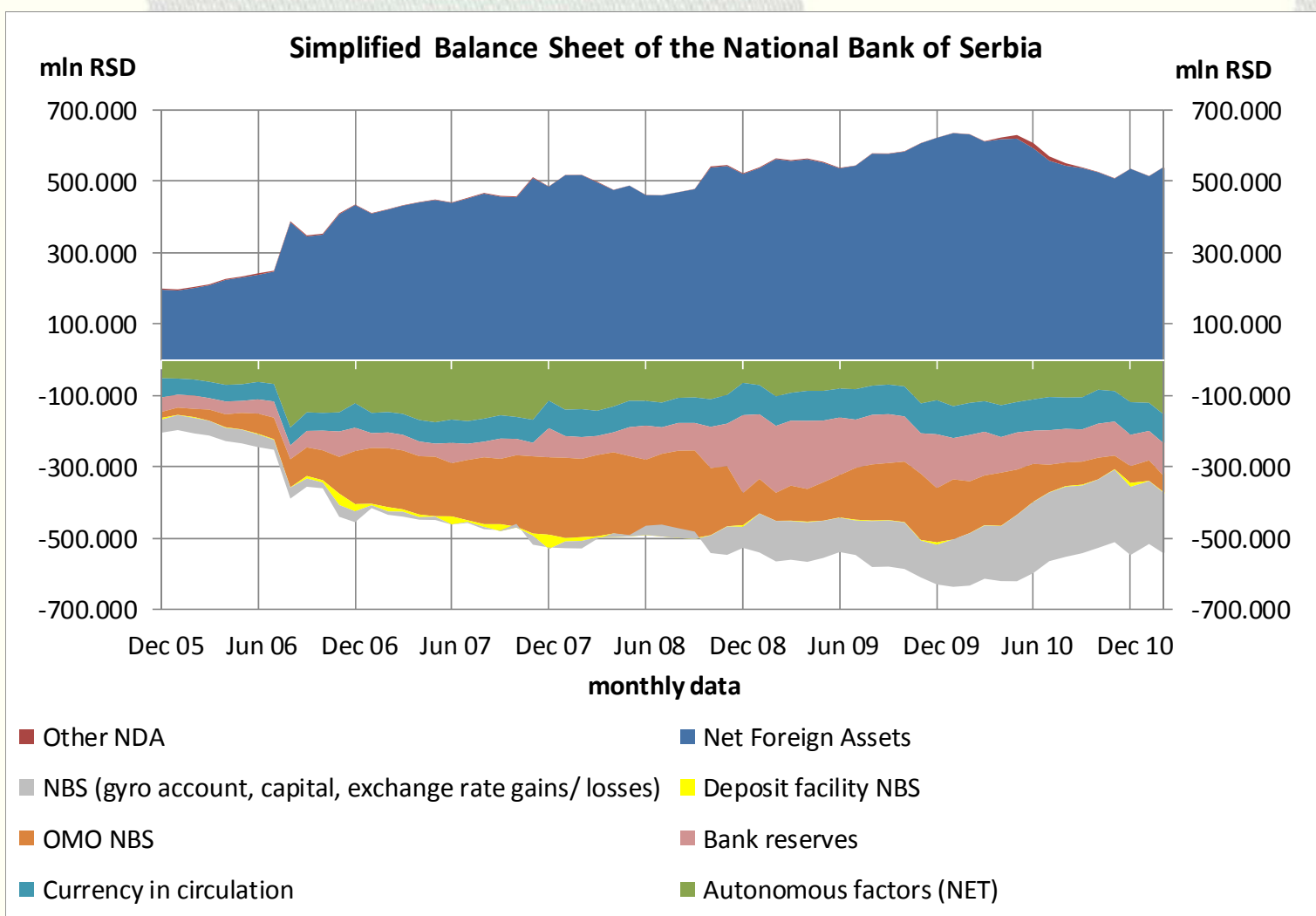
Current Status

- National Bank of Serbia - Repo buy transaction
 - It has never been conducted
 - Banks bid securities, not liquidity
 - NBS may buy NBS and Government securities
 - Only one hair-cut may be applied
 - No collateral pooling
 - No mark to market procedures and margin calls
 - Accounting – Off-Balance Sheet

Current Status

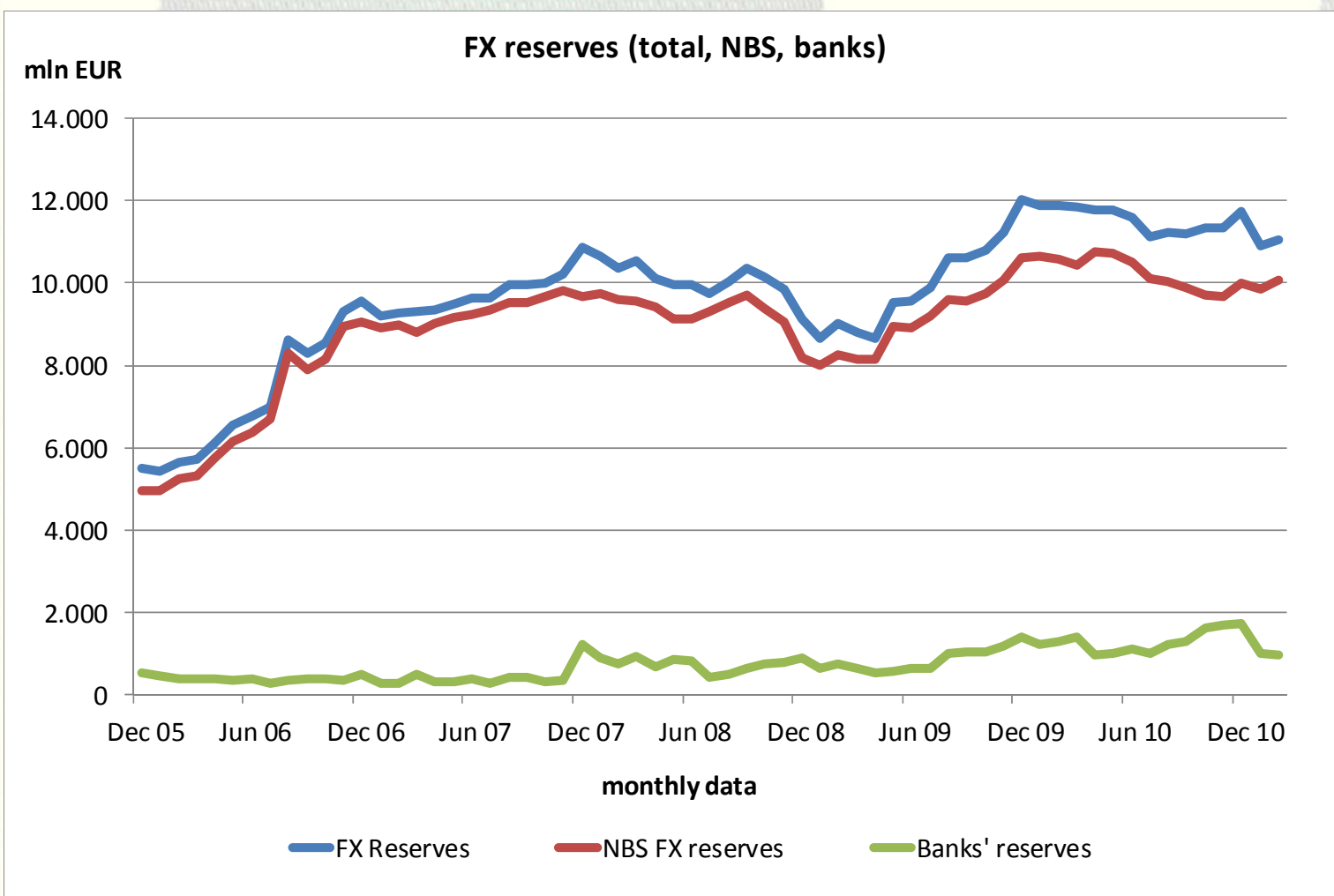
- Interbank market
 - Constant excess of liquidity
 - Concentrated on ON unsecured segment
 - The secondary market for Government securities not developed
 - No interbank Repo transactions
 - No single Master Repo Agreement
 - CSD may clear and settle Repo only between banks and the NBS or Government
 - Sell-Buy-Back – An alternative to Repo

Current Status



НАРОДНА БАНКА СРБИЈЕ

Current Status



Future challenges

- National Bank of Serbia
 - Replacing in-house NBS OMO electronic trading platform (introduced in 2003) with new web platform
 - New features for the NBS Repo Buy transaction
 - Different hair-cuts based on residual maturity of securities
 - Buying different types of securities (with different denomination)

Future challenges

- Interbank Repo Market
 - Interbank limits, excess of liquidity
 - Development of the secondary market for Government securities
 - Introduction of single Master Repo Agreement
 - Collateral evaluation based on current prices
 - Participants “buy” liquidity, not securities in Repo
 - Introduction of pooling system
 - Information dissemination and perhaps new index for Repo (e.g. Eurepo)
 - Accounting issues, netting procedures

Thank you for your attention

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