

Duma Confirms Expanded Role for Central Bank

By [The Moscow Times](#)

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The lower house of parliament approved legal changes Friday to turn the Central Bank into a "mega-regulator" responsible for all financial oversight.

The broadening of the bank's powers and responsibilities underscores the scale of the challenges that now face Elvira Nabiullina, who replaced veteran chairman Sergei Ignatyev last month.

Currently, the of financial regulation is split between the Central Bank, responsible for overseeing banks, and the Federal Financial Markets Service, responsible for regulating other financial market players such as brokerages and pension funds.

While the government has backed the merger as a way to boost the overall quality of regulation, critics have called it a cost-saving exercise that may distract the Central Bank from its core responsibilities.

The amendments passed Friday also modify the bank's mandate, charging it with "the defense and securing the stability of the ruble by supporting price stability, including for creating conditions for balanced and steady economic growth."

Previously, Russian law had charged the Central Bank with maintaining the stability of the ruble, a mandate that traditionally involved managing its exchange rate against other currencies.

The new wording is a compromise between the bank — which favors a narrow mandate focused on controlling inflation — and critics who say the bank should be doing more to stimulate the economy through looser monetary policy. However, the careful wording implies that the goal of price stability takes precedence.

Revision of the mandate had been planned as part of a shift towards formal inflation targeting — a monetary policy regime, now orthodox in developed economies, that is due to be fully adopted by Russia in 2015.

The amendments have still to be approved by parliament's upper house and President Vladimir Putin before becoming law, but these steps are likely to be formalities.

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