

Top banker seeks increase in deposits, loans

The Bank of the Lao PDR (BOL) has urged commercial banks to the level of 11,558 billion kip by the end of this year.

BOL Governor Phouphet Khamphounvong also forecasted continued growth in lending

"It will be about a 25.7 percent increase from last year and cover about 21.5 percent of this year's GDP", he said at the national annual bank meeting yesterday in Vientiane.

"The fund mobilization activities will include the long term. The commercial banks also have to pay attention to creating new products, improvement of services, management, technology and equipment and staff upgrading.

"This will help the banks attract more customers," he said.

By the end of last month, the domestic bank had deposits of 11,153 billion Kip, accounting for about 45.77 percent of the targeted increase, according to a report at the meeting.

Credit and loans are planned to rise to the sum of 609.9 billion Kip by the end of this year, and increase of 26 percent over the previous year.

"The figure will also cover 13.5 percent of GDP," he said.

Credit will many focus on fast and effective projects, with strong payment security as well as loans between banks to facilitate investment in the market.

He said the global economy was expected to continue its slowdown, event as countries undertook measures to spur activity in the last six months of this year.

Gold and fuel price and exchange rates would fluctuate, while the reaction to the A/H1N1 flu would also impact world economic growth.

"According to the IMF, the world economic growth will drop to about 2.2 percent this year. This includes America, Japan, and the countries that use the euro," he said.

"However, in Asian economies, especially in China and Vietnam, the trend or potential is for growth with positive effects on Lao economic development."

Lao growth would be facilitate by political stability, peace and the government's international co-operation policy that helped economic growth to meet the plan of 8 percent annual growth in GDP.

This includes the growth of agriculture by 3.2 percent, industry by 3.5 percent and the service sector by 7.7 percent. These sectors cover 30, 26 and 37 percent of GDP respectively.

The local currency, the Kip, should remain stable, not moving further than +5 and -5 percent in relation to strong currencies.

He said commercial banks and financial institutions had modernized their operations, including credit and loan capacities for social economic development.

"To meet the JDP plans, the BOL will continue to implement activities, including selling bonds with a sum of 50 billion Kip or US\$ 65 million. They will be used for infrastructure development and some government priority projects," he said.

The bank will continue to manage foreign currencies and promote the use of Lao Kip. It will also keep on providing interest for commercial banks and financial institutions that have deposited money at the BOL.