

## **Ukraine parliament appoints Smoliy as central bank governor**

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**Analyst: "This long-awaited appointment boosts Ukraine's international image and puts Ukraine closer to a new loan deal with the IMF, which can only be signed by a permanently appointed NBU head." Photo: Yakiv Smoliy, new Governor of National Bank of Ukraine**

KYIV, Mar 17, 2018 - Ukraine's lawmakers voted on March 15 to dismiss Valeriya Gontareva from her position as governor of the National Bank (NBU) and elected Yakiv Smoliy as her replacement. Gontareva's dismissal was supported by an overwhelming majority of 342 votes, while 247 MPs voted for Smoliy's appointment. Smoliy has been acting NBU head since May 2017, when Gontareva submitted a resignation request and went on indefinite leave, still remaining as de jure governor. In his address to parliament, Smoliy listed his six priorities in the position of NBU governor: mid-term inflation of about 5% +/- 1pp, a "sound and competitive" banking system, fast recovery of lending activity, an efficient model of banking regulation, foreign currency market deregulation and international integration of Ukraine's financial system. Alexander Paraschiy: This long-awaited appointment boosts Ukraine's international image and puts Ukraine closer to a new loan deal with the IMF, which can only be signed by a permanently appointed NBU head. On the domestic market, we do not expect any changes in the central bank's policy. That means we see the NBU will remain among Ukraine's leaders in reforms. Among the most important tasks of the NBU for the near future are protecting the rights of creditors and assisting in resolving bad debts. Another important task is currency liberalization and further global integration of the Ukrainian financial system. The key uncertainty remains who will take the vacant position in NBU's management board once Gontareva officially steps down and Smoliy is promoted. Smoliy's appointment is in line with our earlier expectations that it should happen this spring, while we were skeptical that it would be as early as this week. This was made possible after politicians finally reached compromise on another key post, electing MP Liudmyla Denysova as human rights ombudsman. Denysova's candidacy was lobbied by the People's Front faction, whose members control the Internal Affairs and Justice ministries, the two key bodies responsible for arresting criminal suspects and their detention in prison, which also happen to be the most critical areas under the ombudsman's supervision. Numerous civic society officials see a conflict of interest in such appointments, but such is the price the authorities had to pay to get a new NBU head.

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