

Nabiullina named Euromoney Central Bank Governor of the Year 2015

Elvira Nabiullina, governor of the Central Bank of Russia, has been named Euromoney's Central Bank Governor of the Year for 2015.



Euromoney commends Nabiullina for efforts to combat the macroeconomic storm engulfing the Russian economy through prudent policy measures.

Faced with crippling sanctions and the oil-price correction, economists credit the governor, and the central-bank team, for dramatic moves last year to stabilize the currency through interest-rate hikes, and efforts to boost local-currency and hard-currency liquidity for financial institutions.

These measures, combined with the decision to implement a free-floating exchange rate and inflation-targeting regime, are stabilizing the financial system and boosting foreign-investor confidence.

Euromoney says: "In the teeth of domestic opposition, the Central Bank of Russia (CBR) accelerated its proposed move to a floating

exchange-rate and imposed the regime in November 2014, to engineer a more rapid adjustment in the external balance and to stem the bleeding of FX reserves.

"It then raised the policy rate to 17% – including a dramatic 650 basis points hike in December – to stave off a collapse in the financial system. It expanded its FX liquidity facilities, adding new maturities and broadening the definition of eligible collateral in its FX auctions, while committing to recapitalize viable lenders, if needed.

"This shock therapy worked. Bringing forward plans to abandon Russia's failing band with the dollar allowed the CBR to intervene on an ad-hoc basis to stabilize financial conditions, but avoided wasteful interventions. It left the market to guess the size and frequency of interventions, thereby hiking the cost of FX speculation."

The **central bank's prudent monetary policy stance** – challenged by stubborn domestic inflation, capital outflows and tight dollar liquidity – is helping to move the real exchange-rate towards levels consistent with medium-term fundamentals.

In addition, the governor is seeking to clean up the banking system by closing insolvent institutions, while, relative to the market abyss last year, the quality of banks' funding sources is improving.

However, Russia faces a large number of macroeconomic challenges.

Euromoney adds: "Russia faces a prolonged contraction as expectations of a recovery in oil prices have yet to materialize, sanctions are still biting, while capital flows to emerging markets are vanishing.

"Exogenous drivers of rouble volatility – capital flows, sanctions and commodity prices – will feed into second-round inflation expectations, moderate the pace of the central bank's cuts and test its new inflation-targeting regime."

**This award is a great honour for me ...
[and] means additional responsibility**

Elvira Nabiullina, Central Bank of Russia

Amid these macro-economic headwinds, **the CBR under Nabiullina** is giving Moscow fiscal breathing room.

Nabiullina says: "This award is a great honour for me, as well as, definitely, the high evaluation of the Central Bank of Russia's overall team performance.

"Our economy is currently faced up with serious challenges to its financial system, which requires that we make tough decisions both in our monetary policy and banking regulation.

"Also, the global markets have entered the territory of uncertainty, calling on us to stay prepared for new challenges to come. This is why, in this context, the Central Bank Governor of the Year Award means additional responsibility."

Euromoney, the leading global banking and finance publication, has nominated a Central Bank Governor of the Year for more than 30 years, coinciding with the World Bank/IMF meetings. The previous three winners of the award were Raghuram Rajan of India last year, Agustín Carstens of Mexico in 2013, and Mark Carney (then governor of the Canadian Central Bank) in 2012.

Euromoney's decision is based on three factors: the opinions of a committee of Euromoney's senior editors, chaired by the editor; the views of some of the world's leading bankers, which Euromoney's editorial team seeks out in background meetings; and the analysis of the contributors to our service Euromoney Country Risk (ECR), which has more than 400 economists around the world contributing on a regular basis, as well as data sourced and compiled by ECR.

Nabiullina will receive the award from Euromoney's group publisher Neil Osborn and editor Clive Horwood at a private reception during the World Bank/IMF meetings in Peru in October.

The **full citation for Nabiullina's award can be seen online at euromoney.com**.

An in-depth interview with Nabiullina will be published in the October issue of Euromoney.