

### **Central Bank of Sāmoa is committed to ensure the stability of the financial system**

The Central Bank of Samoa recognizes the unprecedented times ahead emanating from the global effects of the Coronavirus (COVID-19) pandemic and expects this to be much larger than the adverse effects of the 2019 measles outbreak on the Samoan economy. The trickle-down adverse effects of the COVID-19 through the cessation of the tourism activities and the adverse impact on the associated support services has substantial implications on the broader economy and the general public. Although the precautionary measures undertaken so far in Sāmoa and those of our main trading partner countries will have a significant effect on our economy, these are appropriate and necessary to ensure the long term economic sustainability and health of the country.

The Samoan economy, similar to the rest of the world, will be experiencing a likely contraction in domestic economic activities in the months ahead. As such, an accommodative monetary policy stance remains adequate and will be further enforced to support the private sector and the general public. The latest available economic data indicate low inflation and the continued adequate supply of foreign reserves. At the end of January 2020, headline inflation was recorded at 1.5 percent with our national foreign reserves amounting to SAT\$511.4 million, which was more than sufficient to cover 6.6 months of imports of goods.

To further bolster foreign reserves in the year ahead, financial assistance through a rapid credit facility from the International Monetary Fund (IMF) has been solicited to cushion our balance of payment position from potential losses in foreign receipts from exports, tourism and remittances. This financial assistance may also galvanize potential international financial grant assistance from development partners in our preparation efforts.

In view of this, and for the continued stability and soundness of the banking and financial system, the Central Bank also stands ready to assist the commercial banks through its selected standby concessional facilities to ensure that private sector activities remain robust and enduring in these unique times. CBS had also met with the four commercial banks on 18 March 2020 and discussed the banking system's role in the uncertain times ahead. Various relief packages have been considered and will be available for customers on a case by case basis depending on the hardship and impact relating to COVID-19. These have already been made known to the public by the individual banks. CBS also encourages any individual or business who may already be going through financial difficulties or likely to experience hardship due to COVID-19 to approach their respective banks for immediate assistance.

While international and domestic downside risks have risen in recent weeks and will likely to remain elevated for some time, the CBS will carefully and continuously monitor these developments and their impact on the financial system, the economy, and will also adjust its monetary policy where appropriate.

