



HIGH-LEVEL SUMMARY TECHNICAL ASSISTANCE REPORT

MONGOLIA

Central Bank Communications

May 2023

Prepared By

Udaibir Das (MCM), Vassili Prokopenko (MCM), Florian Gimbel (COM), Altynai Aidarova (CCAMTAC), Marianne Nessén (STX), & John Power (STX)

DISCLAIMER

The contents of this document constitute a high-level summary of technical advice provided by the staff of the International Monetary Fund (IMF) to the authorities of a member country or international agency (the "CD recipient") in response to their request for capacity development. Unless the CD recipient specifically objects within 30 business days of its transmittal, the IMF will publish this high-level summary on IMF.org (see [Staff Operational Guidance on the Dissemination of Capacity Development Information](#)).

2023 International Monetary Fund HLS/23/06

High-Level Summary Technical Assistance Report Monetary and Capital Markets Department

MONGOLIA – Central Bank Communications

Prepared by Udaibir Das, Vassili Prokopenko, Florian Gimbel, Altynai Aidarova, Marianne Nessén, & John Power

The *High-Level Summary Technical Assistance Report* series provides high-level summaries of the assistance provided to IMF capacity development recipients, describing the high-level objectives, findings, and recommendations.

ABSTRACT: At the request of the Bank of Mongolia (BOM), a mission team from the IMF's Monetary and Capital Markets Department (MCM) provided technical assistance (TA) to BOM on central bank communications. The mission—which took place in August 2022—reviewed the existing communication framework of BOM and identified several areas where BOM could enhance the effectiveness of its communications.

JEL Classification Numbers: E02, E58

Keywords: Central Bank; Communications

Background

Over the last decade, the Bank of Mongolia (BOM) has significantly intensified the use of communications. In line with a broader trend at central banks for proactively guiding expectations on monetary and financial sector policies, as well as demonstrating accountability, BOM increased outreach to the public as a tool to build credibility. Several flagship reports have been developed (including Inflation Report and Financial Stability Report); new communication platforms have been launched (including BOM's pages on financial literacy, social media); and the BOM's organizational set-up relating to its communication function was revamped. As a result, communication is now an important aspect of BOM's operations, with numerous reports, articles, statements, and speeches published on the BOM's website and various social media. This is complemented by financial education activities and regular or ad-hoc meetings of BOM management with various stakeholders, including Parliament, banks, journalists, think tanks.

Summary of Findings

The TA report reviews the existing communication framework of BOM. The analysis focuses on the assessment of the monetary and financial policy communications as well as the evaluation of the internal organization of the BOM's communication function. The organizational arrangements are reviewed in terms of structure, resources, and procedures. The report also highlights the importance of establishing several pre-conditions for effective central bank communications, which include the presence of sound legal and normative frameworks particularly in relation to the mandate and independence of the central bank.

Summary of Recommendations

The report identifies several areas where BOM could enhance the effectiveness of its communications. Creating a dedicated well-staffed department in charge of communications and integrating this department into major BOM's policy actions and flagship reports would significantly strengthen the BOM's internal organization of communications. On monetary policy communications, key recommendations of the report are (i) to make the BOM's Inflation Report more forward-looking, supporting BOM's decision-making; and (ii) to streamline BOM's Monetary Policy Guidelines. On financial policy communications, the report recommends sharpening the focus of the BOM's Financial Stability Report and enhancing internal (inter-departmental) as well as external (inter-agency) communications/collaboration. The BOM should also develop and adopt a framework to conduct regular impact assessments of its communications, which is very important for understanding whether policy messages have traction with its many stakeholders.