TECHNICAL ASSISTANCE REPORT

BHUTAN

Financial Sector Stability Review

May 2026

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Acronyms and Abbreviations

ADB	Asian Development Bank
BCBS	Basel Committee on Banking Supervision
BIA	Basic Indicator Approach
BOP	Balance of Payments
BSA	Balance Sheet Approach
CIB	Credit Information Bureau
CRR	Capital Reserve Ratio
CRA	Corporate Regulatory Authority
DFRS	Department of Financial Regulation Supervision
DMFI	Deposit-Taking Microfinance Institutions
DT	Deposit Takers
EMI	E-Money Issuers
FAS	Financial Access Survey
FATF	Financial Action Task Force
FMI	Financial Market Infrastructure
FSA	Financial Services Act
FSB	Financial Stability Board
FSI	Financial Soundness Indicators
FSSR	Financial Sector Stability Review
FX	Foreign Exchange
GFS	Government Finance Statistics
GMC	Gelephu Mindfulness City
IAIS	International Association of Insurance Supervisors
IADI	International Association of Deposit Insurers
ICAAP	Individual Capital Adequacy Assessment Processes
ICP	Insurance Core Principles
IIP	International Investment Position
LCR	Liquidity Coverage Ratio
MCM	IMF’s Monetary and Capital Markets Department
MCR	Minimum Capital Ratio
MFI	Microfinance Institutions
MFS	Monetary and Financial Statistics
MOF	Ministry of Finance

NBFI	Non-bank Financial Institutions
NFCs	Nonfinancial Corporations
NPL	Non-Performing Loan
NPPF	National Pension and Provident Fund
ODC	Other Depository Corporations
OFC	Other Financial Corporations
PCA	Prompt Corrective Action
PFMI	CPMI-IOSCO Principles for Financial Market Infrastructure
RAA	Royal Audit Authority
RES	Research Department
RMA	Royal Monetary Authority
RSEB	Royal Securities Exchange of Bhutan
RTGS	Real Time Gross Settlement
RWA	Risk Weighted Assets
SLR	Statutory Liquidity Ratio
SREP	Supervisory Review and Evaluation Process
STA	IMF's Statistics Department
TA	Technical Assistance

Preface

At the request of the Royal Monetary Authority of Bhutan (RMA), an IMF Financial Sector Stability Review (FSSR) mission visited Thimphu and held meetings with Bhutanese authorities between 26 January and 6 February 2026. The mission was led by Parma Bains of the Monetary and Capital Markets Department (MCM), and included Carlos Brandt (MCM), Fozan Fareed of the Statistics Departments (STA), as well as Nico Di Gabriele, Javier Hamann, Athanasios Paniopoulos, and Christoper Wilson (all MCM short-term experts).

The scope of the mission, which was agreed with the RMA during a scoping mission in October 2025, comprised financial sector regulation and supervision including banking, non-bank financial institutions (NBFIs), and digital financial services, payment systems oversight and operations, financial safety net and crisis management, systemic risk analysis and monitoring, and financial sector statistics.

The mission met with Ms. Yangchen Tshogyel (Governor of the RMA), Ms. Ugyen Choden (Deputy Governor of the RMA), and RMA senior management. It also met with RMA technical staff and government officials from the Ministry of Finance, as well as leadership and staff from the Royal Audit Authority (RAA), senior executives from three commercial and state-owned banks, two electronic money issuers, two trade associations, and consulting firms. During the scoping mission, the team also met with the Corporate Regulatory Authority (CRA) and the Royal Securities Exchange of Bhutan (RSEB). The mission wishes to thank Mr. Phuntsho Namgay, Ms. Deki Rinzin, and the staff at the RMA for their hospitality, collaboration, cooperation, and productive discussions. The mission also wishes to thank IMF local economist, Mr. Dechen Wangdi, and the South Asia Regional Training and Technical Assistance Center (SARTTAC) for their support. The mission benefited from helpful conversations with the World Bank and the Asian Development Bank (ADB).

Executive Summary

The FSSR mission conducted a diagnostic review of the financial stability framework and proposed a Technical Assistance Roadmap (TARM). FSSRs include a financial reform module and a financial statistics module, both of which were undertaken during this mission. The financial reform module focused on areas agreed with the RMA during the scoping stage: financial sector regulation and supervision (banking, NBFIs, digital financial services), payment systems oversight and operations, financial safety net and crisis management, and systemic risk analysis and monitoring. The financial statistics module focused on key data gaps hampering financial stability analysis as well as Bhutan's statistical reporting to the IMF.

Bhutan has a relatively concentrated banking sector with certain NBFIs conducting bank-like activities, a fast-growing digital ecosystem, and some systemic vulnerabilities. With five commercial banks and one digital bank, the banking sector is relatively small. NBFIs play a key role in financial inclusion and comprise the national pension fund, two insurers, a reinsurer, two insurance brokers, seven microfinance institutions (MFIs), five private money lenders, a fund management firm, one stock exchange, nine securities brokers, and two telecom providers that issue e-money. A subset of MFIs accept deposits. The ability of certain NBFIs to extend loans and accept deposits introduces a layer of complexity but improves competition and financial inclusion. Competition for deposits is strong, especially for larger depositors and institutions. The accumulation of large non-performing loans (NPLs) immediately before and during the pandemic, and the introduction of related forbearance measures, creates challenges to an otherwise fast-growing economy, although official net NPL rates have fallen recently.

The RMA has updated regulations, but a greater focus on improving supervisory processes across sectors should be a priority. The RMA has moved quickly to update regulations, however, capacity constraints have hampered the RMA's efforts to achieve desired supervisory outcomes. Targeted uplift of certain prudential regulations for banks is still necessary. The RMA would benefit from applying individual bank Minimum Capital Ratios (MCRs) and an annual Supervisory Review and Evaluation Process (SREP) which includes an assessment of a bank's Individual Capital Adequacy Assessment Processes (ICAAP) to evaluate all material risks. While there is progress toward risk-based supervision, staff turnover has been a drain on the RMA's institutional knowledge, and most supervisors are new to banking supervision. The RMA should focus greater attention on the larger more systemic banks, increase the frequency of onsite examinations, and perform annual risk assessments of each bank. Despite lending and deposit taking activities, the RMA has limited access to data on NBFIs, and where data are available, their quality is modest and indicate high levels of NPLs and foreclosed assets. There is a lack of adequate sectoral regulations, which is most pressing in the insurance sector. The provision of non-bank issued electronic money remains small as do crypto markets and activities, but growth in the latter requires further work on developing appropriate regulatory and supervisory regimes.

Strengthening the financial safety net is important. By reviewing and updating the Financial Services Act (FSA), a resolution regime must be adopted to provide the RMA with a range of resolution powers and tools. Resolution planning should include preparing resolution plans at least for the systemic banks and performing resolvability assessments. The RMA's Prompt Corrective Actions (PCA) framework must be strengthened, while recovery plans will need to be drafted by the banks and reviewed by the RMA.

There is currently neither a Deposit Insurance System nor an Emergency Liquidity Assistance (ELA) framework and their introduction and operationalization will help develop the financial safety net. To promote crisis preparedness, the RMA will need to develop and maintain in-house crisis management expertise and improve domestic collaboration.

The RMA has an explicit financial stability mandate and powers to deploy macroprudential policies to banks and NBFIs but lacks a framework for systemic risk surveillance. Currently, the RMA's analysis of risks relies on financial ratios and trends in credit aggregates, and lacks reliable early warning indicators and does not use stress tests. The RMA should broaden the set of variables reported by banks, strengthen macrofinancial analysis, and introduce solvency and liquidity stress tests. Technical assistance (TA) in these areas should be provided conditionally on the authorities taking action to strengthen the quality of financial data. The use of increasingly sophisticated analytical tools should proceed gradually, as the RMA strengthens capacity internally.

The RMA plays a central role in Bhutan's payments ecosystem, operating both payment systems in the country. This includes the retail payment system and the Real Time Gross Settlement (RTGS) system, as well as setting rules and standards for retail payments, while promoting full interoperability through a national switch. It has also established a national QR code standard that has significantly boosted digital fast payment adoption. Important cross-border initiatives are underway with both China and India. Despite this progress, gaps remain in both operations and oversight. Operationally, the provision of unsecured overdrafts to participating banks is concerning, exposing the RMA to credit risk. RMA operated systems are not being overseen, raising concerns regarding financial stability. Training on best practices under the CPMI-IOSCO Principles for Financial Market Infrastructures (PFMIs) and fraud prevention practices in digital payments is necessary. Enhancing the fast payment scheme, preparing a new standalone Act for financial market infrastructures (FMIs) and payment schemes, developing a multiyear strategic plan for payments, and establishing a National Payments Forum are all important.

Financial sector surveillance and risk assessment can be strengthened by expanding data coverage and improving the quality and granularity of financial sector statistics. While the RMA compiles monthly Financial Soundness Indicators (FSIs) for banks and NBFIs, coverage of institutions as well as indicators is limited. Improving coverage for MFIs, the digital bank, insurance corporations, and other NBFIs to support effective risk monitoring is critical. Monetary and Financial Statistics (MFS) are compiled monthly for the central bank, Other Depository Corporations (ODCs), and Other Financial Corporations (OFCs), but improvements in source data quality, granularity, and OFC coverage are needed. In addition, stronger Balance Sheet Analysis will require enhanced International Investment Position (IIP) data and broader coverage of the general government balance sheet. It is important to compile and disseminate data on access to and usage of digital financial services as part of the Financial Access Survey (FAS). The introduction of the data warehouse system is a critical step toward enhancing institutional capacity for statistical data management, but to maximize the benefits, additional validation, data quality checks, and analytical capabilities can be added.

The mission's diagnostic supports a TA plan. The key recommendations are summarized in Table 1 and the comprehensive TA Roadmap is provided in Annex I.

Key Recommendations

Recommendations[1]	Timeframe[2]	Priority	Paragraph
Financial Sector Regulation and Supervision: Banking			
Strengthen supervision capacity to undertake more effective offsite and onsite examinations to identify risks early. Strengthening execution to enhance the effectiveness of subsequent supervisory reforms.	MT	Medium	25
Undertake a comprehensive review of capital adequacy using Basel II to ensure the definitions of capital and the calculation of risk-weighted assets is accurate.	ST	High	28
Enhance supervisory data for credit risk analysis, develop credit skills to strengthen loan file assessments and portfolio analysis during onsite inspections.	MT	Medium	31
Undertake a targeted supervisory review of asset quality across the system with a view to confirming the adequacy of provisions, especially as loan forbearance measures are rolled back, and banks calculate loan loss provisions using IFRS 9.	MT	High	30
Implement regulations for market risk and interest rate risk in the banking book together with supervisory reporting templates, supervision processes and training.	MT	High	33, 36
Support the implementation of the LCR by calibrating run-off assumptions, and measures to mitigate concentration risk in bank funding models.	MT	Medium	38
Review and strengthen the PCA framework.	MT	Medium	44
Strengthen operational risk management of critical systems and assets by introducing higher standards, including ICT risk.	LT	Medium	49
Financial Sector Regulation and Supervision: NBFIs and Digital Financial Services			
Develop supervisory arrangements in line with best practices and Insurance Core Principles.	MT	Medium	58
Develop insurance sector specific regulation, life and non-life, in line with ICPs while considering the specificities of the market. Conduct an impact assessment prior to adopting any material regulatory changes.	LT	Medium	55
Ensure that insurers and the National Pension and Provident Fund (NPPF) adopt appropriate credit underwriting standards and implement effective and efficient procedures.	ST	High	60
Review the supervisory reporting framework to ensure it provides meaningful and accurate data to conduct micro and macro prudential supervision. Ensure financial sector entities have capacity to report and the RMA to assess the data.	ST	High	62
Conduct a post-implementation review of e-money regulations, and implement regulation and supervision for crypto markets and activities.	LT	Low	68, 70

[1] Unless specifically noted, all recommendations are for the Royal Monetary Authority of Bhutan. A full set of recommendations can be found in Annex I (TARM).
[2] Timeframe: **ST** (Short-term: less than 6 months), **MT** (Medium-term: results around 18 months); and **LT** (Long-term: results around 36 months).

Financial Safety Net and Crisis Preparedness			
Subject to adopting a robust resolution framework, including through legislative amendments, and consistent with international standards and good practices – establish resolution capabilities.	MT	Medium	75
Introduce an ELA framework and build up operational capability for ELA provision.	MT	Medium	81
Establish a Deposit Insurance System and introduce depositor preference.	LT	Medium	84
Payment Systems			
Impose sufficient balances in the settlement accounts as a condition for settlement process within the payment systems.	LT	Medium	97
Implement payment system oversight activities and develop a comprehensive training program on PFMIs for all staff involved in the operation of payment systems and in the oversight of FMIs.	ST	High	99, 102
Assess the need to expand the scope of the existing fast payment scheme and to incorporate additional rules, standards, features, products, and supporting infrastructures.	MT	Medium	108
Develop a comprehensive capacity-building program on fraud prevention within payment systems and payment schemes.	LT	Medium	110
Develop a multi-year plan for payment systems and retail payments following the completion of the strategic policy review.	MT	Medium	115
Establish a national payments forum to serve as a formal platform for consultation and coordination on payment-related matters.	MT	Medium	117
Systemic Risk Analysis and Monitoring			
Introduce a basic methodology for solvency stress testing.	MT	Medium	125
Introduce a basic methodology for interconnectedness analysis.	LT	Medium	123
Introduce a cash flow-based liquidity stress test.	MT	High	126
Financial Sector Statistics			
Improve the coverage and quality of currently compiled Financial Soundness Indicators (FSIs) for commercial banks and NBFIs based on the 2019 FSIs Guide.	ST	High	136
Enhance the quality of currently compiled Monetary and Financial Statistics (MFS), expand the coverage of MFS based on the MFSMCG, and enhance the usefulness of the data warehouse system to improve data quality.	MT	High	141
Enhance coverage and quality of International Investment Position (IIP) statistics.	LT	Medium	144
Improve government finance statistics and compile general government balance sheet data to increase the completeness and usefulness of the BSA matrix.	MT	Medium	148
Strengthen the technical capacities of FSIs, MFS, FAS and BSA compilers of RMA staff.	MT	Medium	154

I. Introduction

A. Scope of Work

1. **This report was prepared in the context of the Financial Sector Stability Review (FSSR) mission which held meetings with stakeholders in Bhutan.** The mission, held from 26 January to 6 February 2026, followed a scoping mission with the Royal Monetary Authority (RMA) in October 2025. Based on the agreed scope, the FSSR mission conducted a broad diagnostic of some key segments of the financial system and proposed a Technical Assistance Roadmap (TARM) to support the efforts of the authorities to address key gaps in the oversight of the Bhutan financial system. The topics covered in this diagnostic review are: financial sector regulation and supervision (banking, non-bank financial institutions, digital financial services), payment systems oversight and operations, financial safety net and crisis management, systemic risk analysis and monitoring, and financial sector statistics.

2. **The diagnostic review was guided by international standards, recommendations, and benchmarks tailored to the specific circumstances in Bhutan.** The mission team relied on standards and guidance issued by Basel Committee on Banking Supervision (BCBS), International Association of Insurance Supervisors (IAIS), Committee on Payments and Financial Market Infrastructures (CPMI), International Organization of Securities Commissions (IOSCO), Financial Stability Board (FSB), and International Association of Deposit Insurers (IADI). It also relied on the IMF's manuals and methodologies and latest international standards for financial sector statistics.

3. **The mission team met with various stakeholders to support the analysis of the diagnostic review and understand the Bhutanese financial system**. The team conducted 59 separate meetings during the in-person mission across public and private sector entities. The mission met with various departments and teams within the RMA. It also met with the Ministry of Finance, the Royal Audit Authority (RAA), three commercial and state-owned banks, two NBFIs that conduct lending activities, two telecom operators that conduct e-money activities, two trade associations, consulting firms, and an investment management firm. During the scoping mission, the team also benefited from meetings with the Corporate Regulatory Authority (CRA) and the Royal Securities Exchange of Bhutan (RSEB).

B. Overview of the Financial Sector

4. **Bhutan is a developing market economy with strong economic growth in 2025.** Real GDP growth was 7.7 and 9.6 percent in the first two quarters of 2025, driven by industry and services sectors, while headline inflation increased slightly to 4 percent driven by food inflation. The medium-term outlook is positive, driven by rising hydropower generation and capital spending, but risks are tilted to the downside reflecting delays on hydropower projects, a global slowdown, declines in the value of crypto asset holdings, fuel-price increases, and climate-related shocks.

5. **Despite a recent acceleration of economic growth, non-performing loans (NPLs) continue to pose risks to the financial system**. The accumulation of large NPLs even before Covid-19 reflects inadequate bank credit risk management and limited capacity at the RMA to monitor asset quality using forward looking metrics and processes. The impact of Covid-19 was significant with NPLs peaking at 14.6

percent right after the pandemic. In response, the RMA applied blanket loan forbearance to all affected borrowers. As the economy rebounded, the RMA rolled back the blanket forbearance but retained a targeted treatment for the tourism and hotel sector (the second largest economic sector). The measures for this sector remained in place until end-December 2025.

6. **Bhutan's financial system is relatively large as a share of GDP.** Financial sector assets accounted for 162.4 percent of GDP as of November 2025. Banks account for 78 percent of total financial sector assets but NBFIs have been growing and hold about 22 percent of total assets. There are six banks, three insurers including a reinsurer, a pension fund, seven MFIs including three that accept deposits (DMFIs), five private money lenders, one fund management company, two insurance brokers, nine securities brokers, and two telecom operators that also issue electronic money.

7. **Banks dominate the financial sector**. As of November 2025, banks hold roughly almost 78 percent of total assets in the Bhutanese financial sector and extend about Nu 195 billion of total loans. NBFIs excluding microfinance firms hold almost 22 percent of total assets and extend about Nu 46 billion of total loans. Microfinance firms extend Nu 1 billion of total loans. The securities market is small with 18 listed firms that have a combined market capitalization of Nu 53.3 billion and is actively being developed by the RMA, the CRA, and the RSEB in conjunction with the World Bank and the ADB. The sole fund management company has been experiencing a steady reduction of net asset value and remains small. The two biggest commercial banks account for approximately 69 percent of the banking sector's assets and around 70 percent of banking sector loans.

8. **Bhutan has a relatively concentrated banking sector.** There are five commercial banks and one digital bank, and two banks have a combined market share of approximately 60 percent of total loans. Most banks' assets are loans, and deposits are the main source of bank funding. The banks are generally profitable with return on equity for the system between 8-10 percent and healthy net interest margins around 2.3 percent. The product suite is relatively conventional, although innovation is taking place both in terms of new products and payment channels, especially through the digital bank. The government is the main shareholder in the largest bank and other public sector enterprises (including the national pension fund) are shareholders. Average capital for the sector is 16.4 percent comprised mostly of higher quality capital such as shares and retained earnings. Banks' assets are mostly loans, and interest income is the main source of revenue. The main sectors allocated for loans are housing, hotel and tourism, and other commercial loans. Interest income is the main source of revenue for banks and average net interest margin for the sector is 3.21 percent for 2024.

9. **Some NBFIs conduct deposit taking and lending activities.** The RMA plays an important role in fostering financial inclusion. While data are not available for all entities, NBFIs play an important role in reducing instances of financial exclusion. Two insurers, the national pension fund, and microfinance providers all conduct some lending activities. Four of the seven microfinance providers also take deposits with a market share of below 1 percent of total country's deposits and approximately Nu 1 billion in total assets.

10. **The majority of NBFIs' assets belong to the NPPF which is the country's main retirement security institution.** The NPPF was established in 2000 to manage pension and provident schemes for civil servants (including employees of state-owned enterprises). As of end 2025, NPPF paid benefits to circa 11,051 pensioners and had 69,034 members (i.e. circa 13 percent of the working age population).

The NPPF holds 14.4 percent of total financial sector assets and 65.2 percent of NBFI assets. It also extends 8.2 percent of all gross loans. The general demographic trend and the emigration of young Bhutanese overseas may present medium term challenges for the NPPF, as may growing NPLs driven by corporate loans. The NPPF's financial soundness may be impaired by members' possibility to withdraw as lump sum the entire accrued contribution before they reach the minimum pensionable service. Such withdrawals are frequently made by people emigrating from Bhutan which drives a negative feedback loop between emigration and the NPPF's financial soundness

11. Insurers hold a significant proportion of the financial sector's total assets and the role of state-owned enterprises is material. The two insurers hold 7.5 percent of total financial sector assets and 33.7 percent of total NBFI assets. The insurers also extend 8.5 percent of gross loans in the financial sector. No data are collected by the RMA regarding the reinsurance company which, according to public financial reports, is larger than the second insurer. The largest insurer is a government owned company providing life and non-life insurance, loans, investment and brokerage services.

12. Insurance companies face structural difficulties. Insurers tend to have a higher cost of funding than banks given their funding derives mostly from annuities bearing fixed rates, not deposits, which compels them to apply higher lending rates which results in extending facilities to less creditworthy clientele. This is reflected in a higher level of gross NPL ratios for insurers, driven by the housing sector which includes a high level of foreclosed assets which can impact firm profitability. Lending from insurers is mostly in term loans and limited amounts in financial guarantees. One insurer has material exposures to corporate clients constituting most of its NPLs. Foreclosed assets are a material portion of insurers' assets and mostly held off-balance sheet related to loans that had been written off.

Table 1. Financial Sector Structure (As of November 2025)

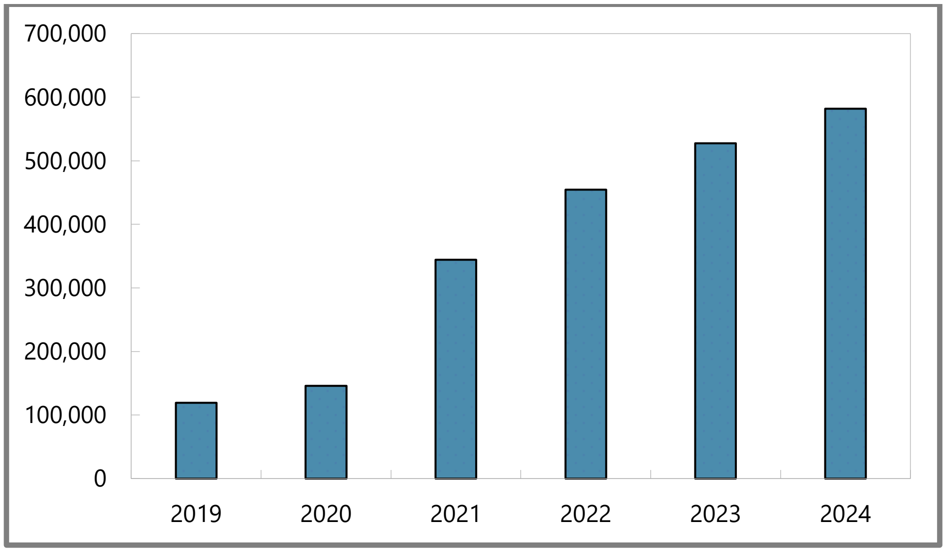
Financial Corporation (FC) Subsector	Number of institutions	Assets size (In millions of national currency)	Total assets (Percent of Nominal GDP)	Participation in the total financial system
Central Bank of Bhutan	1	150,374.44	53.70%	
Other Depository Corporations				
Commercial Banks	6	355,021.81	126.79%	77.90%
Domestically controlled	5	270,963.89	96.77%	69.20%
-o/w government owned	1	43,353.63	15.48%	9.60%
Foreign controlled	1	39,778.28	14.21%	8.70%
Banks in liquidation	0		-	-
Deposit taking microfinance institutions	4	926.02	0.33%	0.20%
Total	10	355,947.82	127.12%	78.10%
Other Financial Corporation				
Pension funds	1	65,127.47	23.26%	14.40%
Insurance corporations*	3	33,686.99	12.03%	7.50%
Life insurance	n.a	n.a	n.a	

Nonlife insurance	n.a	n.a	n.a	
Non-deposit taking Microfinance institutions	3	n.a	n.a	
Private money lenders	5	n.a	n.a	
E-money issuers	2	n.a	n.a	
Other financial intermediaries and financial auxiliaries				
Securities Exchange of Bhutan	1	n.a	n.a	
Credit Information Bureau	1	n.a	n.a	
Securities brokers	9	n.a	n.a	
Insurance brokers	2	n.a	n.a	
Fund management companies	1	n.a	n.a	
Crowdfunding portal	1	n.a	n.a	
Total	29	98,814.46	35.29%	21.90%
Overall Total	39	454,762.28	162.4%	100.00%

Source: RMA.
Note: Nominal GDP is as of 2024
*Total assets of insurance companies include only two companies here and exclude the third one (reinsurer).

13. Bhutan is undergoing rapid digital transformation in the financial sector, and the provision of digital financial services is increasing. The RMA is modernizing payment systems and infrastructure including expanding options for domestic payments and improving cross-border payments. Mobile banking is the dominant digital payment channel, contributing 67 percent of total payment value in December 2025. The use of bank-issued QR codes contributed 15 percent of total payment value in the same month, e-money transactions contributed just 0.16 percent of total payment values, while other digital and non-digital channels contributed to the rest. Bhutan is the sixth largest government Bitcoin holder which is treated as a strategic reserve. Facilitated by relatively cheap energy costs driven by hydropower, Bitcoin mining operations attract both state owned and private sector companies. Digital Kidu Bank (DK Bank) is the first fully digital bank in Bhutan and has partnered with Binance to enable the use of Binance Pay service which attracts interest from both tourists and locals. DK Bank has also been authorized to distribute a crypto asset (TER), which is an investment product offering users the opportunity to invest in tokenized gold. DK Bank is the exclusive distributor of TER which can be purchased only by Bhutanese nationals. Settlement of TER purchases is made via USD or Bitcoin. Bhutan's National Digital Identity is an Ethereum blockchain based-initiative based on self-sovereign identity principles and has been rolled out across the country with a participation rate of circa 70 percent although it is still too early to determine an impact on financial inclusion and wider digitalization. While large uptake of digital identity is a very positive development, there could be instances where limited technological literacy could lead to risks.

Figure 1. Value of mobile and internet banking transactions (Nu. millions)



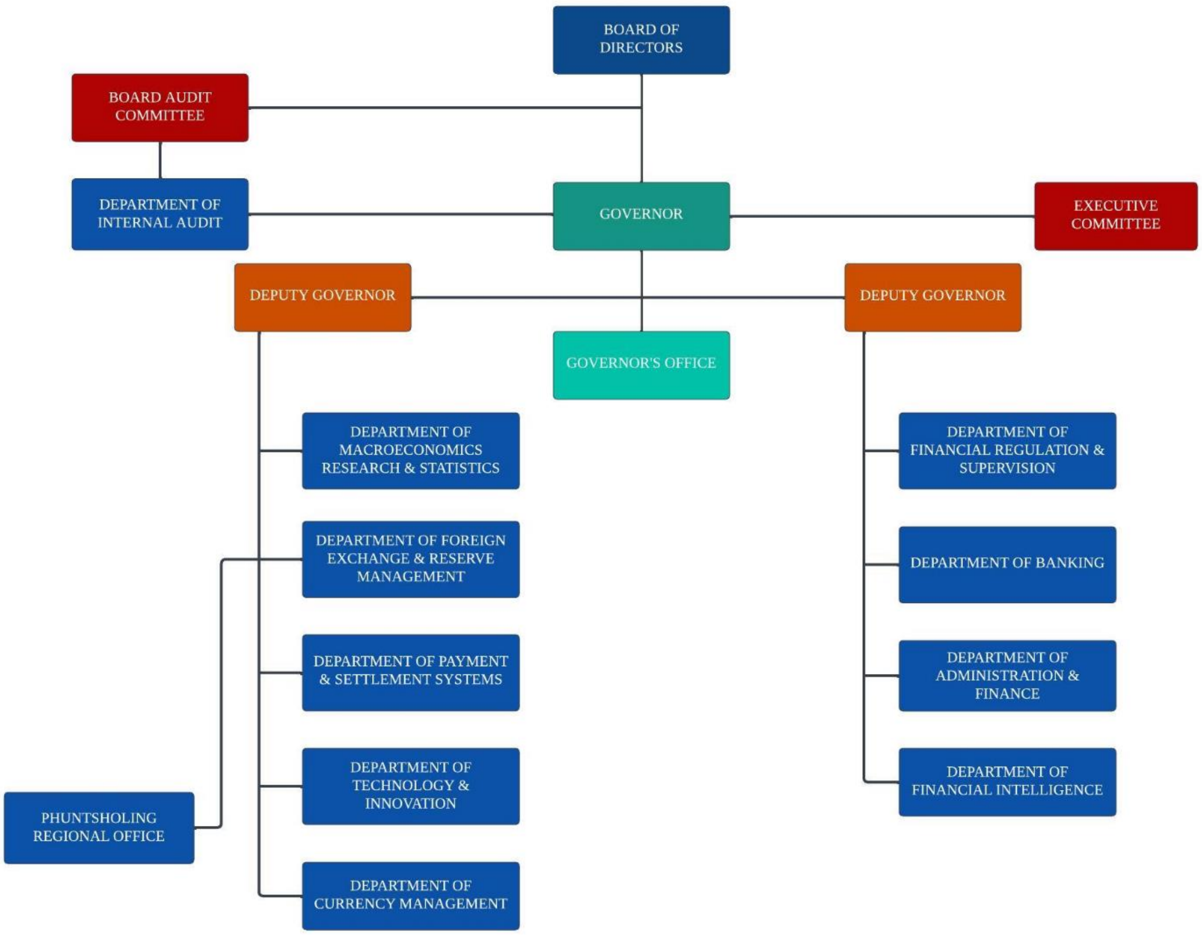
Source: IMF's Financial Access Survey (2024)

14. The development of the Gelephu Mindfulness City (GMC), a Special Administrative Region, has potential opportunities and risks. The GMC is a new city spanning 2,600 square km at the border with India with an aim to create a high-end market for Bhutanese goods and services. The GMC operates under a Singaporean common law framework with financial service regulations modeled on the Abu Dhabi Global Market. The Gelephu Financial Services Office is already established and supports the development of financial services activity in the GMC. Currently, crypto asset activity, including significant bitcoin mining, is being conducted in the GMC. This FSSR focuses recommendations to the RMA and reflects the domestic Bhutanese financial sector. The mission does not provide any recommendations for the GMC but considers GMC operations where they may have spillover effects into the domestic financial sector and the mandate of the RMA.

15. The RMA is an integrated central bank and financial services regulator and supervisor. The RMA is responsible for financial sector regulation and supervision across sectors, although within the capital markets sector, primary markets regulation and supervision are the mandate of the CRA and the RSEB. The RMA is staffed with approximately 200 people working across 10 departments, including a regional office. The mission met with staff primarily responsible for financial sector oversight and financial sector statistics. As of February 2026, the Department of Financial Regulation and Supervision (DFRS) is responsible for policy formation, licensing, and supervision of banks and NBFIs, as well as compiling and publishing financial soundness indicators. The Department of Payment and Settlement Systems (DPS) is responsible for the policy development, oversight and operation of payment and settlement systems as well as the regulation and supervision of payment service providers. The Department of Technology and Innovation (DTI) is responsible for information technology, cyber resilience, developing digital reporting infrastructure, and operation of the regulatory sandbox. The Department of Macroeconomic Research and Statistics is responsible for monetary and financial sector statistics. The Department of Financial

Intelligence is responsible for anti-financial crime supervision and financial intelligence analysis. The Department of Foreign Exchange and Reserve Management is tasked inter alia with the oversight of the banks' exposures in foreign currencies.

Figure 2. RMA Organogram



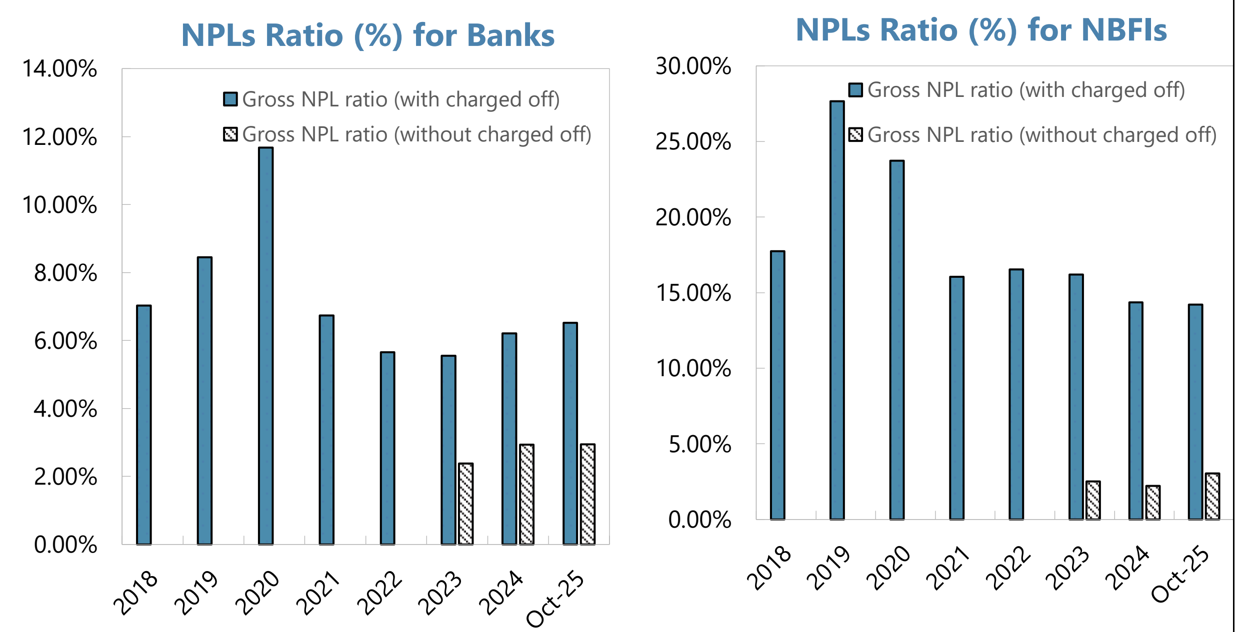
Source: Royal Monetary Authority

C. Systemic Vulnerabilities

16. **Despite a recent acceleration of economic growth, NPLs continue to pose risks to the financial system**. The accumulation of large NPLs even before the Covid-19 pandemic and introduction of related forbearance measures reflects inadequate credit risk management by the industry and limited capacity at the RMA to timely monitor asset quality evolution. Two factors mask the deterioration in asset quality system-wide compared with reported NPL ratios at approximately 3 percent: the accounting write-off of NPLs past due more than 12 months and their off-balance sheet recognition, which lowers the reported NPL ratios (while retaining the banks' ability to recover the defaulted assets); and new regulatory

measures for exposures in the tourism and hotel sectors.[3] These off-balance sheet exposures along with foreclosed assets limit banks' and insurers' capacity to generate income. In some cases, banks' capital margins above regulatory minima are thin, and their ability to generate credit is limited.

Figure 3. Non-Performing Loans for Banks and NBFIs



Source: RMA.

17. Deposits are concentrated in a few large depositors, and government ownership in the financial system is significant. The public sector directly and indirectly has a shareholding interest in financial institutions. The source of funding for the banking system is heavily concentrated in deposit liabilities. In a stress scenario, the banking sector may experience outflows, whereby alternative sources of liquidity are unclear and so developing an Emergency Liquidity Assistance (ELA) framework is important. While the banking system exhibits structural excess liquidity (with the loan to deposit ratio approximately 80 percent), the concentration in large corporate and NBFI depositors as a source of funding could present systemic risks. Banks place funds at other banks but the interbank market remains nascent. High-quality assets for the system are mainly government bonds where the secondary market is not deep or active. In stress, the preparedness of the RMA to repo these assets is unclear and there have been instances where the RMA has been forced to extend unsecured overdrafts to some banks unable to meet daily commitment for settlements within the payment system. Recent talk about the introduction of

[3] These allow lenders to reduce interest payments for indebted borrowers and postpone repayment if necessary, among others.

government sponsored asset management companies to purchase NPLs from banks is an additional source of concern.

D. Previous MCM and STA Technical Assistance

18. The IMF's Monetary and Capital Markets Department (MCM) has delivered TA to the RMA. Since fiscal year 2023, MCM and the South Asia Regional Training and Technical Assistance Center (SARTTAC) have delivered ten TA projects relevant to financial sector policy covering cyber strategy, fintech, strengthening supervisory capacity, and establishing a quantitative framework for setting the haircuts on government bonds posted as collateral for monetary policy operations. Further TA has been provided in broader areas including debt markets, internal audit, and development of an interest rate corridor framework. There has been no Financial Sector Assessment Program (FSAP) conducted in Bhutan. The World Bank and the ADB have both been active providers of TA in financial sector policy with current and ongoing projects in banking, securities, and payment sectors.

19. Bhutan has also received several TA missions over the past five years from the IMF's Statistics Department (STA). These activities have covered financial sector statistics, government finance statistics, the external sector, national accounts, and price statistics. A TA mission on financial soundness indicators was conducted in 2023, focusing on the compilation of indicators for both deposit takers and non-bank institutions. In 2022, a TA mission on monetary and financial sector statistics was provided. Since 2022, Bhutan has also benefited from five TA missions on government finance statistics and one TA on external sector statistics.

20. These TA missions have been well received but the capacity to absorb TA and retain institutional knowledge is challenging. The RMA has been implementing lessons from the TA received, however, retaining institutional knowledge is challenging in the face of high attrition rates. This mission has considered ways to improve institutional knowledge and aims to structure recommendations and TA activities aligned with this goal. This includes fewer manual processes, improved documentation, and increased automation to reduce dependencies on a single / small group of staff. Another challenge is the capacity to absorb TA given the relatively small number of staff, broad mandate, and the provision of TA from several agencies. This mission proposes to reduce the aggregate amount of TA by reducing duplication with other agencies and prioritizing TA that is most necessary. To achieve this, the mission has conducted a stocktake of existing TA (Annex 2), interacted with other relevant agencies like the World Bank and ADB, and set out a relatively limited number of TA activities. This mission proposes TA activities focused on closing fundamental gaps which will provide the RMA with the platform to develop key capabilities to ensure financial sector resiliency.

II. Diagnostic Review of the Financial Sector Framework

A. Financial Sector Regulation and Supervision (Banking Sector)

Supervisory approach, tools and techniques

21. **The Department of Financial Regulation and Supervision (DFRS) has achieved a significant uplift in modernizing its regulatory framework in the last few years.** Since 2024, for example, the following regulations were revised and implemented: Large Exposure Framework 2025, Regulations on Non-Performing Loan Management 2025, amendments to Prudential Regulation 2024, Corporate Governance 2024, Prompt Corrective Action Framework 2024. These are significant achievements whereby the DFRS has aimed to align its regulations with the global standards. In terms of supervision, the DFRS has commenced a transition to risk-based supervision by revising the risk rating methodology (CAMELs) and developing bank institutional profiles.

22. **A review of the Financial Services Act (FSA) is underway.** Aspects of RMA's prudential regulations have been developed with the intention of aligning with the global standards such as the Basel Accord for capital adequacy and the G20/OECD corporate governance principles. The capital standards include elements of Basel I, II, and III, yet compliance is weak. A review of the regulatory framework to ensure consistency between the regulations and alignment with the relevant standards is being conducted.

23. **The DFRS is working toward implementing a new operating model to support risk-based supervision**. The DFRS proposes to increase staff capacity with more staff numbers (growing from the current 16 to an aim of 35) and a greater focus on training. Staff currently cover multiple sectors across banks and NBFIs, and approvals (such as Fit and Proper) are undertaken by various staff spread across the DFRS. The target operating model should help alleviate capacity constraints and improve efficiency. Amendments to the operating model will also allow for greater sector specialization and efficiencies in processing applications and assessing proposals such as Fit and Proper.

24. **Capacity constraints hamper the DFRS' efforts to achieve the desired supervisory outcomes, and the shared responsibility model creates challenges.** Staff turnover has drained the DFRS' institutional knowledge, and most supervisors are relatively new to banking supervision. Overly manual processes limit the effectiveness of the DFRS such as the process to extract risk analytics from the RMA's data warehouse for input into offsite supervision. Onsite examinations are too infrequent and often focus on compliance-related issues. Responsibility for bank supervision is distributed across the RMA and beyond the DFRS. Within the DFRS, designated Relationship Officers (ROs) have front-line relationships with financial institutions while a separate team is in charge of ongoing supervision. Other departments have their own policy and supervisory responsibilities that are conducted in a silo approach. There is little evidence of adequate cooperation and coordination between the DFRS and the other departments with supervisory mandate such as payments, technology, foreign exchange, and the

financial intelligence unit. This model has created some challenges for the DFRS ROs in terms of coordination and efforts to achieve a consolidated bank risk profile.

25. While a targeted uplift in regulations is needed, a pivot to prioritizing supervisory engagement is warranted together with a greater focus on higher risk and more systemically important banks. There is a need to revise the capital adequacy regulations, ideally aligned with Basel II to achieve greater risk sensitivity and expanded coverage to include market risk. The introduction of an annual supervisory review based on banks' ICAAPs will strengthen the holistic assessment of all material risks together with bank stress testing to validate capital buffers. Automation in data extraction and compilation of risk analytics is needed to help support an efficient and effective approach to offsite supervision. A greater focus on the higher risk and larger banks is warranted given the degree of concentration in the sector by the two largest banks. Given the achievements in reforming the RMA's prudential regulations, there is a need for the DFRS to place greater emphasis on supervision to confirm the effective implementation of regulations and compliance. Strengthening supervisory tools will support the RMA's execution of key activities. For example, routine annual bank risk assessments, targeted onsite examinations on a risk basis, standardized internal manuals and work programs, structured training, and basic automation of offsite dashboards. Strengthening execution would enhance the effectiveness of subsequent supervisory reforms.

26. The Statutory Auditor is responsible for auditing financial services firms in Bhutan and is appointed by the Royal Audit Authority (RAA). The RAA approves audit firms to be part of a panel of Statutory Auditors to be selected by banks to undertake the annual external audit. Previously, the RMA has conducted due diligence on banks' provisioning prior to the Statutory Auditor completing the external audit. However, going forward the RMA will rely on the Statutory Auditor to obtain a level of assurance about the accuracy of a bank's regulatory provisioning.[4] There is scope for the RMA to increase coordination between both the RAA and the Statutory Auditor. The RMA should develop processes to meet more frequently and share information and insights as two-way communication.

Prudential Regulation

27. Risk coverage of the capital adequacy framework is limited and the definition of eligible capital warrants attention. For Pillar 1 risks, credit risk is the main risk within the system and the RMA uses the Standardized approach which aligns closely with Basel I for the calculation of risk weighted assets (RWAs). For example, housing and corporate exposures attract a 100 percent risk-weight. For operational risk, the Basic Indicator Approach (BIA) is used but excludes market risk in the calculation of RWAs. Pillar 2 risks are currently not typically included in the assessment of capital and a Pillar 2 SREP process is not undertaken to assess all material risks. The RMA applies a leverage ratio of 5 percent and applies a capital conservation buffer of 2.5 percent to all banks. The minimum Tier 1 ratio is 7.5 percent and total capital ratio is 12.5 percent. The definition of eligible capital contains references to categories that reflect characteristics of the local banking system which are not consistent with the Basel definitions.

28. A comprehensive assessment of capital buffers should be performed using Basel II to capture all Pillar 1 and 2 risks. There is a need to undertake a holistic assessment of capital adequacy to test the sufficiency of the capital position of the system, especially as some banks have relatively small buffers over prudential minima. This analysis will help inform projected future capital management plans and strategies to access alternative sources of capital. The RMA would benefit from implementation processes to apply individual bank MCRs and an annual SREP which includes an assessment of a bank's ICAAP to evaluate all material risks. This process would help capture Pillar 2 risks in the assessment of capital adequacy.

29. While headline NPL ratios are low, the combination of loan forbearance measures and off-balance sheet transfers mask underlying weaknesses in asset quality. Banks were permitted to transfer charged-off NPLs off-balance sheet, preserving the bank's legal right to recover the loan from the defaulted party. The transfer to off-balance sheet, however, artificially lowered the reported NPL ratio of banks. For context, the current stock of tourism and hotels loans impacted is around Nu 14 billion (US$150 million) which is 4 percent of total banking assets. In addition, loan forbearance continued to be applied for exposures in the tourism and hotels sector. These two measures have artificially lowered the reported NPL ratio for banks system wide. With the rolling back of loan forbearance, banks will need to assess loans against the RMA's new NPL Management regulation issued in 2025. Loan loss provisioning will also need to be aligned with IFRS9 replacing the RMA's prescribed provisioning framework. Infrastructure and procedures to support credit decisioning have some gaps and contribute to the challenging environment to assess and manage credit risks. While progress is being made to enhance credit data at the Credit Information Bureau (CIB), historically total indebtedness has been difficult to compute. Publicly available data for real estate prices are not readily available to provide transparency about house and land asset price changes and expert valuation firms are absent. Realization of collateral is slow by comparison to regional peers, requiring court intervention and the auction process has not been an efficient process to dispose of immovable collateral.

30. A targeted supervisory review of asset quality across the system is warranted to identify unexpected losses in portfolios.[5] With loan forbearance measures expiring, there is a risk that unrealized losses in bank loan portfolios will need to be treated as defaulted. The RMA should conduct this diagnostic once the 2025 RMA NPL regulation and IFRS9 reforms can be fully applied. Experience globally shows that the transition to an expected credit loss framework under IFRS requires extensive data, modeling expertise and supervisory expert judgement. TA and training can help implement IFRS9 and apply the RMA's new guidelines in practice in the assessment of bank's risk profile.

31. Credit risk is the main focus of the DFRS and is closely monitored through onsite and offsite supervision. The requirements for credit risk management are set out in the RMA's 'Risk Management Guideline (2019)'. It establishes the components of an appropriate credit risk management framework including: Organizational Structure; Credit Risk Strategies and Policies; Credit Limits and Indicators; Credit Granting; Processes; Credit Risk Monitoring; Remedial and Recovery; and Provisioning Process. Banks report monthly loan exposure data at an individual counterparty level such as the type of borrower, amount, tenor, security etc. The challenge, however, is to aggregate the data to generate meaningful risk insights such as flow measures by product, vintage and associated risk characteristics such as Loan-To-Value and Loan-To-Income. Onsite examinations focus on credit risk management and the DFRS sample loan files which include a sample of large exposures and related party loans. TA is

[3] The mission's recommendations acknowledge the ongoing involvement of donor partners on bank asset quality issues and coordination will take place throughout the execution of the TA Roadmap.

needed to assist in strengthening offsite analysis and onsite examination processes, especially as the DFRS integrates new staff into their roles where a deep understanding of credit risk is needed.[6]

32. The regulations for market risk are incomplete, and supervisory processes should be strengthened. The requirements for market risk are also set out in the RMA's 'Risk Management Standard Guidelines (2019).' The risk management standards are high-level and provide some general guidance to banks in terms of risk management practices. The asset classes on bank balance sheets include: foreign exchange (FX), equities, and domestic sovereign and corporate bonds. The DFRS has not traditionally placed attention on market risk during onsite and offsite supervision activities and as a result a full understanding of banks' trading strategies is not present, and the general view of supervisors is that market risk investments are held to maturity. The regulations do not have a clear description of the definition of trading book and banking book. Supervisory processes are also not well established. In terms of reporting market risk exposures, the RMA does not receive comprehensive market risk reporting or risk analytics such as Value at Risk, mark-to-market position data etc. The absence of a Pillar 2 or SREP has meant that a framework to undertake a meaningful assessment of market risk is not established.

33. Market risk regulations and supervisory processes should be established as a priority. The regulations will establish the RMA's expectations for risk management and the calculation of regulatory capital. A TA mission is desirable to take stock of the extent of market risk and support the drafting of regulations and risk management standards, the development of supervisory guidance to support the DFRS, and development of reporting templates as an input into offsite analysis and onsite examination training. The intention is for the RMA to develop regulations to capture the calculation of regulatory capital as a Pillar 1 charge and for Interest Rate Risk in the Banking Book (IRRBB) treated under Pillar 2.

34. A regulatory and supervisory framework for IRRBB is absent and should be immediately addressed. Most banks' loan exposures are floating rate, while liabilities (which are predominantly deposits) are a mix of fixed and floating. While banks have deposit tenors between 1 and 5 years, maturities for assets extend to 30 years. Banks are exposed to risks associated with the maturity mismatch in their assets and liabilities. The RMA has not issued regulations that require banks to have systems to identify, measure, evaluate, monitor, report and control or mitigate IRRBB. Reporting to the RMA is limited, whereby they receive monthly maturity profile of assets and liabilities and some manual calculations are applied. However, the DFRS does not receive banks' results of their interest rate risk measurement systems, expressed in terms of the threat to economic value and earnings, using standardized interest rate shocks on the banking book. There is no coverage in the calculation of capital adequacy for IRRBB.

35. Supervisory processes are also not well established. The RMA does not receive sufficient data to perform offsite analysis of banks' exposure to interest rate risks. The RMA receives the minutes of banks' Asset and Liability Committee meetings; however, the scrutiny of the minutes is not deep. As a result, interest rate sensitivities of banks' mix of assets and liabilities are not actively monitored and changes in risk profile could take place without the DFRS being aware. In terms of onsite examinations,

[6] The lack of a comprehensive view of total indebtedness has negatively impacted the credit underwriting process. Banks historically have not had a comprehensive and real-time view of a borrower's total indebtedness, although this has improved with the establishment of the CIB. The CIB provides credit scores for individual borrowers but not for institutional borrowers; corporate credit assessments rely on credit reports and banks' internal risk rating frameworks.

this risk is not typically a focus area. The RMA does not assess whether the internal capital measurement systems of banks adequately capture interest rate risk in the banking book.

36. Establishing regulations and supervisory processes for IRRBB should be a short-term priority. This will set out the RMA's expectations for risk management and include these risks in supervisory processes including the Pillar 2 process. A mission is desirable to take stock of the extent of IRRBB and support drafting of regulations and risk management standards, development of supervisory guidance, and development of reporting templates as an input into offsite analysis and training for RMA.

37. The RMA applies a range of qualitative measures and risk management requirements for banks to manage liquidity risk. The RMA uses both stock and flow-based approaches to liquidity metrics. There are two stock-based requirements: the Statutory Liquidity Ratio (SLR) and the Cash Reserve Ratio (CRR). The SLR requires banks to maintain at least 20 percent of high-quality assets measured against total liabilities (net of capital), while the CRR requires banks to deposit eight percent of deposit liabilities with the RMA. Additionally, the RMA performs a 'Cash Flow Gap Analysis' which measures mismatches between cash inflows and outflows over different time buckets. The RMA has also recently issued regulations to introduce the Liquidity Coverage Ratio (LCR) to strengthen the short-term resilience of banks, promote liquidity risk management, and reduce systemic risk. The LCR implementation schedule commences in 2026 at 60 percent and banks should meet 100 percent by 2029.

38. Bank funding models are heavily reliant on deposit liabilities exhibiting concentration risk where alternative sources of funding and liquidity are uncertain. Banks typically report healthy buffers above the SLR, and the loan to deposit ratio across the system is approximately 80 percent. The source of funding, however, exhibits a reliance on deposit liabilities and alternative sources of funding in a stress is uncertain. Moreover, banks' portfolio of high-quality assets is typically domestic sovereign bonds which are not actively traded. While global experience suggests deposit liabilities are relatively stable sources of funding, the run-off rates for large corporate deposits are not accurately modelled. In some banks, the largest ten corporate deposits could present a meaningful stress if there was an idiosyncratic stressed outflow. There is scope for the RMA to receive TA to help the smooth implementation of the LCR, particularly in the calibration of run-off assumptions, and the categorization of deposits into 'stable' and 'less stable' sources of funding together with the treatment of non-time deposit liabilities – issues which have required attention in other jurisdictions when implementing the LCR.

Country and transfer risk

39. The RMA has not issued regulations specifically for country and transfer risks. The banking system has typically had limited international lending and investment activities. As a result, the types, sources and transmission channels of country and transfer risks have been relatively limited owing to the structure of the economy and activities of the banking system. Banks also maintain a predominantly domestic presence and have not established foreign subsidiaries. The RMA has implemented regulations regarding foreign exchange activities which are issued and administered by a separate department outside of the DFRS. These regulations apply limits on banks' foreign currency reserves and excesses are transferred to the RMA. Banks are also subject to limits on FX lending (Nu 20 billion for large banks and Nu 15 billion for small banks). Banks typically manage country and transfer risks through the credit underwriting and monitoring processes. Less attention has typically been paid by the RMA to these risks as part of onsite or offsite analysis and not considered as part of the composite rating system.

40. A regulatory framework and associated supervisory processes are needed to ensure banks' policies and processes adequately consider the identification, measurement, evaluation, monitoring, reporting or mitigation of country and transfer risk. The domestic banking system's exposure to country and transfer risks to date has been de-minimis. Nonetheless, a medium term priority should be the establishment of a set of regulations and associated supervisory processes especially as the economy develops and growth in foreign direct investment expands as anticipated by the Government's recently announced Foreign Direct Investment initiative.

Supervisory Early Intervention

41. Reducing the probability and costs of financial distress requires early action, before the financial condition of the institution is significantly impaired. Chapter 12 of the FSA provides the RMA with explicit legal authority to undertake Prompt Corrective Actions (PCA). The RMA issued in 2022 the PCA framework, which serves as the primary early intervention and escalation mechanism, and a Statement of Policy in 2024 for placing a financial institution under PCA. Under the framework, the institution is required to submit a remedial action plan within prescribed timelines. The implementation of the plan is monitored by a task force chaired by the RMA's Deputy Governor and comprising the General Counsel and any other member deemed required.

42. The PCA framework sets clear triggers for corrective measures to guide the actions of supervisors and describes a clear escalation process. However, it should be noted that asset quality is the only area of focus for monitoring, designing, and implementing early intervention measures under the PCA Framework. The framework does not currently address other risks that could impair an institution's financial conditions, such as increasing liquidity risks, deteriorating capital quality, inadequate pricing of risks, or chronic weaknesses in risk management and unsound governance practices. The RMA intends to expand the focus of the framework to include some of these areas.

43. For corrective measures to be effective they should be carried out in a fast and efficient manner. However, according to the PCA framework it could take up to 1.5 months after the breach of the relevant risk indicator's tolerance threshold is first detected for a corrective measure to be activated. This might not be a sufficiently swift response in the case of a fast-evolving crisis.

44. The RMA should strengthen its PCA framework. This requires expanding the framework's coverage to include all areas of potential risks to an institution's viability. The timeframe for the corrective measures should be set in accordance with the nature of the financial distress that these are meant to address. Furthermore, the RMA should enhance its operational capabilities for prompt corrective action.

Recovery planning

45. There is currently no bank-specific recovery planning. The Key Attributes require that recovery plans are prepared, at a minimum for all banks that could be systemically significant or critical if they were to fail. The RMA has not yet introduced these requirements. Pursuant to the FSA, the RMA issued in 2022 guidelines on the Business Continuity Plan (BCP). All financial institutions are required to have in place BCPs that provide adequate safeguards for the prevention and reduction of the likelihood of operation disruptions. RMA supervision of BCPs appears to be of formalistic nature and is largely reliant on attestation issued by third-party to financial institutions.

46. The RMA should establish recovery planning procedures progressively to all banks subject to proportionality. The recovery plans would identify credible options to bolster capital and liquidity, and restore financial strength and viability when a bank comes under severe stress to cope with a wide range of scenarios.

Operational risk and operational resilience

47. The BIA for calculating capital introduces simplicity and conservatism, yet there is scope for risk sensitivity to encourage higher standards of risk management. The BIA approach uses the average of gross income for the last three years with the alpha factor equal to 15 percent. Over time, the DFRS could undertake a loss data collection exercise to identify banks that collect granular data and apply robust approaches to risk management and internal control processes. While access to external loss data and scenario analysis might offer marginal insights, internal loss data and risk and control assessments will help inform the adequacy of operational risk capital.

48. Operational risk management standards are robust, yet offsite reporting lacks detail and onsite examination processes could be expanded. The risk management standards highlight the need for the three lines of defense and set out expectations for banks to have approaches for organizational structure, measurement approaches, contingency planning, outsourced activities, and cyber risk. There is scope for the RMA to enhance onsite examination processes to verify that banks have effectively implemented an enterprise-wide approach to risk management. Offsite processes could be expanded to include risk information beyond breaches and event notifications which are backward looking.

49. Risks associated with ICT and third-party service providers warrant greater attention, especially as banks undergo digitalization strategies and upgrades to technology platforms. While most banks operate on-premises technology platforms, upgrades to core banking platforms are underway and one bank utilizes cloud-based services for its core banking. More broadly, the sector is increasingly pursuing strategies to leverage technology. This greater focus on technology should be met with the DFRS stepping up its focus on operational risk and operational resilience. Greater collaboration between the DPS, DTI, and the DFRS is crucial, leveraging the DIT's acumen and integrating ICT risks into the holistic risk rating of banks.

B. Financial Sector Regulation and Supervision (NBFIs and Digital Financial Services)

Institutional Arrangements for NBFI Oversight

50. The RMA is the single regulatory and supervisory authority for the entire NBFI sector. The sector is dominated by non-bank lenders such as the NPPF and insurance companies. Given a small capital market, a minor role is played by the RSEB. There is one fund management company and nine securities brokers (mostly owned by banks and insurers). MFIs and private lenders, while helpful for financial inclusion, have a low materiality and limited impact on financial sector stability, as do issuers of e-money. Although crypto assets are not regulated within Bhutan and banks declare that they block crypto asset transactions including on-ramping into crypto asset service providers, there is evidence of growing use within the country through peer-to-peer transactions using virtual private networks, and transfers to/from nationals residing outside of Bhutan.

51. The FSA provides the RMA with legal powers and a mandate over the regulation, supervision, and oversight of NBFIs. The FSA entrusts the RMA with supervisory responsibilities also with respect to the NPPF. The Securities Act of Bhutan (2001) establishes the regime for financial instruments and the securities exchange. In fulfillment of its regulatory mandates, the RMA has issued and amended different pieces of regulation and guidelines over time.

Regulation and Supervision of NBFIs

52. Many of the prudential rules that apply to the banking sector apply equally to NBFIs. The Penalty Rules and Regulations (2025), the Corporate Governance Rules and Regulation, and the Prudential Regulations (2024), primarily conceived to address the specificities of banking entities, are also applicable to all financial sector entities. Additionally, the RMA has issued some sectoral rules and guidelines. For instance, the Insurance Brokers Regulations (2011) govern the activity of a person whose business is soliciting, negotiating, or procuring a policy with an insurer, or the renewal or continuance of the policy, for a policy owner other than themselves and include reinsurance broking for an insurer.

53. The RMA's supervisory model for NBFIs is centered on governing market access and approving new or revised products. The RMA has not yet implemented a risk-based supervision approach. Supervisory activity is limited to an assessment of the NBFI sector’s credit risk, in part because of staff shortages and limited technical expertise across all personnel. The effectiveness of NBFI supervision appears to be impacted by data gaps and data quality issues in part ascribable to supervised entities and in part to deficiencies of the RMA’s data aggregation and management capabilities. Comparative analysis across firms and macro view are hindered because the definition of corporate client varies across supervised entities as defined in their credit policies.

54. Requirements for insurance companies are not sufficiently tailored, and certain obligations have been waived. The Rules and Regulations for Licensing of Insurance Companies (2018) set out key requirements for insurance underwriters covering minimum licensing criteria, requirements on ownership, structure, governance, prudential requirements, and general provisions for winding up. The RMA has waived the FSA requirement for insurers to submit returns on insurance operations on a quarterly basis. Submission happens only if requested by the RMA. Less frequent monitoring impairs the RMA’s ability to conduct effective supervision and timely identification of signs of distress. The RMA has waived the application of the requirement that only insurers with a combined ratio below 80 percent are eligible to declare dividends, and the rationale is unclear. Moreover, there are no requirements for handling crisis of insurers other than a vaguely defined asset transfer tool. The RMA is yet to establish a list of empaneled actuaries. Insurance companies hire actuarial experts from abroad, absent local expertise, and it is unclear whether any vetting is conducted by the RMA.

55. The RMA should develop regulation specific to the insurance sector (life and non-life) in line with best practices and Insurance Core Principles (ICPs) while considering the specificities of the local market. The RMA should develop requirements for all insurers that consider their specificities (e.g. life vs non-life business; legal status) as well as those of the local market. The RMA should prioritize intervention in ICP 9 (supervisory review and reporting), 10 (preventative measures, corrective measures and sanctions), 12 (exit from the market and resolution), and 13 (reinsurance and other forms of risk transfer). The RMA should conduct an impact assessment prior to adopting any material regulatory changes (including new accounting standards) and consider the possibility for a phase-in period.

56. There is a lack of policies and procedures as well as expertise for assessing insurance businesses. Currently, the RMA has insufficient expertise in the insurance sector and has only one officer with relevant qualifications. This hinders the RMA's ability to assess companies' application for product approval. The team in charge of insurance sector supervision has only three officers. There is no evidence that the RMA has conducted an assessment on market competition or the ability of insurers to take full ownership of their business decisions arising from its mandate to approve products and revision thereof. There is no evidence of an assessment of the reputational and legal risk that being involved in the product approval poses to the authority which does not have adequate internal expertise.

57. The supervision of insurers and the NPPF is limited in scope and depth. The RMA's supervision over insurance companies is partial in terms of scope (examination limited to loan portfolio) and entities (the reinsurer is not subject to any oversight despite its size). The FSA entrusts the RMA with supervisory responsibilities of the NPPF. However, the RMA has not issued any regulation for the NPPF, which is governed by Government's executive orders. The Ministry of Finance (currently supervising the liability side of the NPPF's operations) and the RMA have been discussing the possibility for the RMA to be the single supervisor for the NPPF as the FSA would allow. Currently, the RMA limits its supervision to the NPPF's loan portfolio and so neither the liquidity risk profile nor the solvency of the entity are subject to assessment.

58. The RMA should develop and implement supervisory arrangements in line with best practices and the ICPs. The RMA should prepare staff for conducting overall assessment of insurance business including the NPPF. The RMA should develop policies, procedures and processes ensuring a holistic supervisory approach for each insurance sector entity and the NPPF. The supervisory engagement model should be risk-based and proportionate. The RMA should carefully consider the pros and cons arising from the concessions of waivers and exemptions and the implications they have on intermediaries' ability to develop a compliance and risk culture.

59. There are gaps in the credit underwriting process of insurers and the NPPF. The high level of gross NPLs and large stock of foreclosed assets by NBFI highlight widespread deficiencies in credit underwriting (including because of insufficient level of automation) and lack of proactiveness in RMA's supervision. Lenders are neither required nor access the CIB after the disbursement of the credit line and this data source is not used for monitoring. Therefore, lenders react to deterioration of credit quality only when past due emerges.

60. The RMA should ensure that all NBFI lenders adopt appropriate credit underwriting standards and implement effective and efficient procedures so that assessment of borrowers' creditworthiness is conducted in an adequate manner and adequate monitoring procedures are in place. The RMA should support the adoption by NBFI lenders of adequate policies and procedures for credit underwriting and monitoring. The RMA should support the adoption of automated procedures for creditworthiness assessment, disbursement, monitoring, and credit collection. The RMA's action should be conducive to ensuring that NBFI lenders adopt procedures that are proportionate to the complexity and scale of their business as well as to the riskiness of their credit exposures. Lenders of larger size and/or with systemic relevance such as insurers and the NPPF should be required to apply risk management arrangements consistent with their profile.

61. There are gaps in supervisory reporting from both the side of NBFIs and the RMA. NBFI lenders must submit monthly returns to the RMA covering their loan portfolio and they are required to obtain a credit information report from the CIB at the time of disbursement of the loan. Lenders must report to the CIB the credit granted on a monthly basis. The RMA's goal to improve the soundness of NBFIs requires comprehensive and accurate supervisory reporting. For instance, the absence of reporting to the RMA for the Loan to Income indicator hinders the efficacy of micro and macro prudential supervision. There is evidence that DFSR, mostly because of staff shortages, does not examine supervisory returns sent by MFIs, which challenges the ability of the RMA to intervene with corrective actions. Supervisory credibility could be negatively affected if the RMA makes use of enforcement powers against cases of persistent and/or gross misreporting which are not addressed with appropriate supervisory measures including sanctions.

62. The RMA should review the supervisory reporting framework to ensure it provides meaningful and accurate data for the conduct of micro and macro prudential supervision. The RMA should ensure that financial sector entities have the capacity to report, and the RMA to assess, high quality and comprehensive data. The RMA should assess the existing reporting framework in order to understand limitations (e.g. data gaps), redundancies, inefficiencies, and root causes for limited compliance by supervised entities. The RMA should ensure it possesses the appropriate technical and human resources for data management and that supervised entities adopt arrangements that support their compliance with reporting obligations.

63. MFIs play an important role in financial inclusion, with the ability to accept deposits, and are subject to regulation but limited supervision. The RMA issued two different sets of rules governing the business of MFIs. The Regulations for Microloan Institutions (2014) govern the activity of MFIs with more than 50 borrowers and contain provisions on minimum capital, risks management frameworks, and governance requirements. The Rules and Regulations for Deposit-Taking Microfinance Institutions (DMFI) (2016) govern the activity of entities permitted to gather deposits from the public and extend micro-finance loans and include greater prudential requirements and the creation of a credit manual that must be approved by the RMA. The Rules and Regulations for Registered Private Money Lenders (2023) govern the activity of persons permitted to lend no more than Nu 500,000 to a single borrower. Such lenders are requested to register with the RMA rather than obtaining a license.

64. Currently, supervisory responsibilities are fragmented. While the DFRS is responsible for the supervision of MFIs (including deposits-taking MFIs), the Legal Department is in charge of receiving requests for registration by private money lenders. The supervision over MFIs is limited to handling license requests and Fit and Proper assessments. The RMA has demonstrated interest in adopting a risk-based supervisory approach for MFIs but the timeline of implementation is unclear as is the capacity to deliver. Against this backdrop, the RMA would benefit from drawing experience for MFI supervision from other recommendations in this report.

Regulation and Supervision of Digital Financial Services

65. Some banks issue e-money and the two telecom operators each hold an e-money institution (EMI) license. E-money transactions and volumes are limited (Nu 2.2 billion in 2025 with an average transaction value of Nu 226). The outstanding amount of e-money issued by the two EMIs is currently immaterial to financial sector stability (slightly above Nu 5 million). The business model of EMIs is ancillary to the main telecom business and e-money issuance yields modest if not negative economic return to them. One EMI noted that they are no longer marketing their e-money services due to limited take-up and e-money transactions are driven by “bonus offers” that are marketed from time to time. For telecom operators, the provision of e-money offers some cost savings when receiving payments from clients charging their telephone sim card.

66. The provision of e-money is subject to regulation and supervision. The E-Money Issuer Rules and Regulations (2019) define licensing, operational standards, consumer protection, and oversight. The objective is to promote safe, efficient, and inclusive digital payments especially in remote areas where physical banking access is limited. Firms other than banks such as telecom operators and DFMIs may apply for a license, and they must comply with capital, governance, and operational standards including secure and reliable IT systems, proper record-keeping, transaction monitoring, and reporting to RMA.

67. The RMA is conducting a review of its e-money regulations to ensure they are fit for purpose in evolving market conditions. The review includes improving conduct requirements for EMIs as well as more clearly setting out requirements on safekeeping and safeguarding customer assets, improving risk management requirements, and improving requirements on governance frameworks.

68. The RMA should conduct a post-implementation review of their amended e-money regulations. Post-implementation reviews are necessary to understand the impact of regulations on markets and consumers. While not currently a financial stability risk, proportionate regulation and supervision on EMIs could allow e-money to become a viable alternative to existing digital retail payments. The RMA could benefit from additional data gathering and analysis to understand clients’ needs and financial institutions’ strategic interests and capabilities. A better tailored regulatory regime for e-money could support financial inclusion and limit people’s attraction toward unregulated and risky products. This should be supplemented by improving the RMA’s capacity to conduct effective supervision of non-bank e-money issuers through the development of supervisory manuals. As part of this review, the RMA should consider its broader digital strategy across sectors.

69. There is no regulatory and supervisory framework for crypto assets against a background of growing adoption. The RMA does not currently have a regulatory or supervisory regime for crypto asset markets and activities, but it has demonstrated interest in understanding the implications for local market arising from crypto assets, although staff expertise is lacking. Bhutan was also graded as not compliant with recommendation 15 of the FATF on new technologies. A Binance-Pay service launched in Bhutan in May 2025 through DK Bank has seen growing volumes with a peak of Nu 5.1 million in December 2025 (Nu 12.2 million in total in 2025); most of transactions and volumes are associated with accommodation and transport services (linked to tourism) but 11 percent are peer-to-peer, suggesting domestic interest. Some stakeholders noted that the adoption of crypto assets is growing. There are restrictions on banks and financial institutions facilitating on-ramping to crypto markets, and crypto cannot be used for payments, but the use of peer-to-peer transactions routing purchases outside of Bhutan has led to growing crypto holdings within the country over which the RMA does not have any data, although banks do not currently appear to have direct exposures to crypto assets. However, the growth of TER, a type of tokenized gold issued by DK Bank, and continuing Bitcoin mining within the GMC, has the potential to increase crypto interest in the country.

70. The RMA should implement and maintain a regulatory and supervisory framework for crypto assets and services. The RMA should develop and implement measures to improve knowledge related to crypto markets including tokenization. TA is needed to help the RMA assess the local market, identify needs, challenges, and specific features in order to design a tailored regulatory regime that pursues the goal of financial stability, investor protection, and economic growth. Training on global standards and recommendations as well as the broader crypto market will be useful with the goal of developing a regulatory and supervisory regime in line with global standards and recommendations.

C. Financial Safety Net and Crisis Preparedness

Legal framework and Resolution Regime

71. The FSA is the primary legislation that provides the legal framework for crisis management and the financial safety net. The FSA provides the RMA with explicit legal authority to appoint an administrator and initiate insolvency proceedings in respect of licensed financial institutions. The RMA is de facto the resolution authority in Bhutan, however, it lacks sufficient capacity and a supportive legal and operational framework to carry out bank resolutions. While the FSA refers in Chapter 12 to the power of the RMA to transfer, partially or in total, the business of a failing bank, the language used is very general and the focus of Chapter 12 is on liquidation of the failing bank under Bhutan's Bankruptcy Act. Liquidation of systemically important banks or other major banks can risk financial instability.

72. An effective resolution regime would minimize financial stability risks. Resolution ensures that small depositors maintain access to their funds, and economic losses are better mitigated by preserving a failing bank's critical functions and ensuring that performing assets can be managed as going concerns by acquiring or successor entities. Therefore, it is important to have clearly established legislation a special resolution regime that would provide the RMA with a range of resolution powers and a wide resolution toolkit to act promptly and decisively to preserve financial stability in the case of systemic failure, while minimizing taxpayers' exposure to loss and ensuring that creditors are no worse off than they would have been in liquidation.

73. The RMA's resolution powers should be exercisable without requiring shareholder or creditor consent and without courts being able to overturn or stay the RMA's decisions. Currently it appears that judicial appeal procedures are available to shareholders, management, and creditors of banks in order to constrain the implementation, or pursue the reversal, of measures taken by the RMA in good faith and within its legal powers.

74. The FSB Key Attributes of Effective Resolution Regimes prescribe an operationally autonomous resolution function.[7] This requires functional separation from other components of the financial safety net (including supervision). Currently, the DFRS does not conduct resolution planning and is understaffed. As the DFRS grows, and the RMA is vested with a resolution mandate, the resolution function should become an operationally segregated unit.

[7] https://www.imf.org/en/publications/tnm/issues/2025/02/10/sibling-rivalry-in-the-financial-safety-net-governance-arrangements-for-bank-resolution-and-557537

75. The RMA should introduce an effective bank resolution regime. The first step should be a thorough review of the FSA to assess the scope to establishing a special resolution regime aligned with the FSB Key Attributes of Effective Resolution Regimes, adjusted to Bhutan's needs. An amended FSA should provide the RMA with a clearly defined mandate for a resolution authority, a range of resolution tools and powers, and legal protection for its current and former officials, staff, and agents.

76. Following the introduction of a formal resolution regime, the RMA should develop resolution manuals for the operationalization of all available resolution tools. Resolution manuals should set out policies and procedures for undertaking the key organizational functions of a resolution authority and specify decision points that are essential in applying resolution powers and tools. It must also envision contingency procedures. Finally, once the resolution function is staffed and the resolution manual has been drafted, a resolution training program for capacity building should be developed.

Resolution planning

77. Crisis preparedness should be enhanced through bank-specific resolution planning. The Key Attributes require that resolution plans be prepared for all banks that could be systemically significant or critical if they were to fail. The RMA has not yet introduced this requirement.

78. As part of introducing a bank resolution regime, the RMA should start undertaking resolution planning prioritizing banks that are most systemic. The RMA should have statutory authority to remove impediments to effective resolution. Among others, the resolution plans should facilitate the simplification of group structures, ensure adequate loss absorbing capacity, strengthen servicing agreements and contractual arrangements for critical outsourced functions, in order to effect the preferred resolution strategy. To implement this, the RMA should develop operational capabilities to perform bank resolvability assessments. The purpose of these assessments is to identify and address any impediments to the resolution of the institution. The RMA should provide instructions to banks on what information they should submit to the RMA for resolution planning and resolvability assessments.

Emergency Liquidity Assistance

79. The provision of Emergency Liquidity Assistance (ELA) to solvent financial institutions in the event of an idiosyncratic shock has two principal objectives: a) to mitigate the risk that temporary illiquidity leads to insolvency; and b) to avoid wider contagion. All banks should be eligible for ELA, not just those predesignated as systemically important.

80. The RMA does not have in place a formal framework for ELA, but liquidity provision is available in practice under a standard overnight liquidity standing facility which can be rolled over. However, there is no clarity over aspects relevant to providing liquidity assistance on a discretionary basis to solvent institutions that may have insufficient high-quality collateral. For instance, the type of entities that would be eligible, the type of collateral that could be accepted, the ability to extend the liquidity provision beyond overnight or short-term facilities, the penalty rates to be charged, the existence of safeguards, the possibility of a government indemnity to protect the RMA from losses and the disclosure of liquidity assistance have not yet been taken into consideration by the RMA. Moreover, the RMA does not currently have the capabilities to perform forward-looking solvency and viability assessments of the liquidity recipients and to value non-standard types of collateral.

81. The RMA should introduce a formal ELA framework. This should have a clear basis in legislation and should be established based on global best practices through an amendment of the RMA Act 2010. Furthermore, the RMA should develop the operational capacity necessary for ELA provision, including tackling potential legal obstacles, as well as supporting documentation for ELA consisting of public instructions complemented by internal guidelines. Public instructions should address objectives, conditions, and parameters of ELA, while internal guidelines should describe the task allocation, internal processes such as collateral prioritization, and organizational considerations.

Depositor Protection

82. A well-designed deposit insurance system (DIS) enhances depositor confidence and reduces the risk of deposit runs. In addition, depositor preference reduces the cost of protecting depositors in liquidation or resolution, facilitates resolution and protects payments and economic activity.

83. Bhutan does not have a DIS, while there is legal authority to establish one. Pursuant to the FSA, the RMA in consultation with the government is authorized to establish a deposit insurance agency, with membership to that agency being mandatory for all deposit-taking institutions. Due to the RMA's capacity constraints the establishment of such an agency has not been prioritized, and it appears that no consideration has been given to key elements of a future deposit insurer, such as its legal status, mandate, size, level of autonomy, funding arrangements, coverage level, as well as the timeframe to reimburse depositors quickly. Additionally, there are currently no provisions in the legal framework for either deposit preference and its form, or the determination of eligibility for deposit insurance.[8] It is uncertain how and to what extent depositors would be reimbursed in the event of a failure of a deposit-taking institution, while it can be assumed that any such reimbursement would be feasible only with recourse to public funds.

84. It is recommended that (i) an operationally independent, well run and funded DIS is established in line with the IADI core principles, and (ii) depositor preference is introduced. To ensure synergy benefits, the functionally autonomous deposit insurance function could be housed at the RMA which would then also administer the deposit insurance fund. The DIS should cover most depositors by number and a reasonable share of the deposits in the system by value. A timebound roadmap should be implemented to ensure a prompt payout (within seven business days) of insured deposits. A sufficient fund must be built over time through regular ex-ante contributions by all banks, with a public back-up liquidity arrangement from the government, as credit lines from the private sector may not be available at times of stress. Preceding the establishment of the DIS, a detailed plan of how this could be operationalized (including an effective fiscal backstop) needs to be prepared. Contingency plans should be put in place to address the possibility that a deposit-taking institution's failure occurs before a DIS is in place, given the time required to design and operationalize the system.

Institutional framework and cooperation

85. Multi-mandated central banks, such as the RMA, require robust governance arrangements. The RMA is the central bank and the supervisory and resolution authority in Bhutan, albeit there is currently no staff dedicated to resolution. Consequently, in resolution, the RMA will have multiple roles: provider of ELA, authority resolving a failed bank, and supervisor of both the failing bank and a potential

[8] https://www.imf.org/en/publications/tnm/issues/2020/12/22/the-case-for-depositor-preference-49766

buyer. This situation could lead to potential policy conflicts. Adequate separation and governance arrangements should mitigate any conflicts of interest that may arise.

86. **To address potential policy conflicts the RMA should ensure functional separation between its several mandates**. The supervisory, resolution and ELA functions, and later potentially a deposit insurance function, must be kept operationally separate, by assigning each of them to separate organizational units that report to the RMA's Board through separate reporting lines.

87. **A crisis preparedness function should formally be assigned to an inter-agency committee.** Crisis preparedness and resolution planning should rely on effective cooperation, coordination, and information sharing among all financial safety net authorities. In Bhutan, this concerns particularly the RMA and the Ministry of Finance (MoF). This committee should have clearly specified roles, responsibilities, and operating procedures and meet periodically in normal times to actively oversee the preparation and maintenance of national and agency-specific crisis plans. Close coordination between the RMA and the MoF in responding to a bank distress or failure situation is essential, not least because the absence of a DIS and an ELA framework could require the use of public funds**.** MoF involvement is critical at all stages of systemic financial crisis, therefore it is suggested that an MoU between the two authorities that sets out their respective responsibilities in responding to a banking distress or failure situation is established. On top of these arrangements, the RMA will need to develop and maintain crisis management expertise, including via the preparation of crisis and resolution manuals and contingency plans, undertaking table-top exercises and simulations.

88. **Druk PNB Bank is currently the only bank in Bhutan primarily owned by a foreign (Indian) financial institution.** Punjab National Bank and State Bank of India hold a 20 percent equity stake in the Bank of Bhutan. The RMA participates as a host supervisor in supervisory colleges led by the Reserve Bank of India (RBI) for Indian banking groups with operations in Bhutan. These colleges provide a platform for limited home-host supervisory coordination and information sharing. The level of the RMA's engagement with these colleges has been minimal to date, reflecting the small scale and low risk profile of these banks' operations in Bhutan. The RMA is not a member of any formal resolution college or crisis management group.

89. **The recognition of resolution actions taken by foreign authorities is based on home-host supervisory coordination, regulatory comparability, and the preservation of domestic control.** The RMA may rely on foreign supervisory or resolution actions where there are formal bilateral agreements and where foreign regulatory standards are assessed as comparable to Bhutanese requirements, subject to full access to information. Information sharing with foreign authorities is permitted under MoUs or, where necessary, with Executive Committee approval to support enforcement of similar laws. However, any resolution action affecting a Bhutanese branch or subsidiary remains subject to RMA consent and Bhutanese law.

90. **It is important that an MoU is concluded with the RBI focusing on cross-border resolution.** Further coordination and planning with the RBI are necessary to prepare for a cross-border resolution that would involve Bhutanese banks. This includes formal bilateral agreements and an MoU which would address cooperation and information-sharing with emphasis on recovery and resolution planning and crisis management.

D. Payment Systems

Operation and Oversight

91. In Bhutan, the RMA plays a central role as operator of the national payment infrastructure, operating the two main payment systems for both large-value and retail transactions. All six banks have direct access to these systems, whereas EMIs only access the systems through indirect arrangements. As most interbank transactions are settled through RMA-operated systems, it is essential to ensure their safety, operational reliability, and efficiency to avoid disruptions that could adversely affect financial institutions and the smooth functioning of payments in the real economy.

92. One of the systems operated by the RMA is the Bhutan Interbank Real Time Fund Transfer system (BIRT), which comprises three components: RTGS, BITS, and BULK. RTGS (Real-Time Gross Settlement) enables the immediate transfer of large-value funds above Nu 1 million. BITS (Batched Settlement Service) processes over-the-counter interbank fund transfers below Nu 1 million in batch settlement cycles of 30 minutes. BULK is a fund transfer mechanism that allows a single remitter to transfer funds to multiple beneficiaries simultaneously, commonly used for payroll and similar mass-payment use cases.

93. The RMA operates the Bhutan Financial Switch (BFS), which functions as the network switch for ATM, Point of Sale (PoS), QR-code payments, and Peer-to-Peer (P2P) credit transfers. This BFS is recognized as a key component of Bhutan's payment system and reflects an important RMA initiative that has enabled full interoperability across ATM, PoS, and retail payment channels. The BFS includes a payment system component responsible for settling transactions that have gone through the network switch, on a T+1 multilateral net basis for each product (ATM, PoS, QR-code payments, and P2P credit transfers).

94. The operation of the payment systems falls under the general responsibility of the Department of Payment and Settlement Systems (DPS) of the RMA. Within the DPS, the Operations Division conducts daily reconciliation and settlement activities, while the Department of Technology and Innovation (DTI) provides support for the IT infrastructure and technical components of all RMA-operated payment systems. The DPS is responsible for monitoring banks' compliance with the payment-related requirements set out in the Business Continuity Plan Guidelines, which apply to all financial institutions. The DTI is responsible for ensuring the business continuity of the RMA-operated payment systems.

95. While the settlement process within BIRT is fully automated, the settlement process in the BFS is currently performed manually by the RMA team, who upload transaction files into the system. Reliance on manual tasks in such a critical process not only creates inefficiencies but also introduces significant operational risk. Moreover, automating settlement activities would free staff capacity to focus on other important DPS responsibilities that are currently underperformed or not performed at all. Therefore, the RMA should consider upgrading the system to implement automated settlement procedures, enabling straight-through processing (STP) and reducing operational risk.

96. Settlement in the payment systems is executed in the Payment and Settlement Account that banks hold at the RMA for each system, under their Current Account, regardless of whether they have sufficient balances in the Payment and Settlement Account or in the Current Account.

This effectively results in the RMA extending unsecured intraday or overnight overdrafts, exposing it to credit risk without collateral. However, just prohibiting unsecured overdrafts could generate liquidity pressures for banks, as intraday liquidity needs can be substantial, and payment inflows and outflows are often mismatched throughout the day. Therefore, while mitigating the credit risk to which the RMA is exposed, it would be important to ensure that banks have access to alternative arrangements to manage their intraday liquidity needs.

97. The RMA must require participants to maintain sufficient balances in their settlement accounts as a condition for the settlement process within the payment systems. Such approach would mitigate the credit risk currently borne by the RMA while strengthening incentives for banks to closely monitor liquidity in their payment system accounts. As a matter of public policy, the RMA should also consider introducing an intraday credit facility to alleviate temporary mismatches between inflows and outflows and to support more effective intraday liquidity management. Alternatively, it could allow for collateralized overdraft. However, both policy options for banks' liquidity management would require the establishment of a collateral framework by the RMA, in line with recommendations of previous TA.[9]

98. The payment systems should be overseen by the RMA; however, this function is currently not being performed, as the oversight team remains focused exclusively on supervising banks' provision of payment services. Under the Principles for Financial Market Infrastructures (PFMIs), central banks are responsible for overseeing the financial market infrastructures (FMIs) within their mandate. In Bhutan, the Oversight Framework states that the RMA should adhere to the PFMIs and other applicable international standards. The Oversight Framework also designates the RMA-operated payment systems as subject to oversight, yet they are not currently being overseen.

99. The mission recommends the immediate implementation of payment system oversight activities. Oversight of FMIs should be aligned with the RMA Oversight Framework and with the relevant PFMI standards applicable to payment systems. The DPS should lead this process, including designing the oversight procedures and formalizing them in operational manuals. Additionally, the RMA Board should formally notify the DTI that its operational activities in the payment systems will fall under the scope of oversight.

100. The RMA's Oversight Framework does not designate the Securities Settlement System (SSS) and the Central Securities Depository (CSD) as subject to oversight, due to the limited scale of the capital market. There are no central counterparties (CCPs) or trade repositories in the country. Over time, and with the growth of capital markets, the RMA should consider establishing clear criteria for determining when the SSS and CSD should fall within the scope of RMA oversight, as well as implementing a monitoring process to track the growth of the capital market.

101. The mission identified a need to enhance knowledge of the PFMIs across both the operations and oversight teams. The PFMIs are critical for operating payment systems in compliance with them and for carrying out an effective oversight function. Beyond developing the necessary skills

[9] Bhutan: Technical Assistance Report-Development of an Interest Rate Corridor Framework; IMF Technical Assistance Report No. 25/21; December 2024.

among current staff, it is also important to ensure continuity of deep PFMI expertise in the event of high staff turnover.

102. A comprehensive training program is important for all staff involved in the operation of payment systems and in the oversight of FMIs, including those from the DTI. It is essential that RMA staff in both operational and oversight functions build strong expertise in the PFMIs, as both areas will be directly affected by the introduction of these responsibilities. The operations team will need to ensure that systems are run in compliance with the relevant PFMI standards and, where applicable, conduct self-assessments against the principles. The oversight team, in turn, will base its monitoring and assessments on these same principles.

103. The mission identified an insufficient number of staff to effectively implement the oversight function at the RMA. Beyond the potential need to hire additional personnel, there is an opportunity to explore transferring the supervision of payment services to the supervision department, allowing staff currently engaged in supervisory activities to take on the oversight function. This approach could generate economies of scope; however, there is a risk that payment services may not fall within the criteria of the risk-based supervisory approach. The RMA should conduct a high-level discussion with the relevant departments to explore this alternative.

104. With the implementation of the oversight function by the RMA, potential conflicts of interest may arise, as both operational and oversight responsibilities currently fall under the same department (DPS). Global best practices highlight the need for a clear separation between operational and oversight functions, although the degree of separation varies across jurisdictions. In this context, the RMA should consider adjustments to its organizational structure to effectively address any actual or perceived conflicts of interest that may emerge between these functions when oversight is implemented.

Retail Payments

105. The RMA has established a national standard for QR-code payments, enabling customers to make payments by scanning QR codes issued by any bank, with funds transferred directly from their accounts without the need for additional hardware. Together with the implementation of the BFS, the QR-code standard set by the RMA has significantly enhanced interoperability in retail payments. As a result, QR-code payments have become the most widely used retail payment instrument in Bhutan, with high adoption across both P2P and P2M (person-to-merchant) transactions, with over 40 million transactions recorded in Q3 2025.

106. The RMA has implemented bilateral agreements with UPI (India) and UnionPay (China) to enable interoperability between these systems and Bhutan's QR-code payments. These arrangements are being deployed in stages and represent important initiatives on the cross-border payments front. UPI transaction volumes have increased since the service was launched, allowing Indian nationals to pay in rupees when visiting Bhutan and thereby supporting tourism and local merchants.

107. Despite the success of QR-code payments in Bhutan, there is room for enhancements to support their continued adoption and the broader evolution of digital payments. Additional aspects of payment transactions could be standardized – such as service-level agreements (SLAs) and minimum user-experience requirements – and new products and payment initiation methods could be introduced, including P2P transfers. Adoption could also be further strengthened by establishing branding and marketing guidelines for communication between participants and end users, and among end users.

108. The RMA should cover additional aspects in the existing fast payment scheme. Enhancements to the scheme should be developed in close coordination with the financial sector and other relevant stakeholders. It would also be beneficial to ensure that the current BIPS P2P credit transfer service is incorporated under the umbrella of a single payment scheme and to introduce improvements to this service, such as an alias-based addressing system to support a smoother user experience. Finally, it is important to obtain a comprehensive view of needs across all use cases and introduce new features where appropriate to enhance the overall efficiency of Bhutan's retail payment ecosystem.

109. The adoption of digital payments also attracts fraudsters and scammers, a growing concern in Bhutan and across many jurisdictions. There is no single solution to prevent fraud and scams; instead, a combination of measures and anti-fraud mechanisms is required to mitigate fraud risk across the payment ecosystem. It is also essential to develop a deep understanding of how fraud and scams occur to allow the adoption of an appropriate set of preventive and responsive tools. Preventing fraud is critical to maintaining public confidence in digital payments.

110. A comprehensive capacity-building program is necessary on fraud prevention within payment systems and payment schemes. Strengthening these capabilities will be essential for the RMA to assume a leadership role in fraud prevention. Effective coordination and collaboration between the RMA and the participants in the payment systems will be critical in moving toward the establishment of a robust and effective national anti-fraud framework for payments.

Legal basis and policy issues

111. The legal framework for payment systems in Bhutan is primarily composed of the RMA Act 2010. The Act provides the statutory mandate for the regulation and oversight of payment systems, and the Payment and Settlement Systems Rules and Regulations 2018, which establish the regulatory framework for payment systems. Considering that a well-founded, clear, and enforceable legal basis is essential to the soundness of an FMI, as stated by the PFMI Principle 1 (Legal Basis), the RMA is currently undertaking a feasibility study to develop a draft stand-alone Payment Systems Act.

112. In assessing the need for a new stand-alone Payment Systems Act, the RMA should conduct a comprehensive gap analysis on the current Act, with a focus on central bank powers and other sensitive elements that need to be addressed at the legal level. The RMA should consider its powers over other types of FMIs, beyond payment systems, as well as over payment schemes. In this context, the RMA should also assess the need for explicit legal authority to hold settlement accounts for non-bank institutions (e.g., e-money providers) and ensure that other material aspects are adequately covered by the current legal framework (e.g., settlement finality and netting arrangements).

113. The RMA has also set strategic policies for payment systems. This is done through "Druk Nguldrel Lamtoen 2030", a 10-year Strategic Plan (2021–2030) covering multiple areas of its mandate. The document is organized into "Thrust Areas", identified as the central focus areas of the Strategic Plan. Under each Thrust Area, supporting pillars outline strategic priorities and key actions. Payment systems policies fall under Thrust Area 3: *"Transforming Payment Systems for the New Digital Age".*

114. The RMA has made progress in implementing several elements of its payment system strategy, while discontinuing others following initial experimentation. A prominent area of ongoing work relates to cross-border payments, as outlined under Pillar 1, Strategy 1.2, which commits to enhancing integration with regional and international payment schemes and exploring alternative payment channels, including mobile and QR-based solutions as well as other widely used payment service providers. By contrast, initiatives under Pillar 2 – focused on preparing for a potential central bank digital currency (CBDC) – were piloted but subsequently discontinued, reflecting a strategic shift in priorities and resource allocation. Recognizing the need to update its overarching strategic policies, the RMA has initiated a review process, and discussions are underway. The payment systems component should be reviewed in close coordination with the DPS.

115. The RMA should develop a multi-year plan for payment systems and retail payments following the completion of the strategic policy review. Such a plan is valuable for both the RMA and payment service providers, as it provides a clear sense of direction and supports effective planning and allocation of financial and human resources. The multi-year plan should remain current and function as a living document. Without regular updates, it risks creating misalignment between strategic priorities and resource allocation, thereby undermining its usefulness as a planning tool.

116. Engaging all relevant stakeholders is essential for the effective implementation of the payment system strategy and for ensuring that emerging needs in the payments landscape are adequately addressed. A structured process for consultation and dialogue would help the RMA obtain a comprehensive view of the ecosystem. In some topics, it is important to broaden engagement beyond banks and payment service providers to include consumer and business associations, thereby incorporating perspectives from end-users.

117. The establishment of a national payments forum can serve as a formal platform for consultation and coordination on payment-related matters. A better understanding of needs, frictions, pain points, and potential solutions will enable the RMA to make more informed decisions regarding the evolution of Bhutan's payment ecosystem.

E. Systemic Risk Analysis and Monitoring

Systemic Risk Monitoring

118. The RMA has an explicit financial stability mandate stipulated in the FSA and the RMA Act. The RMA also has powers to deploy macroprudential policies to banks and nonbanks. Elements of Basel III, notably the countercyclical buffer (CCyB) and the LCR, have been phased in, and the RMA has distributed a directive to banks to conduct stress tests using the methodology described therein. However, in practice, the RMA does not have a framework for monitoring systemic risk and assessing the desirability of macroprudential measures. There is no dedicated Financial Stability Unit or Macroprudential Division at the RMA.

119. A large financial sector in relation to the economy, limited options for diversification, and significant interconnectedness among financial entities put a premium on systemic risk monitoring. Bhutan's financial markets are shallow, banks fund themselves mainly through deposits, and their holdings of marketable securities are almost negligible.[10] As a result, channels of potential amplification of shocks are limited; nonetheless, systemic risk can move along with credit cycles. There are direct and indirect ownership links between financial institutions, as well as exposures among them, and bank and NBFI portfolios are likely to be correlated, as the latter engage in lending. This creates potential channels through which financial instability can be spread.

Systemic Risk Analysis

120. Financial surveillance at the RMA is limited to a descriptive analysis of financial soundness indicators (FSIs). The RMA does not publish a Financial Stability Report; it does publish an Annual Report that covers macroeconomic developments and presents a medium-term outlook, but its coverage of the financial sector is limited to one chapter and focused mainly on trends in credit and deposits and a limited set of FSIs. The RMA also publishes an Annual Supervisory Report describing regulatory and supervisory actions. These documents do not present an analysis of linkages between macroeconomic and financial developments and risks and their potential implications for financial stability.

121. Data gaps and IT and capacity constraints limit the RMA's capacity to conduct systemic risk analysis. The offsite team of the DFRS currently carries out the analysis of FSIs and has only sporadically worked with the Department of Macroeconomic Research and Statistics Department (DMRES) to identify the role of macroeconomic developments in bank performance. But these efforts are hampered by various problems. Financial data lack reliability due to bank loan classification and provisioning practices and inadequate regulation on capital adequacy; there are problems with compilation and consolidation of financial indicators; and there is an absence of cyclical and cross-sectional indicators of systemic risk, among others. Capacity constraints range from insufficient staff/hours to be devoted to financial sector analysis to the lack of technical skills needed to conduct solvency and liquidity stress tests and contagion analyses.

122. The RMA should endeavor to develop the infrastructure needed to conduct systemic risk analysis and monitoring. To this end, it is critically important for the RMA to broaden the scope of financial data in regulatory forms, and to develop a system of early warning indicators and a macroprudential stress testing framework covering both solvency and liquidity. This should be seen as a gradual process whose speed and effectiveness will be constrained by available resources.

123. The RMA is strongly encouraged to broaden the set of variables included in bank reports. While credit gap indicators, as recommended by Basel, can be useful in detecting instances of excessive credit growth, credit alone is rarely a comprehensive indicator of cyclical systemic developments. Systemic risk is more likely to rise when a confluence of factors occurs: underpricing of risks and rapid expansion of loans amidst declining credit standards—and, often, overpriced real and financial assets. The RMA should begin collecting interest rates by type of loan (which can be used to generate proxies of credit spreads), and quantitative (e.g., LTV and DSTI ratios at loan origination) and qualitative (loan officer surveys) indicators of lending standards, to be analyzed in conjunction with credit volume metrics. In addition, consideration should be given to extraction of key indicators from the credit registry.

[10] Banks, insurance companies, and the National Providence and Pension Fund hold government bills and bonds as well as corporate bonds, but these are not traded.

Stress Testing Capacity

124. The RMA does not conduct stress tests systematically. Single factor sensitivity tests appear to have been used to assess the potential impact of the phasing out of forbearance measures on banks' soundness, but these tests are not carried out regularly or are part of the DFRS's regular off-site analyses. Staff in the DFRS do not have the tools needed for solvency or liquidity stress testing, and there are no established forms of cooperation with the DMRES, where some capacity for macroeconomic modeling resides, to conduct macro-financial analysis. Going forward, this type of cooperation will need to be established to facilitate the use of macroprudential stress tests, particularly in the areas of scenario design and calibration.

125. A macroprudential solvency stress testing framework should be developed gradually. In July 2025, the RMA distributed a note describing a macroprudential stress-testing framework.[11] The document describes the building blocks of a dynamic stress test with financial-real feedback effects, expected to be used both by RMA on top-down tests and the banks for capital planning purposes. However, neither RMA nor the banks have the technical capacity to conduct this type of stress test. TA in this area is recommended, and its delivery should be made contingent on preliminary work to be conducted by the RMA, particularly on the preparation of reliable data on probabilities of default. In addition, given tight resource constraints, the TA may need to focus initially on a static model, with training on a dynamic, multifactor model to be delayed until sufficient in-house technical capacity is developed. TA on stress testing of insurance and pension funds is recommended over the long term.

126. Developing a cash flow-based liquidity stress test should be a priority. Concentration of bank deposits is a source of concern, particularly in the absence of a well-designed mechanism for ELA. The technical requirements of this type of test are modest, and TA in this area could be delivered without the need for significant pre-conditions. Close monitoring of bank liquidity is warranted as supervisory intervention on banks with high NPLs is made public, and banks' only source of liquidity under stress is the use of RMA facilities.

127. Over the medium term, the RMA should aim to prepare a Financial Stability Report (FSR). FSRs play an important role as communication and accountability devices for central banks, particularly considering the potentially sensitive impact of macroprudential tools.

[11] "A Macro Stress Testing Framework for Solvency Assessment, 2025" No. REG-002, Version 1.0.

III. Financial Sector Statistics

128. This section presents the status of Bhutan's compilation and dissemination of key financial sector datasets, in accordance with international statistical standards. This includes Financial Soundness Indicators (FSIs), Monetary and Financial Statistics (MFS), the underlying datasets for the construction of the Balance Sheet Approach (BSA) and the Financial Access Survey (FAS).

129. The RMA has developed a centralized data warehouse to support statistical data management since 2023–2024. The implementation of this data warehouse has helped improve data governance, streamline data integration, and strengthen consistency and coherence across different financial sector statistical outputs. There are currently some basic validation tests and data quality checks in place. However, the system does not yet incorporate advanced validation procedures or generate analytical summaries that offer comprehensive insights into key variables and outputs.

Financial Soundness Indicators (FSIs)

130. Bhutan's financial system comprises of several banks and non-bank institutions offering a wide range of financial products and services (See Table 2 in Chapter 1 for an overview). The 2019 FSIs Guide of the IMF recommends compiling and disseminating 17 core and 12 additional FSIs for deposit takers (DTs), one core FSI on residential real estate prices, and 23 additional FSIs for other sectors including other financial corporations (OFCs), non-financial corporations (NFCs), real estate markets, and households. These indicators offer insights into current health of a country's financial sector and of its corporate and household counterparts. Bhutan has been regularly reporting quarterly FSIs to IMF's Statistics Department (STA) with the latest available data referring to Q2 2025 which is posted on the IMF FSIs website. Bhutan migrated to the new FSIs reporting templates in 2023.

131. The RMA compiles FSIs for DTs covering five commercial banks, covering 12 core and 6 additional FSIs as of Q2 2025 (Table 2). The FSI source data from commercial banks (balance sheet, income statement, and supervisory series) are collected monthly. Commercial banks are required to submit the monthly returns to RMA within 15 business days following the end of the reference period. The data are submitted via RMA's data warehouse which then incorporates both automated and some manual validation processes. The compilation and dissemination of FSIs are the responsibility of DFRS, with two staff members currently involved in the compilation process.

132. FSIs for DTs are compiled using domestic location (DL) basis. With the current structure of financial system in Bhutan, where DTs have no foreign branches or subsidiaries, and no cross-sector subsidiaries, the mission recommended that DFRS continue compiling FSIs for Bhutan using domestic location (DL) basis. However, if in the future DTs in Bhutan start to operate outside Bhutan (cross-border) or start to have non-bank subsidiaries, especially under the Special Administrative Region of GMC**,** DFRS should adopt the cross-border and cross-sector consolidation basis (CBCSDI) to better capture the activities of the DTs in Bhutan.

133. Data availability for other deposit takers (ODTs) is limited, and RMA currently does not compile FSIs for these entities. There are four deposit-taking microfinance institutions and a newly licensed digital bank that are not yet included in the FSI compilation for DTs. Authorities highlighted that deposit-taking microfinance institutions excluded from the DTs coverage are relatively small in size.

134. Compilation of FSIs for OFCs has significant gaps. Current OFC reporting includes a pension fund and two insurance companies, with only a few basic indicators on the size of the sector being compiled. There are three insurance corporations supervised by the RMA; however, only two submit monthly returns. The mission found that the reporting forms used to collect data from insurance corporations are the same as those for banks. As a result, information specific to the activities of insurance corporations is not separately captured in the monthly regulatory reports currently collected by the RMA. Furthermore, disaggregation between life and non-life insurance, as well as performance indicators for the non-bank sector, are not compiled by RMA.

135. Metadata describing the statistical and financial reporting standards applied in the compilation of FSIs dates back to 2012 and requires updating and submission. The publication of the FSI's metadata is critical for providing information on the structure of banking sector and the accounting and regulatory frameworks underpinning the production of the FSIs compared to the methodology of the 2019 FSIs Guide. The metadata should contain information on the content and coverage of the FSIs, as well as the underlying accounting conventions, other national guidelines, and any deviations from the recommendations of the FSIs Guide. It should be updated whenever changes are observed, for instance, when there are changes to the accounting (i.e., implementation of the IFRS-9) and regulatory frameworks (i.e., Basel-III implementation) or to the call report instructions underlying the FSIs source data. There are some discrepancies, though not very significant, between the FSIs reported by the RMA to the IMF and those published on their website; it is important to resolve these inconsistencies and clearly explain any deviations from the FSI Guide within the metadata.

136. Further enhancements in the compilation of FSIs, for both banks and non-banks, would strengthen the country's capacity to support financial sector stability analysis. Key areas for improvement include:

a. **Expanding the compilation of core and additional FSIs** (e.g. market risk, loan concentration by economic activity, residential real estate prices, liquidity indicators where applicable, among others) and improving the coverage of DTs to include the new digital bank and deposit-taking microfinance institutions.

b. **Expanding the institutional coverage of non-banks and compiling additional indicators,** particularly by including the third insurance corporation and implementing a new data collection form for insurance corporations.

c. **Reviewing and refining the current data mapping and bridge tables**, to ensure alignment with the 2019 FSIs Guide and improve the accuracy of FSIs for banks as well as non-banks.

d. **Preparing and publishing comprehensive metadata,** including methodological notes and deviations from international standards, to enhance transparency and comparability.

e. **Enhancing the data warehouse usability by adding additional validation and quality checks and strengthening collaboration among departments** involved in data collection and dissemination, including DFRS, Macroeconomic Research and Statistics, and the technology team managing the warehouse.

f. **Building technical capacity for RMA staff in charge of compiling FSIs.** These can be through courses regularly offered by the STA either at IMF headquarters, regional training centers, or online[12].

g. **Implementing the recommendations of the 2023 technical assistance mission** on FSIs.

Table 2. Financial Soundness Indicators (FSIs)

	2021Q4	2022Q4	2023Q4	2024Q4	2025Q1	2025Q2
Core FSIs for Deposit Takers (DTs)						
Capital Adequacy						
Regulatory capital to risk-weighted assets	14.9	15.7	16.0	18.0	17.1	16.3
Tier 1 capital to risk-weighted assets	11.9	11.9	11.5	12.1	12.0	11.0
Tier 1 capital to assets	8.2	7.8	8.4	7.9	8.4	7.9
Nonperforming loans net of provisions to capital	2.1	2.2	-3.1	3.0	5.1	5.0
Asset Quality						
Nonperforming loans to total gross loans	6.7	3.0	2.4	2.2	3.1	3.0
Provisions to nonperforming loans	94.9	88.2	123.2	74.2	70.5	70.8
Earnings and Profitability						
Return on assets	1.0	1.2	3.3	2.4	0.9	1.8
Return on equity	8.1	9.8	25.5	18.1	7.3	14.7
Interest margin to gross income	77.8	74.9	78.7	82.3	85.4	81.9
Noninterest expenses to gross income	55.2	53.8	35.2	41.2	31.5	31.5
Liquidity						
Liquid assets to total assets (liquid asset ratio)	30.5	26.7	23.3	26.4	23.6	21.2
Liquid assets to short term liabilities	69.4	60.8	56.7	56.1	55.7	51.0
Additional FSIs for Deposit Takers (DTs)						
Large exposures to capital	68.7	71.4	77.3	140.8	104.8	109.3
Trading income to total income	3.5	5.6	2.5	1.5	2.8	3.7
Personnel expenses to noninterest expenses	45.8	46.7	44.5	47.4	54.5	50.8
Customer deposits to total (noninterbank) loans	111.5	108.0	94.3	106.8	94.4	96.1
Credit growth to private sector	6.9	15.7	14.8	-23.2	12.8	16.7
FSIs for Other Financial Corporations (OFCs)						
OFCs' Assets to Gross Domestic Product: OFCs	41.2	37.3	35.7	35.3	31.9	25.2
OFCs' Assets to Gross Domestic Product: Insurance Corporations	16.7	12.6	12.3	12.2	11.1	3.4
OFCs' Assets to Gross Domestic Product: Pension Funds	24.5	24.7	23.4	23.1	20.8	21.7
OFCs' assets to total financial system assets: total OFCs	26.6	24.7	24.0	29.1	23.3	18.6
OFCs' assets to total financial system assets: Insurance Corporations	10.8	8.3	8.3	10.1	8.1	2.5
OFCs' assets to total financial system assets: Pension Funds	15.8	16.4	15.7	19.0	15.3	16.1
Return on equity (Life insurance & nonlife insurance)	41.0	12.3	98.8	73.3	-0.7	11.7
Real estate markets						
Residential real estate loans to total gross loans	6.5	5.8	5.5	7.8	5.7	5.4
Commercial real estate loans to total gross loans	23.1	25.0	27.4	39.1	27.3	26.3
Source: RMA and IMF Financial Soundness Indicators Database.						

Monetary and Financial Statistics (MFS)

137. The RMA compiles MFS data using standardized report forms (SRFs) on monthly basis. The SRFs for the central bank (1SR), other depository corporations (2SR), and other financial

[12] Please refer to IMF Institute for Capacity Development's webpage for details.

corporations (4SR) are compiled by the Macroeconomic Research and Statistics department. The data are published monthly in the International Financial Statistics (IFS). The current coverage of ODCs includes 6 commercial banks and 3 deposit taking microfinance institutions. The new digital bank was recently included in the MFS data. For OFCs, data from two insurance corporations and one pension fund is included.

138. Coverage of NBFIs remains limited, which constrains effective surveillance and vulnerability assessment in the sector. Currently, only two insurance companies and one pension fund are included in the 4SR. One insurance company, three non-deposit taking microfinance institutions, and other NBFIs are not yet incorporated in the data. Balance sheet data for insurance companies are quite limited, as they are based on forms designed for commercial banks and lack detailed information about their specific activities.

139. There are currently two licensed e-money issuers (EMIs) operating in the country whose activities are not included in the MFS data. The RMA does not currently collect data from these two EMIs—*B-Ngul* and *e-Teeru*—and has noted that their activities are limited. Nonetheless, to improve coverage and align with the Monetary and Financial Statistics Manual and Compilation Guide (MFSMCG), it is important to collect data directly from these EMIs and include it in the compilation of MFS and monetary aggregates.

140. The mapping of source data to 1SR and 2SR and 4SR can benefit from a review to ensure that it is in line with the methodology of IMF's *2016 MFSMCG* in terms of classifications, valuation, and sectoring of financial instruments. A virtual technical assistance mission supported the authorities with data mapping in 2022, prior to the launch of the data warehouse. Since then, most of the staff involved in compiling MFS data have left the RMA. The current team responsible for MFS data compilation is relatively new, was not involved in the 2022 TA, and does not fully understand the source data mapping and associated compilation challenges.

141. The current compilation of MFS can be further enhanced to better support financial sector stability analysis. Key areas for improvement include: (1) expanding the coverage of institutions in both the ODCs and OFCs sectors, including the third insurance company, two e-money institutions, and three non-deposit-taking MFIs; (2) reviewing the mapping of source data within the data warehouse for 2SR and 4SR to ensure alignment with the IMF's 2016 MFSMCG methodology regarding classifications, valuation, and sectoring of financial instruments; (3) improving reporting forms for insurance companies to capture more detailed and relevant MFS information; and (4) strengthening validation and data quality checks in the data warehouse system, alongside building the technical capacity of RMA staff involved in MFS data compilation.

International Investment Position (IIP)

142. RMA reports annual and quarterly IIP and BOP data to STA for dissemination. These data are compiled based on the sixth edition of IMF's Balance of Payments and International Investment Position Manual (BPM6) framework. Despite the progress made in enhancing external sector statistics in recent years, shortcomings remain as indicated by the "C" rating in the Data Adequacy Assessment (See IMF 2025 Article IV Consultation report), and additional efforts are needed to improve the coverage and reliability of the IIP/BOP statistics.

143. A technical assistance mission from STA took place in March 2025 to assist with the compilation of external sector statistics. The mission focused on explaining and reducing errors and omissions, discussed statistical practices related to informal trade and crypto assets, and presented the main changes in the Integrated Balance of Payments and International Investment Position Manual, seventh edition (BPM7), among other topics. The authorities indicated they are working on improving coverage and data quality, as well as implementing the recommendations highlighted during the mission.

144. Priority areas for improvement include: (i) strengthening the compilation framework for IIP/ESS by improving data sources, expanding survey coverage, and enhancing validation procedures; (ii) implementing the recommendations from the recently concluded 2025 mission; and (iii) encouraging participation in ESS training for RMA staff involved in the compilation of IIP and BOP data.

Government Finance Statistics (GFS)

145. GFS financial balance sheet data are not compiled for the general government level. The Ministry of Finance compiles data only for the central government, with an annual frequency. Since 2022, STA has provided five technical assistance missions on GFS compilation, the most recent being in November 2025. Priority areas include implementing the mission recommendations, such as strengthening the GFS technical working group and expanding participation to include RMA and NSB, creating an output sheet in the public debt file with a breakdown of debt by holder—disaggregated into hydro and non-hydro components—to support the compilation of GFS and fully Integrated Financial Balance Sheets, and broadening institutional coverage to gradually compile comprehensive GFS (including financial balance sheet) for non-financial public corporations.

Balance Sheet Approach (BSA)

146. The Balance Sheet Approach (BSA) summarizes the exposures of the main economic sectors to each other and the rest of the world. This helps identify and analyze vulnerabilities from imbalances in intersectoral financial positions. The primary data sources for the BSA matrix include MFS data in SRF formats, external sector data (mainly international investment position), and government sector statistics, which provide financial balance sheet details by instrument and counterpart sector. After using MFS, IIP and GFS data, the remaining data gaps in the BSA matrix can be filled with data on NFCs and households. However, collecting data on financial positions of NFCs and households is challenging as they can only be obtained from national accounts-related data sources and can have data quality issues.

147. A partial BSA matrix for Bhutan for end-2024 is provided in Table 3, mostly using MFS data (central bank, ODCs and OFCs). This BSA table is incomplete due to the unavailability of general government balance sheet data, and the most recent external sector statistics submitted to the Fund are from 2023. Partial data for the general government, non-financial corporations (NFCs), households (HHs), and the IIP were compiled using counterparty information from MFS.

148. Further improvements to the underlying data (MFS, IIP, GFS) would enhance the completeness of the matrix and its usefulness as an analytical tool. A few RMA staff have participated in BSA training organized by STA and expressed interest in developing a BSA matrix to support financial stability analysis. Providing additional training on BSA, combined with improvements in the underlying data, will facilitate the construction and effective use of the BSA as an analytical tool.

Financial Access Survey (FAS)

149. The RMA has been reporting both regular and pilot FAS data to the IMF, but coverage remains limited. The 2024 data submission included 32 of 121 variables, compared to 24 indicators reported in 2023. Notable reported variables included the number of credit/debit cards, bank accounts, branches, ATMs, as well as mobile and internet banking usage for commercial banks, among others. The FSSR mission found that additional relevant data exists across different RMA departments, and enhancing collaboration among these departments could improve data coverage. Given the ongoing increase in the uptake of digital financial services in Bhutan, the mission encouraged staff to compile and disseminate data on e-wallets, digital bank, and other relevant financial access and usage variables, particularly related to digital financial services. The mission also recommended that staff undertake online FAS training to deepen their understanding of the methodology.

Table 3. Partial Balance Sheet Approach Matrix with MFS Data

(2024, Percent of GDP)

	Government		Central Bank		Other Depository Corporations		Other Financial Corporations		Nonfinancial Corporations		Households		External		Total	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Government			**Source: CB**		**Source: ODCs**		**Source: OFCs**		(GFS/MFS estimation)		(GFS/MFS estimation)		**Source: IIP**			
Total			2	11	10	8	5	-	...	...	...	...	-	-	17	18
In domestic currency			2	10	10	8	5	-	...	...	...	...	-	-	17	18
In foreign currency			-	0	-	-	-	-	-	-	-	-	-	-	-	0
Central Bank	**Source: CB**				**Source: CB**		**Source: CB**		**Source: CB**		**Source: CB**		**Source: CB**			
Total	11	2			21	0	0	-	...	-	4	-	13	46	48	48
In domestic currency	10	2			21	0	0	-	-	-	4	0	0	-	35	2
In foreign currency	0	-			-	-	-	-	...	-	-	-	13	46	14	46
Oth. Dep. Corporations	**Source: ODCs**		**Source: CB**		**Source: ODCs**		**Source: ODCs**		**Source: ODCs**		**Source: ODCs**		**Source: ODCs**			
Total	8	10	0	21	9	10	14	0	13	18	69	58	0	2	113	119
In domestic currency	8	10	0	21	9	10	14	0	13	18	68	58	-	-	112	117
In foreign currency	-	-	-	-	-	-	-	-	-	-	1	-	0	2	1	2
Oth. Fin Corporations	**Source: OFCs**		**Source: CB**		**Source: ODCs**		**Source: OFCs**		**Source: OFCs**		**Source: OFCs**		**Source: OFCs**			
Total	-	5	-	0	0	14	1	2	-	9	33	6	-	0	35	36
In domestic currency	-	5	-	0	0	14	1	2	-	9	33	6	-	-	35	36
In foreign currency	-	-	-	-	-	-	-	-	-	-	-	-	-	0	-	0
Nonfinancial Corporations	(GFS/MFS estimation)		**Source: CB**		**Source: ODCs**		**Source: OFCs**				(No sectoral data)		**Source: IIP**			
Total	...	...	-	...	18	13	9	-					...	...	27	13
In domestic currency	...	...	-	-	18	13	9	-					...	...	27	13
In foreign currency	-	-	-	...	-	-	-	-					...	...	-	-
Households	(GFS/MFS estimation)		**Source: CB**		**Source: ODCs**		**Source: OFCs**		(No sectoral data)				**Source: IIP**			
Total	...	...	0	4	58	69	6	33					...	...	65	106
In domestic currency	...	...	0	4	58	68	6	33					...	...	65	105
In foreign currency	-	-	-	-	-	1	-	-					...	...	-	1
External	**Source: IIP**		**Source: CB**		**Source: ODCs**		**Source: OFCs**		**Source: IIP**		**Source: IIP**					
Total	-	-	46	13	2	0	0	-	...	...	...	...			48	13
In domestic currency	-	-	-	0	-	-	-	-	...	...	...	...			-	0
In foreign currency	-	-	46	13	2	0	0	-	...	...	...	...			48	13
Total	18	17	48	48	118	114	35	36	13	27	106	65	13	48	CHECK	CHECK
In domestic currency	18	17	2	35	116	113	35	36	13	27	105	65	0	-	290	292
In foreign currency	0	-	46	14	2	1	0	-	-	-	1	-	13	48	62	62

Annex I. TA Roadmap (TARM)

The mission team proposes TA in the form of a TARM to build capacity at the RMA in order to address risks and vulnerabilities in the financial system. Based on the analysis conducted by the mission team, and the risks, vulnerabilities, and capacity gaps identified, the TARM reflects a prioritized set of actions that need to be taken by the RMA to address these risks and vulnerabilities and to strengthen financial sector resilience over the next three years.

The TARM is an integrated approach to TA delivery which will guide work by the Fund but can also be used by other TA providers. The TARM presents all workstreams covered in the FSSR in one integrated table including the main strategic recommendations and the supporting TA to address the main risks, vulnerabilities, and capacity gaps identified in the baseline diagnostic review. The TA activities in the TARM are grouped by workstreams and objectives of MCM's results-based management (RBM) logframe catalogue.

Table 1. Bhutan FSSR TA Roadmap

Capacity Gap	Recommendation	Expected Result	TA Activity	Timeframe[13]	Priority
Financial Sector Regulation and Supervision: Banking					
Supervision Approach, Tools and Techniques	Strengthen supervision capacity to undertake more effective offsite analysis and onsite examinations to identify risks early and intervene if needed. Greater focus on the larger more systemic banks.	Greater use of data to identify early emerging sources of risk and take action. More frequent and intensive onsite examinations.	Strengthen approaches to offsite analysis and onsite examination processes, including supervisory manuals and training.	MT	Medium
Capital Adequacy	Undertake a comprehensive review of capital adequacy using Basel II.	Review capital stack of banks to ensure alignment with Basel II definitions of capital and are eligible to be included in the calculation of capital adequacy. Calculate risk-weighted assets to include market risk and interest rate risk in the banking book.	Align bank capital requirements to Basel II standards.	ST	High
Credit Risk	Enhance supervisory data for monitoring credit risk by the RMA, develop further credit skills to strengthen loan file assessments and portfolio analysis during onsite examinations.	More effective offsite analysis to identify emerging credit risks at an individual bank level and across the system.	Prepare for onsite examination.	MT	Medium

[13] Timeframe: **ST** (Short-term: less than 6 months), **MT** (Medium-term: results around 18 months); and **LT** (Long-term: results around 36 months).

Capacity Gap	Recommendation	Expected Result	TA Activity	Timeframe[13]	Priority
Asset quality and provisioning	Undertake a targeted supervisory review of asset quality across the system with a view to confirming the adequacy of provisions, especially as loan forbearance measures are rolled back and banks calculate loan loss provisions using IFRS 9.	Achieve greater confidence in bank's asset quality and accuracy of provisioning given the following: (i) loan forbearance measures are being rolled back which may result in loans being reclassified as defaulted requiring additional provisions; and (ii) RMA's new NPL guidelines; and (iii) introduction of IFRS9.	Support implementation of IFRS9 and application of RMA's new NPL guidelines.	MT	High
Market risk and interest rate risk in the banking book	Implement regulations for market risk and interest rate risk in the banking book together with development of supervisory reporting templates, supervision processes and training.	A regulatory framework for market risk that will capture risk-weighted assets for market risk and interest rate risk on the banking book. Supervision processes to effectively identify market risks and integrate these risks into the assessment of a bank's risk profile.	Establish regulations that are fit for purpose and implement supervisory processes to assess, monitor and fully evaluate market risks and interest rate risk in the banking book.	ST	High
Liquidity risk management	Support the implementation of the LCR by calibrating run-off assumptions and measures to mitigate concentration risk in bank funding models.	Banks will be able to segment deposit liabilities and apply accurate estimates of run-off rates during a stress. The segmentation will help manage concentration risks in deposit liabilities and	Segment deposit liabilities based on stability of funding using bank data. Estimate run-off assumptions and model LCR under extreme but plausible scenarios.	MT	Medium

Capacity Gap	Recommendation	Expected Result	TA Activity	Timeframe[13]	Priority
		develop strategies to obtain alternative sources of funding and liquidity.			
Incomplete set of supervisory early intervention measures	Review and strengthen the Prompt Corrective Actions (PCA) framework	Increased operational readiness for the implementation of corrective actions	Review the expanded PCA framework	MT	Medium
Lack of recovery planning capabilities	Prepare templates and guidance for the preparation of recovery plans by the banks and their review by the RMA	Increased operational readiness for the activation of recovery options	Develop templates and guidelines for a) the drafting of recovery plans by the banks, and b) supervisory review of the recovery plans	LT	Low
Operational risk and operational resilience	Strengthen operational risk management of critical systems and assets by introducing higher standards, including ICT risks	Banks will be able to identify critical assets, systems and services to ensure they will be resilient under extreme but plausible scenarios	Enhance operational risk and operational resilience requirements in line with Basel guidance.	LT	Medium
Financial Sector Regulation and Supervision: NBFIs and Digital Financial Services					
Lack of a dedicated regulatory framework for insurance sector including tools for crisis management. Specific weaknesses in supervisory powers, crisis management, reinsurance.	The RMA should develop regulation specific for the insurance sector (life and non-life) in line with best practices and Insurance Core Principles (ICPs) while considering the specificities of the local market including conducting an impact assessment prior to adopt any material regulatory	Implement and maintain a regulatory and supervisory framework in line with ICPs. Ability to conduct impact assessment prior to adoption of any material regulatory changes.	Develop policy proposals on supervisory review and reporting (9, 10); recovery and resolution (12, 16), and reinsurance (13).	MT	Medium

Capacity Gap	Recommendation	Expected Result	TA Activity	Timeframe[13]	Priority
	changes (including for new accounting standards) and consider the possibility for phase-in period.				
Lack of policy and procedures (including adequate reporting) as well as expertise for assessment of insurance business.	The RMA should develop supervisory arrangements in line with best practices and ICPs. Prepare staff for conducting overall assessment of insurance business including national pension and provident fund.	Ability to conduct holistic assessment of the insurance sector's financial soundness and take actions to request remediation of findings and implementation of crisis management measures.	Development of policies, procedures, and methodologies as well as training staff with a focus on actuarial skills and IFRS 17.	LT	Medium
Lapses in the credit underwriting process for NBFI lenders and in particular insurance companies and the national pension and provident fund	The RMA should ensure that all NBFI lenders, in particular insurers and NPPF adopt appropriate credit underwriting standards and implement effective and efficient procedures so that assessment of borrowers' creditworthiness is conducted in an adequate manner and adequate monitoring procedures are in place.	NBFI lenders implement and maintain sound credit underwriting standards and effective and efficient procedures for creditworthiness assessment, and monitoring.	Build up policies, processes, and procedures that enable the strengthening of credit process at NBFI.	ST	High
Lapses in supervisory reporting from both the side of non-bank financial sector entities and RMA	The RMA should review the supervisory reporting framework to ensure it provides meaningful and accurate data for the conduct	Implement measures ensuring the availability of technical and human resources for an adequate data reporting and data	Design and implement a supervisory reporting framework and support the adoption by NBFI entities and the RMA.	ST	High

Capacity Gap	Recommendation	Expected Result	TA Activity	Timeframe[13]	Priority
	of micro and macro prudential supervision ensuring that financial sector entities have capacity to report and the RMA to assess the high quality and comprehensive data.	analysis framework encompassing the entire NBFI sector.			
On-going review of e-money regulation with regulatory gaps and insufficient assessment of EMI's operations	Post-implementation review of new e-money regulations and develop supervisory arrangements in line with best practices to ensure an ongoing oversight of payment service entities.	Ability to conduct holistic assessment of payment service entities.	Conduct a post-implementation review of e-money regulations and strengthen approach to supervision of EMIs.	LT	Low
Lack of adequate human resources from both a quantitative and qualitative point of view regarding crypto assets. Absence of a monitoring process of crypto asset transactions. Lack of regulatory framework	Establish a regulatory and supervisory framework for crypto assets and related services in line with global standards and recommendations and ensure staff availability and competencies are upskilled	Retain sufficient human resources with adequate competencies for tokenization and crypto assets. Implement and maintain a regulatory and supervisory framework for crypto asset markets and activities.	Design of a regulatory and supervisory framework on crypto assets.	LT	Low
Financial Safety Net and Crisis Preparedness					
Lack of resolution planning capabilities	Subject to adopting a robust resolution framework, including through legislative amendments, and consistent with international standards, and good practices –	Increased operational readiness for undertaking resolution planning and action. This includes the preparation of templates	Enhance and operationalize the bank resolution framework. Review draft resolution manuals and procedures and methodologies for resolution plans and resolvability	MT	Medium

Capacity Gap	Recommendation	Expected Result	TA Activity	Timeframe[13]	Priority
	establish resolution capabilities.	and guidance for resolution plans and resolvability assessments, and resolution manuals. It also includes internal governance arrangements for contingency planning when resolution is imminent.	assessments developed by RMA.		
No ELA framework in place; provision of liquidity under RMA's overnight liquidity standing facilities puts the RMA at risk in the event of an idiosyncratic shock	Introduce an ELA framework and build up operational capability for ELA provision.	Mitigate the risk that temporary illiquidity leads to insolvency, avoid contagion and protect the RMA from losses.	Align ELA framework with international best practices. Address the operational and legal challenges of ELA provision.	MT	Medium
No Deposit Insurance System (DIS) in place	Establish a DIS and introduce depositor preference.	A well designed DIS that enhances depositor confidence, protects retail depositors, reduces the risk of deposit runs and mitigates contagion risks.	Design and operationalize a DIS aligned with IADI's Core Principles for Effective Deposit Insurance Systems.	LT	Medium
Lack of crisis management expertise	Prepare a national crisis management plan (including the Ministry of Finance), undertake table-top exercises and simulations.	RMA's staff prepared and ready for unexpected events and systemic shocks.	Train in crisis management, including crisis simulation exercises (subject to adopting robust resolution and crisis management frameworks).	LT	Medium
Payment Systems					

Capacity Gap	Recommendation	Expected Result	TA Activity	Timeframe[13]	Priority
RMA providing unsecured intraday overdrafts.	Impose sufficient balances in the settlement accounts as a condition for settlement process with the payment systems.	Mitigate the RMA credit risk and assess the need to provide additional liquidity management mechanisms for payment system settlement.	Support the RMA in the design choice of the settlement requirements; should intraday credit be required, support the RMA in its design and implementation.	LT	Medium
Oversight of RMA-operated payment systems not being performed; need to enhance knowledge of PFMIs across operation and oversight teams.	Implement payment system oversight activities and develop a comprehensive training program on PFMIs for all staff involved in the operation of payment systems and in the oversight of FMIs.	Oversight function implemented for payment systems.	Capacity development on PFMIs and support on the implementation of the oversight function.	ST	Medium
The existing payment scheme requires enhancements to align with international best practices and to fully realize its potential.	Assess the need to expand the scope of the existing fast payment scheme and to incorporate additional rules, standards, features, products, and supporting infrastructures.	More interoperability and higher adoption of digital payments.	Capacity development on fast payments and support the RMA assessment of the existing fast payment scheme.	MT	Medium
Need to enhance knowledge of prevention in digital payments.	Develop a comprehensive capacity-building program on fraud prevention within payment systems and payment schemes.	Safer digital payment ecosystem in Bhutan.	Capacity development on fraud in digital payments.	LT	Medium
National Payments Strategy not updated since 2021; absence of a	Develop a multi-year plan for payment systems and retail payments following the	Implement enhancements in the payment systems and	Support the RMA in developing a multi-year plan for payment systems and retail payments.	MT	Medium

Capacity Gap	Recommendation	Expected Result	TA Activity	Timeframe[13]	Priority
multi-year implementation plan aligned with the strategic policy framework.	completion of the strategic policy review.	retail payments aligned with an updated strategy.			
Absence of a Payments Forum.	Establish a national payments forum to serve as a formal platform for consultation and coordination on payment-related matters.	Promote stakeholder engagement and provide stronger inputs for the RMA's decision making on payments issues.	Support the RMA in the implementation of the Payments Forum.	MT	Medium
Systemic Risk Analysis and Monitoring					
Lack of forward-looking analysis of systemic risk	Introduce a basic methodology for solvency stress test.	Improved understanding of prospective risks to financial stability.	Solvency stress test: develop a spreadsheet-based approach to solvency analysis.	MT	Medium
Lack of analysis of potential channels of contagion	Introduce a basic methodology for interconnectedness analysis.	Improved understanding of contagion risks, systemically important institutions, and potential need to designate DSBIs.	Contagion analysis: apply standard MCM tool for contagion analysis.	LT	Medium
Lack of analysis of sources of liquidity stress	Introduce a cash flow-based liquidity stress test.	Improved understanding of prospective liquidity problems and the need for idiosyncratic or systemic liquidity provision.	Liquidity stress testing: cash flow-based liquidity stress test.	MT	High
No stress testing currently conducted on NBFIs	Introduce a basic methodology for stress testing of NBFIs.	Better understanding of resilience of NBFIs.	Solvency stress testing for insurance companies and pension funds.	LT	Medium
Financial Sector Statistics					

Capacity Gap	Recommendation	Expected Result	TA Activity	Timeframe[13]	Priority
Weaknesses in Financial Soundness Indicators compilation and reporting	Improve the quality and expand the coverage of FSIs for both deposit takers (DTs) and NBFIs.	Strengthened compilation and dissemination of FSIs, including banks and NBFIs.	STA TA to assist in the compilation of FSIs in line with 2019 FSIs Guide.	ST	High
Weaknesses in Monetary and Financial Statistics (MFS) compilation and reporting	Improve the quality and expand the coverage of MFS for EMIs and NBFIs.	Strengthened compilation and dissemination of MFS, both deposit takers and NBFIs, and enhanced usefulness of the data warehouse system.	STA TA Assistance to improve MFS compilation, particularly for NBFIs.	MT	High
Weaknesses in External Sector Statistics (ESS) reporting	Improve the quality and coverage of ESS/IIP.	Strengthen the compilation and dissemination of BOP/IIP.	STA TA to assist in the improvement of the compilation of ESS.	LT	Medium
Weaknesses in GFS reporting	Compile and disseminate general government balance sheet.	Strengthened compilation and dissemination of GFS.	STA TA to assist in the improvement of the compilation of GFS.	MT	Medium
Lack of technical capacities of FSIs, MFS, FAS and BSA compilers	Further strengthen technical capacities of RMA staff.	Enhanced staff capacity through training, especially on compilation methods and developing source data.	Capacity building, trainings, and provision of guidance in the compilation of FSIs, MFS, FAS and BSA.	MT	Medium

Annex II. Previous Relevant MCM and STA TA

Table 2. Relevant MCM TA since fiscal year 2023

Dates	TA Mission Title
Sep 2025	Cyber Strategy for the Financial Sector
Aug 2025	Fintech regulatory sandbox diagnostic
Dec 2024	Strengthening supervision capacity workshop
Nov 2024	Haircut calibration
Sep 2024	Strengthening RBS framework
Mar 2024	Strengthening RMA Supervisory Capacity in IFRS9 and ECL implementation
Oct 2023	Strengthening RMA Supervisory Capacity
May-Aug 2023	Full compliance with IFRS
Jul 2022	Strengthening RMA Supervisory Capacity
Jul 2022	Follow-up Mission on RBS Implementation for Insurance

Table 3. Relevant STA TA since fiscal year 2022

Dates	TA Mission Title
November 2025	Government Finance Statistics
April 2025	Government Finance Statistics
March 2025	Balance of Payment and IIP
January 2024	Government Finance Statistics
June 2023	Financial Soundness Indicators
October 2022	Government Finance Statistics
March 2022	Monetary and Financial Statistics
Feb 2022	Government Finance Statistics