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Nota di contenuto	Cover; CONTENTS; GLOSSARY; EXECUTIVE SUMMARY; INTRODUCTION; TABLES; 1. Selected Economic and Financial Indicators, 2011-2019; FINANCIAL SECTOR STRUCTURE AND PERFORMANCE; A. The Banking Sector and Financial Stability; 2. Structure of the Banking System; FIGURES; 1. Banking Systems Balance Sheet; 2. Comparative Indicators of Banking System Soundness; 3. Financial Soundness Indicators, 2010-2013; B. The Nonbanking Sector and Financial Stability; 4. End-2012 Banks' Income Statements; 5. Number of Microfinance Institutions Not Meeting the Regulatory Norms RISKS AND RESILIENCE OF THE BANKING SECTOR A. Financial Sector Vulnerabilities; 3. Comparison of Micro-financial Buffers, 2009 vs. 2013; 6. Risk Assessment Matrix; B. Banking Sector Resilience; C. Credit Risk; 4. Estimated Banks' Capital Needs if the Exchange Rate Depreciates Sharply; 7. Solvency and Liquidity Stress Tests; D. Liquidity Risk; 5. Large Concentration Exposures; E. Interbank Contagion Risk; FINANCIAL SECTOR SUPERVISION AND REGULATORY FRAMEWORK; 6. Supervisory Structure; CRISIS MANAGEMENT AND SAFETY NETS; A. Crisis Preparedness; B. Responding to a Crisis; C. Deposit Insurance System DEVELOPMENT AND MARKET STRUCTURE ANTI-MONEY LAUNDERING; 8. Key Recommendations (Extended); APPENDICES; I. The Central Bank: Autonomy and Monetary Policy Tools; II. De-dollarization: Preconditions, Operational Aspects, and Risks; III. The Resolution of the Banque Congolaise; IV. Observance of the Basel Core Principles; V. Stress Test Matrix
Sommario/riassunto	This Financial System Stability Assessment on the Democratic Republic of the Congo highlights that the Congolese financial sector has recovered from the crisis of 2009 but is at a crossroads. Although reforms have been initiated, the system remains shallow, highly dollarized, and characterized by balance sheet fragilities. The authorities have announced a de-dollarization process; however, greater progress on reforms to strengthen the financial system is needed to support financial deepening and economic growth. The team's analysis suggests that the financial system remains vulnerable. Resilience to shocks is undermined by the lack of risk-based supervision, lax regulation and weak enforcement of existing

regulations, low profitability, and an excessive reliance on sight deposits. Steps are also needed to improve the capacity for micro- and macroprudential supervision. The implementation of risk-based supervision for individual banks is a critical prerequisite for effective crisis prevention. Assessments of bank-specific and systemic soundness are severely handicapped by weak supervisory data and other information gaps. There are significant weaknesses in accounting and auditing practices and, even if indicators suggest high capitalization levels, a more detailed analysis suggests banks are under-provisioned, partly owing to lax definitions of nonperforming loans and provisioning rules.
