



# CENTRAL BANK OF LIBERIA

**CBL/E-GOV/076/2005**

*March 7, 2005*

## **GUIDELINES ON THE COMPUTATION AND MAINTENANCE OF RESERVE REQUIREMENTS**

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Pursuant to the CBL Regulations concerning the maintenance of Reserve Requirements by Commercial banks, and in order to ensure that reserve requirements are computed and maintained in a manner that promotes the achievement of their intended purposes. The Central Bank of Liberia (CBL) hereby issues the following Guidelines on the computation and maintenance of Reserve Requirements:

1. **Base Period:** The reserve requirements of each bank will be computed based on the average deposits of the immediate past month.
2. **Reporting Time:** Banks shall be required to submit their Monthly Returns of Deposits for Reserve Requirements calculation one week after the end of the base month, or latest the tenth (10<sup>th</sup>) of the current month.
3. **CBL Computation of Reserve Requirements:** Immediately upon the receipts of the Reserve Requirement Returns of the banks, the Supervision Department of the CBL shall compute and determine the reserve requirement to be maintained by each bank during the Maintenance Period defined in Count (4) herein below. The computation of the Reserve requirements shall be completed and banks notified by the 14<sup>th</sup> of the current month.
4. **Maintenance Period:** Each commercial bank shall be required to maintain reserve requirements representing 22% of average deposits held by it for a maintenance period to commence from the 15<sup>th</sup> of the current month to the 14<sup>th</sup> of the next month.
5. **Continuity in maintenance:** The minimum reserves required of each bank shall be maintained, without any reduction, until the next Maintenance Period, at which time a new minimum reserves may be established.
6. **Penalty for Violation:** Any bank-financial institution that, being subject to Section 34 of the New FIA, fails, neglects, refuses or omits to comply with

these guidelines or the requirements of the CBL Regulation on maintenance of Reserve Requirements shall be liable to a penalty of 18% on the amount of the deficiency in the required reserves for as long as the deficiency shall continue. Such penalty shall be payable to the Central Bank of Liberia on such date as the Central Bank of Liberia may designate. The penalty may be recovered by deduction from any other balance(s), which the financial institution may have with the Central Bank of Liberia.

Signed: \_\_\_\_\_

**Charles A. Greene**  
**Charles A. Greene**  
**Executive Governor**