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Ministry of Finance
Royal Government of Bhutan

MoF and Asian Development Bank Sign Financial Sector Reform Program

11 December, 2025 | Thimphu, Bhutan

Ministry of Finance and the Asian Development Bank (ADB) today signed a Policy-Based Lending (PBL) program titled “*Strengthening Banking and Capital Market Reforms Program- Subprogram 1*”, aimed at advancing reforms in Bhutan’s financial system and capital markets. The PBL program is supported by ADB financing of USD 10 million in loan and USD 5 million in grants.

The PBL aligns with Bhutan’s overarching development objective of building a resilient governance ecosystem that accelerates economic growth and strengthens the efficiency of banking, nonbanking, and capital market operations.

The program is designed to support reforms in three key areas:

1. Strengthening banking and nonbanking systems to enable efficient financial intermediation;
2. Strengthening capital markets and financial institutions; and
3. Increasing financial inclusion, with a focus on digitalization and green finance.

Subprogram 1 of the PBL was successfully completed, resulting in several significant reforms. The policy actions include the revision of Bhutanese Accounting Standards, completion of an Asset Quality Review, issuance of liquidity coverage ratio guidelines, revision of External Commercial Borrowings Guidelines, and the introduction of new Anti-Money Laundering and Countering the Financing of Terrorism regulations for banks.

In addition, the development of a National Green Finance Taxonomy and a Sustainable Financing Framework positioned Bhutan to more effectively channel finance toward climate-resilient and socially responsible development.

The implementation of subsequent reform phases under the PBL program is expected to further contribute to a more resilient, inclusive, and future-ready financial system for Bhutan.