

National Bank of the Republic of North Macedonia



PLAN OF ACTIVITIES OF THE NATIONAL BANK OF THE REPUBLIC OF NORTH MACEDONIA FOR 2020

Skopje, December 2019

Pursuant to Article 47, paragraph 1, item 9 of the Law on the National Bank of the Republic of Macedonia (Official Gazette of the Republic of Macedonia No. 158/10, 123/12, 43/14, 153/15, 6/16 and 83/18), and Article 54 paragraph 1 indent 3 of the Strategic and Operational Planning Regulation Reg.No. 02-15/I-1/2016 of 28 January 2016, the National Bank of the Republic of North Macedonia Council adopted the following

Plan of Activities of National Bank of the Republic of North Macedonia for 2020

GENERAL PROVISIONS

1. The Plan of Activities of the National Bank of the Republic of North Macedonia for 2020 (hereinafter: The Plan of Activities) includes program activities for achieving the strategic objectives set in the Strategic Plan of the National Bank of the Republic of North Macedonia for 2020-2022, SP No. 02-15/VI-1/2019 of 30 May 2019.

2. The Plan of Activities aims to ensure the implementation of the strategic objectives of the National Bank of the Republic of North Macedonia (hereinafter: the National Bank¹) by optimally targeting the available resources to priority areas, strengthening all work capacities, improving the quality of operations and monitoring and evaluating the results and effectiveness of the measures and activities taken.

3. The Plan of Activities includes 151 program activities related to the monetary policy, supervision, banking regulation and financial stability, foreign reserves management, financial market developments, payment systems, issuance and management of banknotes and coins, research development, statistics, as well as a number of activities that support the primary functions of the National Bank related to finance and accounting, information technology and corporate governance.

The Plan of Activities also contains activities aimed to harmonize the legal, organizational and resource requirements of the National Bank in the process of accession to the European System of Central Banks.

4. The Plan of Activities includes regular work processes and activities related to projects that introduce changes in the operations in terms of increasing efficiency, quality, transparency and reliability, compliance with the new legal requirements, European regulations, international standards and the IMF requirements.

REGULAR PROGRAM ACTIVITIES

5. Regular program activities are directly related to the strategic goals and tasks of the National Bank and are implemented throughout the year.

Regular program activities are distributed by strategic objective and responsible department, as follows:

Strategic objective 1 - Maintaining price stability through a stable exchange rate of the denar against the euro.

Scope: Monetary policy.

¹ Abbreviations used in the Plan of Activities denote the following: GO - Governor's Office, SPO - Strategy and Prevention Office, IAD- Internal Audit Department, FSBRRD - Financial Stability, Banking Regulations and Resolution Department, OSLD - Off-Site Supervision and Licensing Department, OSSD - On-Site Supervision Department, MPRD - Monetary Policy and Research Department, SD - Statistics Department, FMOD - Financial Market Operations Department, PSD - Payment Systems Department, FACD - Financial, Accounting and Control Department, BD - Banknotes Department, ITD - Information Technology Department, HRD - Human Resources Management Department, LD - Legal Department, PPD - Public Procurement Department, TMSAD - Technical Maintenance, Security and Archive Department, L - Library.

- 1) Preparing macroeconomic forecasts.
- 2) Making analyzes of the sustainability of public and external debt, balanced real exchange rate and monetary transmission used when making monetary policy decisions.
- 3) Conducting surveys.
- 4) Preparing ad hoc analyses.
- 5) Producing regular reports.
- 6) Regular conducting of monetary operations and maintaining balance in the foreign exchange market.

Responsible department: MPRD and FMOD.

Strategic objective 2 - Maintaining stable and reliable banking system as the main prerequisite for financial stability and sustainable economic growth of the country.

Scope: Supervision, banking regulation and financial stability.

- 7) Drafting and adopting regulations in the area of banking operations and bank supervision.
- 8) Improving the systemic analysis as a support to macro-prudential policies in order to maintain financial stability.
- 9) Regular off-site activities.
- 10) Conducting regular on-site examinations.

Responsible department: FSBRRD, OSLD and OSSD.

Strategic objective 3 - Holding and managing foreign reserves pursuant to security and liquidity principles and ensuring optimum return.

Scope: Foreign reserves.

- 11) Foreign reserves management
- 12) Introducing a process of analyzing the applied strategies for active management in foreign reserves investments.
- 13) Overcoming obstacles for provision applicability on protecting contractual parties within the general agreements GMRA and ISDA used for concluding derivative transactions.
- 14) Regular upgrade of the analytical framework for monitoring financial institutions/issuers where foreign reserves may be invested.

Responsible department: FMOD.

Strategic objective 4 - Increasing the efficiency of banknotes and coins supply and processing system and increasing the quality and functionality of currency in circulation.

Scope: Banknotes and coins issuance and management.

- 15) Supplying banks and cash centers with banknotes and coins.
- 16) Controlling the implementation of cash operations standards and criteria in banks and cash centers.
- 17) Manufacturing/purchasing
 - banknotes and coins
 - promissory notes, commemorative coins and collector coins.
- 18) Sale of commemorative coins, collector coins, banknotes and coins for numismatic purposes and promissory notes.
- 19) Activities for the needs of the NBRNM, government institutions and administrative bodies.

Responsible department: BD.

Strategic objective 5 - Safe and efficient payment systems operation and payment services market development.

Scope: Payment systems.

- 20) Producing payment system and services reports.
- 21) Oversight of the payment systems.
- 22) Processing and settling transactions related to foreign reserves management and monetary policy implementation, monitoring and supporting the settlement of transactions on over-the-counter (OTC) markets.
- 23) Conducting international payment operations on behalf of the government and administrative bodies.
- 24) Support to MIPS- Macedonian Interbank Payment System participants and processing forced payment orders.

Responsible department: PSD.

Strategic objective 6 - Support of the domestic financial markets development.

Scope: Domestic financial markets.

- 25) Participating and supporting the domestic financial markets development.
- 26) Regular activities for ensuring services as a government agent for government securities issuance on the domestic market.

Responsible department: FMOD.

Strategic objective 7 - Fostering and further development of research in the crucial areas for the efficient attainment of the National Bank objectives.

Scope: Research.

- 27) Preparation of working papers
- 28) Preparations of analytical papers for financial stability needs.

Responsible department: MPRD, FSBRRD.

Strategic objective 8 - Providing quality statistical data consistent with international and European statistical standards, taking into account the reporting burden and their effective, timely and easy dissemination to users.

Scope: Statistics.

- 29) Compilation of external statistics.
- 30) Compilation of monetary statistics.
- 31) Compilation of financial account statistics.
- 32) Maintaining and implementing the unified sectorization of the institutional units within the SD.
- 33) Reports arising from membership in international organizations.

Responsible department: SD.

Statistical objective 9 -Preparation of the National Bank for joining and membership in the European System of Central Banks.

Scope: EU.

- 34) Activities related to the process of accession of the National Bank to the European System of Central Banks.

Responsible department: GO, Chief Economist and several National Bank organizational units.

Strategic objective 10 -Further improvement of corporate governance, transparency and social responsibility of the institution.

Scope: Finance, accounting and control.

- 35) Accounting records of transactions regarding the performance of National Bank functions and tasks, as well as operations.
- 36) Conducting accounting policies and financial reporting.
- 37) Planning and control.

Scope: Internal audit

- 38) Planning and preparing annual and triennial audit work program.
- 39) Auditing.

Scope: Strategic planning, risk management, ensuring business continuity and information security, and personal data protection, compliance.

- 40) Improving the compliance process.
- 41) Monitoring and reporting on the new legislation that affects the National Bank operations.
- 42) Improving the Code of Conduct and its application.
- 43) Participating in the process of analyzing the National Bank, for the AML (anti-money laundering and financing terrorism) purposes.
- 44) Strategic planning.
- 45) Operational risk management in the National Bank.
- 46) Ensuring business continuity.
- 47) Ensuring information security and personal data protection.

Scope: Legal affairs.

- 48) Drafting and controlling general and individual legal regulations.
- 49) Drafting legal documents, lawsuits, response to appeals and extraordinary legal remedies.
- 50) Regulation of the National Bank property and legal affairs and real estate records.
- 51) Preparation of the National Bank Council sessions.
- 52) Providing legal opinions, advices and trainings.

Scope: Governor's Office.

- 53) Relations with international institutions.
- 54) Public communication.
- 55) Protocol.
- 56) Publications.
- 57) Financial education.

Scope: Human resources management.

- 58) Recruitment and employing.
- 59) Setting appropriate organization and systematization.
- 60) Exercising labor rights and obligations.
- 61) Ensuring employee engagement.
- 62) Professional trainings and development of employees.

Scope: Public procurements.

- 63) Planning of public procurement needs, analysis and monitoring the implementation and amendment of the Annual Public Procurement Plan.
- 64) Preparation and implementation of public procurement procedures.
- 65) Monitoring public procurement contracts, and receipt, recording and controlling invoices and other accounting documents.

Scope: Technical maintenance, security and archive.

- 66) Maintenance of facilities.
- 67) Providing transport services.
- 68) Physical security and firefighting.
- 69) Office operations.
- 70) Archive operations.

Scope: Museum.

- 71) Numismatic collection activities.
- 72) Museum education.
- 73) Numismatic research.

Scope: Library and Archive.

- 74) Purchase and maintenance of the National Bank library fund.
- 75) Informing the National Bank staff.
- 76) Digitization of material of historical significance in the areas of central banking.

Responsible department: FACD, IAD, OSP, LD, GO and Chief Economist, PPD, TMSAD, HRD, Museum and L.

Strategic objective 11- Maintaining stable information system and its upgrade in accordance to the existing capacities and international standards.

Scope: Information technology.

- 77) Maintaining the IT infrastructure.
- 78) Upgrading servers and workstations.
- 79) User account management and system access control.
- 80) IT asset management.
- 81) Making changes to the system.
- 82) IT incident management.
- 83) Backup and archiving.
- 84) Providing IT services.
- 85) Establishing IT services, monitoring the fulfillment of service levels and continuous improvement.
- 86) Preparing new database systems, MS SQL Server 2017 version.
- 87) Preparing a new DMS, MS SharePoint 2019 version.

Responsible department: ITD.

PROJECT ACTIVITIES

6. Project-related activities included in the Plan of Activities are implemented with an aim to introduce a certain novelty in operations, improve current operations, or perform certain activities that require coordination of several organizational units or an engagement of an external service provider, and are carried out at certain dynamics, employing the assigned human resources and/or budget. The following projects will be implemented during 2020:

Projects related to certain areas of operations of the National Bank

6.1 Drafting a Strategy for FinTech implementation.

*Responsible organizational units: Advisor to the Governor, FSBRRD, OSLD, PSD.
Medium-term activity.*

6.2 Activities for drafting a Strategy for financial education and financial inclusion.

*Responsible organizational units: Chief Economist, Advisor to the Governor, GO in cooperation with representatives from other financial regulators within the Coordinating Body for Financial Education and Financial Inclusion.
Completion period: during the year.*

- 6.3 **Consumer protection activities.**
*Responsible department: working group (Chief Economist, Advisor to the Governor, officials from different organizational units).
Completion period: during the year.*
- 6.4 **Improving the accessibility and understanding of press releases, information, data and National Bank analyses.**
*Responsible department: GO.
Completion period: during the year.*
- 6.5 **Conducting satisfaction surveys for data reporters and users.**
*Responsible department: SD.
Completion period: Q4.*
- 6.6 **Reviewing the set-up and proposing amendments for the momentary policy operational framework.**
*Responsible department: FMOD.
Completion period: Q2*
- 6.7 **Reviewing and harmonizing the set-up and functioning of National Bank's OMPC (Operational Monetary Policy Committee) pursuant to the best intentional practices.**
*Responsible department: FMOD.
Completion period: Q4.*
- 6.8 **Improving the framework for emergency liquidity assistance.**
*Responsible department: OSLD, FMOD, LD.
Medium-term activity, part of activities shall be completed by the end of Q4.*
- 6.9 **Improving the intern methodology for issuing corrective actions to banks.**
*Responsible department: OSLD.
Completion period: Q3.*
- 6.10 **Improving the Recovery plans of systemically important banks and internal methodology for their assessment.**
*Responsible department: OSLD.
Completion period: Q4.*
- 6.11 **Improving the internal methodology for assessing the process of determining banks' internal liquidity.**
*Responsible department: OSLD.
Completion period: Q2.*
- 6.12 **Improving the capacity for "quick" assessment of banks' solvency and liquidity.**
*Responsible department: OSLD in cooperation with OSSD.
Medium-term activity, part of the activities shall be completed by the end of Q4.*
- 6.13 **Improving the stress-testing capacity.**
*Responsible department: OSLD in cooperation with FSBRRD.
Medium-term activity, part of activities shall be completed by the end of Q4.*
- 6.14 **Developing Contingency plans.**
*Responsible department: OSLD in cooperation with FSBRRD and OSSD.
Medium-term activity, part of the activities shall be completed by the end of Q4.*

- 6.15 **Improving the risks assessment methodology amid on-site examinations through the revision of the procedures on the control and methodology for preparing reports.**
Responsible department: OSSD.
Completion period: Q3.
- 6.16 **Forming a base of findings from on-site risk inspections.**
Responsible department: OSSD.
Completion period: Q3.
- 6.17 **Drafting a methodology/tool for the process for supervisory IT risk assessment. (IT SREP²)**
Responsible department: TS.
Completion period: Q3
- 6.18 **Drafting bylaw regulations arising from the new Law on payment services and payment systems.**
Responsible department: PSD in cooperation with FSBRRD, OSSD, OSLD, SD and LD.
Medium-term activity, part of activities shall be completed by the end of Q4.
- 6.19 **Strategy for improving the payment system of the Republic of North Macedonia.**
Responsible department: PSD.
Completion period: Q4.
- 6.20 **Preparing the documentation and specifications for the needs of implementing the ISO 20022 and new MX messages format.**
Responsible department: PSD.
Medium-term activity.
- 6.21 **Improving the balance of payments and MIP - new draft-methodology for private transfers and foreign currency cash outside the banking system.**
Responsible department: SD.
Completion period: Q4.
- 6.22 **Drafting documents on Data Revision Policy and Policy for Statistical Data Confidentiality.**
Responsible department: SD.
Completion period: Q4.
- 6.23 **Adjustment of data sources for external statistics** in terms of further liberalization of capital transactions with non-residents and implementation of the **EU regulations on payment services and payment systems.**
Responsible department: SD.
Completion period: during the year.
- 6.24 **Drafting methodologies for improving the functionality of the audit system.**
Responsible department: IAD.
Completion period: during the year.
- 6.25 **Maintenance of facilities - Application of technical and technological solutions within the existing facilities to provide energy efficiency and system security, with a special emphasis on upgrading the power grid to maintain system continuity.**
Responsible department: TMSAD.
Completion period: during the year.

² IT SREP – Supervisory Review and Evaluation Process.

- 6.26 Analysis of the possibilities for further optimal management of real estate and movable property of the National Bank, after commencing the use of the new facility.
Responsible department: TMSAD, LD, PPD, ITD.
Completion period: during the year.
- 6.27 **Completion of the SQL Privileges Service** and new reports on privileges for NBRNM data owners.
Responsible department: ITD.
Completion period: Q4.
- 6.28 Reviewing the set-up of the Audit Committee and harmonizing with international recommendations and best practices for the role and tasks of this body in central banks.
Responsible department: FACD in cooperation with IAD and LD.
Completion period: Q2.
- 6.29 Observing international practice regarding the manner of conducting inventory of assets and liabilities of central banks and possibilities for upgrading the inventory process within the National Bank.
Responsible department: FACD, in cooperation with ITD, PPD, HRD and TMSAD.
Completion period: Q3.

b) Events and conferences organization

During 2020, the National Bank will also host several events. The dynamics and project holders for organizing these events are as follows:

- 6.30 Organizing an educational event - Global Money Week.
Responsible department: GO in cooperation with the Chief Economist, PPD and TMSAD.
Completion period: Q1.
- 6.31 Organizing an educational event - *Teachers' workshop.*
Responsible department: GO in cooperation with the Chief Economist, PPD and TMSAD.
Completion period: Q1.
- 6.32 **Organizing the Annual Research Conference of the National Bank.**
Responsible department: GO in cooperation with the Chief Economist, PPD and TMSAD.
Completion period: Q2.
- 6.33 Organizing an educational event - *Financial Literacy Days.*
Responsible department: GO in cooperation with the Chief Economist, PPD and TMSAD.
Completion period: Q2.
- 6.34 Organizing an educational event - *World Savings Day.*
Responsible department: GO in cooperation with the Chief Economist, PPD and TMSAD.
Completion period: Q4.
- 6.35 **Organizing Journalists' Workshop.**
Responsible department: GO in cooperation with PPD and TMSAD.
Completion period: during the year.
- 6.36 Organizing an IT forum.
Responsible department: ITD in cooperation with GO, PPD and TMSAD.
Completion period: Q2.

c) Software development projects

The IT projects refer to the following software development activities:

- 6.37 **Creating a data warehouse for Credit Registry data.**
Responsible department: FSBRRD in cooperation with ITD.
Completion period: Medium-term activity.
- 6.38 Preparing an application that **will link data from CRIS (Credit Registry Information System) with natural persons and data of PRO (Public Revenue Office) for personal net income.**
Responsible department: FSBRRD in cooperation with ITD.
Completion period: Q3.
- 6.39 Automatic calculation of default rates for credit exposure by individual products for the household sector.
Responsible department: FSBRRD in cooperation with ITD.
Completion period: Q2.
- 6.40 **Aggregation of a regulatory report** as a result of amending the Decision on the methodology for determining the capital adequacy.
Responsible department: FSBRRD in cooperation with ITD.
Completion period: Q3.
- 6.41 **Aggregation of regulatory** reports pursuant to the new Decision and Instructions for liquidity risk management.
Responsible department: FSBRRD in cooperation with ITD.
Completion period: Q3.
- 6.42 Automation of the Euro reserve requirement process.
Responsible department: FMOD in cooperation with ITD.
Completion period: Q2.
- 6.43 Developing a service for collecting data on foreign currency market transactions.
Responsible department: FMOD in cooperation with ITD.
Completion period: Q3.
- 6.44 Risk management.
Responsible department: FMOD in cooperation with ITD.
Completion period: Q4.
- 6.45 Collecting data on owners of government securities.
Responsible department: FMOD in cooperation with ITD.
Completion period: Q2.
- 6.46 Establishing a registry of payment institutions.
Responsible department: OSLD in cooperation with ITD and PSD.
Completion period: Q4.
- 6.47 Improving the internal methodology for assessing banks' business models.
Responsible department: OSLD in cooperation with ITD.
Completion period: Q3.
- 6.48 **Improving the existing functionalities and reporting forms of the application for on-site controls (ATK).**
Responsible department: OSSD in cooperation with ITD.
Completion period: Q2.
- 6.49 Upgrading functionalities of the application for cash processing and shipment differences.
Responsible department: BD in cooperation with ITD.
Completion period: Q2.

- 6.50 Automation of the process of receiving and issuing cash and receiving, storing and issuing control stamps.
Responsible department: BD in cooperation with ITD.
Completion period: Q2.
- 6.51 Enhancing the functionality of the application system for cash operations.
Responsible department: BD in cooperation with ITD.
Completion period: Q1.
- 6.52 Effective tracking of transactions for temporary seized cash.
Responsible department: BD in cooperation with ITD.
Completion period: Q1.
- 6.53 Improving the payment statistics application.
Responsible department: PSD in cooperation with ITD.
During the year.
- 6.54 Improving the anti-money laundering application.
Responsible department: PSD in cooperation with ITD.
Completion period: Q2.
- 6.55 Establishing a single registry of accounts.
Responsible department: PSD in cooperation with ITD.
During the year.
- 6.56 Upgrading the applications eOperator and MIPS transactions.
Responsible department: PSD in cooperation with ITD.
Completion period: Q1.
- 6.57 Upgrading the application for tariffs and transactions.
Responsible department: PSD in cooperation with ITD.
Completion period: Q4.
- 6.58 **Activities for establishing a system for managing, storing, processing and handling statistical data, establishing a data warehouse.**
Responsible department: SD in cooperation with ITD.
Completion period: Q4.
- 6.59 Compiling new external statistics reports.
Responsible department: SD in cooperation with ITD.
Completion period: Q2.
- 6.60 Adjusting the data processing system for international trade to the new system of the Customs Administration of the Republic of North Macedonia.
Responsible department: SD in cooperation with ITD.
Completion period: Q4.
- 6.61 Streamlining of the process of collecting international credit operations data by introducing electronic reporting on the turnover from credit operations.
Responsible department: STD in cooperation with ITD.
Completion period: Q4.
- 6.62 Streamlining of the process of collecting foreign investments data, by introducing electronic reporting.
Responsible department: STD in cooperation with ITD.
Completion period: Q4.
- 6.63 Streamlining the workflow for data processing from the Quarterly report on foreign investments.
Responsible department: SD in cooperation with ITD.
During the year.

- 6.64 **Introduction of integrated reporting system by the National Bank, banks, savings houses, for statistical and supervisory purposes (ISIDORA).**
Responsible department: SD in cooperation with ITD.
Completion period: Q4.
- 6.65 Project for developing and application for securities statistics compilation.
Responsible department: SD in cooperation with ITD.
Completion period: Q4.
- 6.66 **Integrated accounting system.**
Responsible department: FACD in cooperation with ITD.
During the year.
- 6.67 Upgrading the application for planning.
Responsible department: FACD in cooperation with ITD.
Completion period: Q2.
- 6.68 New application for preparing and signing payment orders PP30 and PP50.
Responsible department: FACD in cooperation with ITD.
Completion period: Q2.
- 6.69 Upgrading of the integrated material operations application - IMO.
Responsible department: FACD in cooperation with ITD and PPD.
Completion period: During the year.
- 6.70 Activities for determining the requirements for the preparation of the NBRNM's accounting system for statistical reporting purposes related to the NBRNM's ISIDORA project.
Responsible department: FACD in cooperation with ITD and SD.
During the year.
- 6.71 Development of HRM software.
Responsible department: HRM.
During the year.
- 6.72 Upgrading the modules for office and archive operations in the electronic archive software.
Responsible department: TMSAD.
Completion period: Q4.
- 6.73 Upgrading the existing application to automate certain steps in the workflow.
Responsible department: PPD.
During the year.
- 6.74 Upgrading the manner of XML file digital client signature in the applications developed by the NBRNM.
Responsible department: ITD.
Completion period: Q3.
- 6.75 Completion of the IT service desk.
Responsible department: ITD.
Completion period: Q4.
- 6.76 Preparation, upgrading and maintaining applications.
Responsible department: ITD.
Completion period: Q4.

d) Ensuring business continuity

7. The Plan of Activities includes testing of business continuity of several critical working processes, so as to enable evaluation of the sustainability of the plans and consideration of difficulties that may arise during implementation.

In 2020, business continuity plans will be tested in the following working processes:

1. Public relations (Q1).
2. Preparation and implementation of public procurement procedures (Q2).
3. Office work (Q2).
4. Supplying banks and cash centers with banknotes and coins (Q2).
5. Recording foreign exchange transactions. (Q2).
6. Recording of transactions with banknotes and coins and other valuables (Q2)
7. Recording of monetary instruments and deposit operations in denars (Q2).
8. Liquidation of accounting documents for procurement of goods, services and works and payments on other grounds, recording and collection of claims (outgoing invoices) and calculation of VAT liabilities (Q2).
9. Emergency liquidity assistance (Q3).
10. Protection and archiving (Q3).
11. Maintenance of IT infrastructure (Q3).
12. IT incident management (Q3).
13. Protection and rescue in terms of business continuity: evacuation, care and first aid (Q3).
14. Drafting and control of general and individual legal regulations (Q4).
15. Drafting legal documents, lawsuits, response to appeals and extraordinary legal remedies (Q4).
16. International payment operations on behalf of the government and government bodies (Q4).
17. Processing and settling transactions related to foreign reserves management and to monetary policy implementation, monitoring and supporting the settlement of transactions on OTC markets (Q4).
18. Support to MIPS participants and processing of forced payment orders (Q4).
19. Central Bank bills auctions (Q4).
20. Foreign reserves management (Q4).
21. Regulation of labor rights and obligations (Q4).

CLOSING PROVISIONS

8. An integral part of this Plan of Activities is the revised balance sheet for the current and the next three years, including any financial consequences of its implementation, presented in Annex 1.
9. The Plan of Activities will be implemented within one calendar year, from 1 January to 31 December 2020.
10. The Plan of Activities shall enter into force on the date of adoption.

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**Governor
and Chairperson
of the National Bank of the Republic of
North Macedonia Council
Anita Angelovska Bezhoska, PhD**