

# **National Bank of the Republic of North Macedonia**



## **STRATEGIC PLAN 2022-2024**

"A central bank, with flexible, appropriately designed and timely decisions, in times of rapid changes and digital transformation, contributes to a higher standard of living of citizens by creating an environment of sustainable and inclusive economic development".

June 2021

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## Governor's foreword

Every three years, the National Bank of the Republic of North Macedonia adopts a Strategic Plan, which is a medium-term framework according to which we perform our activities. The defining of the Strategic Plan is an opportunity to look back and see what has been achieved so far, simultaneously being focused on the new challenges and opportunities that lie ahead.

In order to understand the challenges, we have analyzed the environment, assessed the current situation in the National Bank and taking into account the lessons learned from the past, we prepared a Strategic Plan, which is the key for achieving our vision. The idea of innovation and the pursuit of being a modern and flexible bank in step with the rapid changes of technology and digitalization are the main postulates of this Strategic Plan.

The motto of this Strategic Plan is as follows: "A central bank, with flexible, appropriately designed and timely decisions, in times of rapid changes and digital transformation, contributes to a higher standard of living of citizens by creating an environment of sustainable and inclusive economic development". It helps us to achieve our vision, which is to be recognized as *an independent, responsible, professional and transparent institution that enjoys high credibility and public confidence*.

Through the strategic objectives we focus on the most important areas of the National Bank's operations. This year we made redefining, thus adapting to a dynamic environment and new challenges. The Plan incorporates traditional objectives related to the mandate of the central bank, i.e. to the monetary policy implementation, the banking system stability, the smooth functioning of the payment systems, foreign reserves management, but by placing an emphasis on the challenges and on the new trends in these areas present in the next three years.



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

At the same time, in the past period, following the dynamic changes in the environment we have visionary identified the segments which need special attention and in which we, as a central bank, should put additional resources and energy. All of this is necessary in order to proactively contribute towards sustainable and inclusive growth of the Macedonian economy, simultaneously providing a support for the transition to a digital economy. Hence, the focus is on financial education and inclusion, given the importance of the increase in the knowledge of the advantages from the use of different financial services in times of technological innovations, as well as an increased risks awareness, which would eventually provide greater involvement of population and small companies in financial flows and easy access to finance. At the same time, we are developing awareness of climate change, as one of the biggest global threats and as a socially responsible institution, our special strategic goal is to contribute to the creation of a "green" and sustainable economy, which would ultimately improve the quality of life of citizens and improve their standard of living.

Finally, I would like to emphasize that the preparation of a strategic plan is a creative and inclusive process, in which we all together define the strategic goals, which are a reflection of our mission, vision and values and which will enable successful fulfillment of our mandate and competencies. Throughout this process, as before, we will rely on our core values - quality, integrity, loyalty, transparency, leadership, innovation, flexibility, professionalism and team spirit.

Skopje, 4.6.2021

Pursuant to Article 47 paragraph 1 item 9 of the Law on the National Bank of the Republic of North Macedonia (Official Gazette of the Republic of North Macedonia No. 158/10, 123/12, 43/14, 153/15, 6/16 and 83/18 and Official Gazette of the Republic of Macedonia No. 110/21), and Article 12 and 16 of the Strategic and Operational Planning Regulation Reg. No. 02-15/I-1/2016 of 28 January 2016 and Reg. No. 02-15/VI-1/2020 of 28 April 2020, the National Bank of the Republic of North Macedonia Council adopted the following

## **Strategic Plan of the National Bank of the Republic of North Macedonia for 2022 - 2024**

### **I. General provisions**

The Strategic Plan of the National Bank of the Republic of North Macedonia (hereinafter: the National Bank) is laid down on the basis of the **mission, the vision and the organizational values** of the National Bank, taking into account the macroeconomic environment and key challenges and contains **the main strategic objectives** for the next three years. The Strategic Plan constitutes the basis for preparation of the Plan of Activities, which underlie the annual programs for achievement of strategic goals.

#### **MISSION**

*By fulfilling its mandate and competencies, it contributes to maintaining price and financial stability for sustainable and inclusive economic development and higher standards of living of the citizens. It contributes to maintain a stable, competitive and market-oriented financial system resilient and flexible to rapid changes in the environment, which works in the best interest of consumers and the economy as a whole.*

#### **VISION**

*The vision of the National Bank is to be recognized as an independent, responsible, professional, innovative and transparent institution that enjoys high credibility and public confidence.*


#### **VALUES**

*The National Bank operates in accordance with the following principles and values: quality, integrity, loyalty, transparency, leadership, innovation, flexibility, professionalism and team spirit.*

### **II. Mandate and responsibilities**

1. A primary **legal objective** of the National Bank is to achieve and to maintain price stability. Another objective, subordinated to the main objective, is to contribute to maintaining a stable, competitive and market-oriented financial system, while the third objective is to support the general economic policy without jeopardizing the achievement of the main objective and in accordance with the open market economy principle with free competitiveness.

2. The National Bank is responsible for several legal tasks, with the following being singled out:



**NATIONAL BANK OF THE REPUBLIC OF NORTH MACEDONIA**

- ❖ Monetary policy, foreign exchange rate and foreign reserves
- ❖ Financial stability and supervision
- ❖ Regulations
- ❖ Payment system
- ❖ Issuance and management of banknotes and coins
- ❖ Economic research and statistics
- ❖ Supervision of the implementation of regulations on foreign currency operations, exchange offices operations, money transfer services and the anti-money laundering systems, pursuant to this or other law
- ❖ Organizing securities trading and settlement on the OTC markets
- ❖ Fiscal agent to the Government of the Republic of North Macedonia;
- ❖ Participation in international institutions and organizations
- ❖ Other activities related with the performance of the tasks

### III. Lessons learned and experience gained from the implementation of the Strategic Plan 2020 - 2022

The experience from the implementation of the Strategic Plan for 2020 - 2022 have shown that the National Bank, even in times of strong global challenge, such as the global health pandemic, has successfully attained the legal goals and tasks, which are a significant contribution to achieve an overall macroeconomic stability. At the same time, by adopting appropriate and timely measures and decisions in monetary and financial area, the National Bank provided support to the Macedonian economy in dealing with the economic consequences of the pandemic. In this context, in order to mitigate the potential effects on the economy caused by the health crisis, the National Bank adopted several decisions and measures in accordance with its competences to maintain monetary and financial stability, as well as to improve the overall working environment of the companies and support the Macedonian economy.

The attainment of the envisaged strategic objectives, in accordance with the Report on the implementation of the Plan of activities for 2020, points to the employees of the National Bank as its greatest potential. Most of the activities were carried out, despite the COVID-19 pandemic, which confirms the institutional capacity, professionalism, expertise, commitment and readiness of the employees, as well as the abilities of the management team. The permanent investment in the continuous education of the National Bank employees not only encourages their innovation and creativity, but also enables more efficient execution of the current strategic objectives and following the global world trends in monetary and financial sphere and payment systems and their timely incorporation in the strategic goals for the next three years.

In addition to the capacity of the employees, the holistic and adjustable approach in the operation of the National Bank is also of great importance. Namely, the crisis episodes taught us that each new crisis is different from the previous one. Monetary policy is increasingly based on unconventional monetary instruments, while the financial system is constantly changing and becoming more and more complex. Such trends indicate that the

monetary policy conduct should be flexible, consistent with macroprudential policy, while the use of unconventional instruments should be based on an innovative and targeted approach, adapted to the specific circumstances. At the same time, the communication of the central bank with the public is of special importance, as a way of acting on the expectations and behavior of the economic entities, which is important for efficient transmission of the monetary signals.

## IV. Environmental analysis

### 1. External environment

Since its foundation, the National Bank of the Republic of North Macedonia has been an active driving force of the processes in the Macedonian economy towards achieving economic growth and development support, enabled through proper design and timely implementation of monetary and financial policy. It is achieved by its constant investment in the capacity of its employees and by following the latest and highest standards, as well as the best practices in the central banking operations.

In times of rapid change on the global scene, as a result of the processes of globalization, digitalization, innovation, climate change and the global health pandemic, the role, functions and activities of the central bank are constantly evolving. In that regard, it is necessary for the National Bank to adapt and in achieving its goals to take into account the changes in society, the domestic economy and trends in the global economy. At present, the changes in the external and domestic environment are taking place faster than before, which imposes the need for their timely recognition and appropriate adjustment in the operating.

The processes that greatly define and influence the "new" role of a modern central bank are:

**Globalization.** The increasingly integrated global economy is a process driven by technical and technological advances and day-to-day innovations, on the one hand, and the increasing liberalization of trade and capital markets, on the other.

**Technological advances and innovations.** The past period has been characterized by an influx of technological change and innovation, such as the Internet, e-commerce, mobile phones, artificial intelligence and Big Data, which are rapidly reshaping the global economy. In the financial sector, new fintech companies are competing with traditional banking business models and providing more complex services from payment systems to savings, lending, risk management and financial advice.

**The Fintech industry** is gradually conquering the financial sector. Information technologies can have important impacts, in terms of increasing competition and redefining the relationship between consumers and financial service providers, boosting efficiency, better financial inclusion and improving quality by offering services tailored to consumer needs.

**The E-commerce** in the Republic of North Macedonia has been growing in the last few years, enabled by the rapid penetration of the Internet and the progress in digitalization. The e-commerce provides a new approach and way of conducting commercial transactions and has the potential to become a global driver of growth and economic development. In order to take full advantage of e-commerce, there is a need for a greater offer of innovative payment solutions by current and new payment service providers that will enable fast, efficient and secure payments for online purchases. The new regulatory framework in the payment area

would contribute significantly to enlarge the ways of initiating payments for commercial transactions concluded online.

**External shocks (economic crises, pandemics, climate change).** The attainment of the goals and objectives in conditions of dynamic and uncertain external and internal environment, especially in the period of economic recovery from the COVID-19 pandemic, imposes the need for regular monitoring of the movements, constant modernization of tools and approaches for risk assessment, capacity building for design and further policy flexibility.

## 2. National Bank internal environment

The analysis of the internal environment indicates the need for changes in the manner of performing the tasks in the National Bank, conditioned by the rapid technological changes and the lessons and experience learned so far. These changes and challenges relate to:

- ❖ Need for a high-level interaction between employees and interdisciplinary teams;
- ❖ Greater process automation due to changes in technology;
- ❖ Increase in knowledge and competence;
- ❖ Need to attract specialists as a result of new trends in banking, i.e. the financial sector;
- ❖ Attracting and retaining IT specialists.

## V. Strategic objectives of the National Bank of the Republic of North Macedonia

The Strategic Plan of the National Bank for 2022 – 2024 is set under the motto: *"A central bank with flexible, appropriately designed and timely decisions, in times of rapid changes and digital transformation, contributes to a higher standard of living of citizens by creating an environment of sustainable and inclusive economic development"*. In that sense, the purpose of the new Strategic Plan of the National Bank of the Republic of North Macedonia is to further strengthen the fundamentals of the monetary, financial and payment system, which will help creating stable conditions for sustainable and inclusive growth of the Macedonian economy, simultaneously enabling and supporting the transition to a digital economy in conditions of uncertain and complex environment.

The National Bank strives for quality and efficient fulfillment of its mission and takes care to constantly improve its reputation, and thus strengthen the trust of the citizens and other stakeholders. In that context, it constantly tries to improve the quality of the strategic planning process, given its important role in the successful achievement of the mission and vision of the National Bank. The Strategic Plan for the period 2022-2024 is a response to most of the key challenges arising from the analysis of the environment.

The realization of its vision and mission within its mandate and competencies in the next three years will be directed through the following **strategic objectives**:

<b>S01</b>	Improving the infrastructure for monetary policy conduct
<b>S02</b>	Maintaining and further strengthening of the stability and resilience of the banking system
<b>S03</b>	Supporting household and corporate sector by developing reliable, innovative and efficient payment systems
<b>S04</b>	Improving the investment policy and ensuring optimal return on foreign reserves in accordance with the principles of security and liquidity
<b>S05</b>	Adjusting to the standards of the European System of Central Banks
<b>S06</b>	Increasing transparency and accountability
<b>S07</b>	Financial education and inclusion



<b>S08</b>	Increasing awareness of climate change and contribution to a green sustainable economy
<b>S09</b>	Strengthening of the risk management in the National Bank

### Institutional capacity

The realization of the National Bank's strategic objectives will further be based on its institutional capacities, which are key in the fulfilment of the strategic goals, as follows:

<b>Integrity and confidence in the national currency</b>	The National Bank as the only issue bank will continue to maintain the integrity and trust in the national currency through efficient functioning of the cash supply system and ensuring standard quality of banknotes and coins in circulation.
<b>Human resources</b>	Further development of modern and competent human potential, flexible to rapid changes in the environment. Development of a strategy for human resource management to ensure the optimal number of employees in qualitative and quantitative terms, which will enable the achievement of strategic objectives, as well as adjustment to the needs of the National Bank.
<b>Information system</b>	Maintaining a stable information system and its constant upgrade in conditions of continuous intensive change of information technology. Introducing digital transformation to simplify internal processes and increase efficiency and productivity.
<b>Statistics</b>	Providing quality, timely and easily accessible statistical data. Further migration of data to more developed statistical platforms, through the construction of a single statistical data warehouse and the application of modern and efficient tools in the preparation of statistical data. Improving the process of statistical data management, which should enable greater consistency of statistical data and efficiency of the process of their preparation. For that purpose is the establishment of an integrated reporting system in accordance with the needs of the information system of the National Bank for performing its goals and tasks.
<b>Research</b>	Developing research activities in areas that are crucial for effective attainment of the National Bank's objectives and increased application of detailed micro-databases and data warehouses so-called big data in the research process. The further development of the econometric tools as a basis for further development of the researches.

### Strategic objective 1 – Improving the infrastructure for monetary policy conduct

The implementation of monetary policy faces a number of challenges, in conditions of accelerated processes of globalization, digitalization and innovation. These processes affect the structure of the economy, the behavior of economic entities and their decisions, and thus the monetary policy transmission mechanism. The characteristics of the Macedonian economy, which is going through a process of structural reforms, enhanced trade and financial integration, and at the same time the growing importance of climate change, impose the need to focus on analysis and research, through which the effects of these changes can be assessed, and assist in the implementation of adequate policies.

The COVID-19 pandemic can also permanently change the behavior of entities and slow down or accelerate the processes of globalization and digitalization. Research in the next strategic period will be dedicated to both these changes and their consequences for the design and setting of monetary policy on the domestic economy.

Conducting effective monetary policy requires numerous researches, which will contribute to better understand monetary transmission, real economy, macro financial relations, cross-sector financial relations and other areas, which are crucial for efficient setting and implementation of the monetary policy.

In such an environment, the National Bank will continue to be committed to achieving its main goal - price and exchange rate stability through **several activities**:

- ❖ Improving the forecasting and modeling process by maintaining and expanding the portfolio of available models for policy forecasting and simulation;
- ❖ Activities for implementation of the new models of dynamic general equilibrium, including the model with financial frictions;
- ❖ Development of short-term forecasting models, by incorporating new types of high-frequency data and new approaches, for better modeling of changes in the behavior of entities and relationships in the economy, caused by the pandemic;
- ❖ Adjusting the macroeconomic forecasts to the needs for stress tests for the banking system, as an extremely important tool for assessing the effects of different scenarios on banks' balance sheets;
- ❖ Examination of the possibilities for application of new monetary instruments in accordance with the macroeconomic conditions.

**Expected results:** Developing the capacity for timely perception of risks, forecasting movements and interrelationships of individual variables and thus, timely and appropriate design of monetary and financial policy and defining measures. The improvement of the analytical infrastructure will contribute to the approximation to the best practices of the central banks.

### **Strategic objective 2 – Maintaining and further strengthening of the stability and resilience of the banking system**

Maintaining both, the financial stability and the public confidence in financial institutions requires taking timely and appropriate measures. Within its mandate, the National Bank undertakes activities to continuously strengthen the resilience of the banking system and the ability to amortize risks. In the coming period, the financial system faces several challenges arising from the external environment: the health crisis, monitoring regulatory changes and adapting to changes imposed by financial innovation, digitalization and climate change. These challenges will strengthen the financial ecosystem, but at the same time change its structure. The National Bank, whose intermediate goal is sustainable economic growth, will need to assess their cumulative impact on financial stability, monetary policy transmission, and economic growth.

In conditions of still high uncertainty related to the duration and intensity of the health and economic crisis, the National Bank will be especially focused on monitoring the movements and assessing the effects of the crisis on the banking and broader, the financial system. Accordingly, the National Bank will adjust the regulatory response, in order to maintain and further strengthen the stability and capacity of the banking system to support the real economy. Hence, efforts will be put on further implementation of the FSAP recommendations for strengthening the capacity of the central bank for a more comprehensive analysis and assessing the risks to financial stability.

An important step for strengthening the regulatory and institutional framework in the assessment and analysis of financial stability is the planned adoption of the Law on

Financial Stability. Pursuant to this Law and the proposed amendments to the Law on the National Bank that would be adopted in the following period, the Central Bank will formally operationalize the new mandate as a macroprudential regulator and supervisor of banks. Adhering to the international standards and the European legislation, in order to strengthen the security network of the financial sector, the National Bank will be actively involved in the finalization and implementation of the Banking Law and in the preparation of the amendments to the Law on Deposit Insurance Fund.

Digital financing imposes new business models and more diverse financial services providers, especially FinTech and BigTech. Such changes bring new forms of risk, such as cyber threats. Regulators and supervisors need to strike a balance between catalyzing innovation and efficiency under the influence of the FinTech sector and maintaining a secure and prudent regulatory framework. In order to promote financial innovations and increase awareness of the benefits and possible risks of financial services digitalization, the National Bank, in cooperation with other financial regulators and competent institutions, will prepare and adopt the first FinTech strategy. This document will point to the key activities and measures that need to be implemented to create appropriate preconditions for wider application of FinTech services, increase the capacity of regulators to understand new products and services based on FinTech services, as well as understanding and proper management of the risks arising from the application of FinTech services in the financial system.

#### **Activities:**

- ❖ Establishment of the macroprudential mandate of the National Bank relating the banking system, preparation of a macroprudential strategy, within which a list of early warning indicators will be defined, determining also a list of macroprudential measures that can be taken to maintain and strengthen the stability of the banking system;
- ❖ Further improvement of the regulatory framework which will provide additional strengthening of the of the financial sector's security network;
- ❖ Strengthening of the capacity of the National Bank for identifying and assessing systemic risks;
- ❖ Integrating climate change risks into financial stability risk assessment;
- ❖ Preparation and adoption of the FinTech strategy;
- ❖ Monitoring the health crisis effects on the banking system and in a wider sense, on the financial stability;
- ❖ Further improvement of the overall supervisory framework (stress testing, improvement of existing models and construction of new ones; development of procedures for coordination of the supervisory function and the function for bank resolution; monitoring of IT and cyber-risks);
- ❖ Establishing supervisory function for the new payment institutions.

**Expected results:** Strengthened financial system resilient to risks from the external environment.

### **Strategic objective 3 - Supporting household and corporate sector by developing reliable, innovative and efficient payment systems**

The development of financial technologies and innovations implies new service providers, business models, products and solutions, thus imposing a new, more modern set-up of the financial ecosystem. Payment systems are one segment of those significant changes. Payment system technology is evolving rapidly enabling more electronic forms of payment and a wider set of services for customers. The development of information technologies has

a significant role in increasing competition and redefining the relationship between consumers and payment service providers, as well as in strengthening efficiency.

The National Bank will continue to play a key role in the further development of the payment services market, bringing appropriate policies and legal framework that keeps up with the changes, and will also support the activities of household and corporate sector. For that purpose, the National Bank will work on a framework that will take into account the changes in the payment systems technology and their impact on the economic agents' operating.

The new legislation, which transposes the provisions of the Payment Services Directive 2 and other relevant European Union directives in the field of payments, expands the obligations and competencies of the National Bank in the area of licensing of payment system operators, payment institutions and electronic money issuers, as well as in the field of payment instruments and payment accounts. For that purpose, in the next period we will work on the adoption and implementation of the bylaws, further development of the direct and indirect supervision of the payment systems, as well as establishing a supervisory function over the other entities of the financial markets infrastructure by applying the Principles for financial infrastructure markets. Therefore, in the next three-year period, the following **activities** stand out:

- ❖ Enabling entry of new payment service providers and payment system operators;
- ❖ Introducing new payment instruments and more efficient solutions for initiating payments in conditions of greater competition and higher fees transparency;
- ❖ Digital transformation and raising the payment services quality by setting up a system for comparative presentation and publication of fees charged by payment service providers from users for the most representative payment accounts-related services;
- ❖ Implementation of the ISO 20022 standard for payment messages in (Macedonian Interbank Payment System) MIPS, thus imposing the need to adjust the internal applications where these messages are processed;
- ❖ Implementation of the new Policy for Prevention of Money Laundering and of Financing of Terrorism in order to strengthen the operational procedures and systems used by the National Bank in providing payment services;
- ❖ Development of analytical capacities through the use of new data on payment statistics, monitoring of innovations and further harmonization with the standards of the ECB and BIS in this domain.

#### **Expected results:**

- ❖ Emergence of new institutions on the market, such as payment institutions, electronic money institutions and new payment system operators;
- ❖ Increased competition, efficiency, transparency, greater involvement and better protection of payment services users;
- ❖ Greater use of efficient and reliable non-cash instruments for making payments, which positively reflects on the reduction of transaction costs in the economy, as well as increasing the degree of digitalization of the Macedonian society.

**Strategic objective 4 – Improving the investment policy and ensuring optimal return on foreign reserves in accordance with the principles of security and liquidity**

The movements in the international financial markets, as well as the estimates for the growth and the dynamics of the inflation on a global level, indicate further maintenance of the current conditions in the financial markets. It is expected that in the following period, the ECB and other leading central banks will apply low and negative interest rates on key instruments. The prevalence of negative and low returns on financial instruments in international markets are significant factors that affect the amount of income from investing in foreign reserves. An additional factor that will affect the developments in the international financial markets is the expectation for a further upward trend of market returns given the prospects for recovery of leading economies, which may affect the valuation of financial instruments placed within foreign reserves. In such an environment, the National Bank in the next period will continue to strengthen the institutional capacity for sound management of foreign reserves, maintaining the required liquidity and ensuring optimal return on maintenance and investment.

**Activities:**

- ❖ Selection of instruments that enable balanced exposure to interest and credit risk, in order to limit the unfavorable market effects of investments;
- ❖ Exploring the possibilities for diversification of foreign reserves in terms of currency and for gradual increase in investments in securities classified as held-to-maturity instruments (measured at amortized cost), which according to their characteristics offer predictable and stable financial performance.

**Expected results:** To limit the adverse effects of negative returns on the investment of foreign reserves and ensure optimal return without compromising the security and liquidity of investments.

**Strategic objective 5 - Adjusting to the standards of the European System of Central Banks**

The orientation of the Macedonian economy to the European Union imposes a need for engaging all institutions, including the National Bank, in various types of reform activities and projects that in the medium and long run improve the compliance with the European Union regulations. Besides the implementation of various types of European directives and operating standards, the National Bank will continue to contribute to the development and implementation of the regular economic reform programs and other strategic documents. Also, the activities for strengthening the institutional capacity by reviewing the experiences of other countries that have gone through the European integration path are of key importance for the readiness for the next phases of the European integration process. In this context is also the need to maintain and further strengthen the independence of the National Bank, in conformity with the independence of the central banks that are members of the European System of Central Banks.

**Activities:**

- ❖ Continuous monitoring and harmonization of the National Bank regulations with the legislation of the European System of Central Banks;
- ❖ Reviewing the experiences of other countries that have gone through the European integration process;

- ❖ Strengthening the independence of the central bank and strengthening the control mechanisms in the management, through adjustments of the legal framework in accordance with the IMF and the ECB's recommendations, for the purpose of further harmonization with the best European and world practices.

**Expected results:** Harmonization with the regulation of the European Union in the areas covered by the chapters of the European Union law (*acquis communautaire*), where the National Bank participates and strengthening of the institutional and analytical capacity for more successful dealing with the challenges in the next phases of the European integration process.

### Strategic objective 6 - Increasing transparency and accountability

The goal of the National Bank of the Republic of North Macedonia is to be constantly open and transparent institution, whose role, function and tasks are understood by the public and all stakeholders. In order to achieve this goal, the National Bank continuously undertakes activities with which it seeks all stakeholders to be timely informed about its decisions, activities, perceptions and assessments, which are important for the economic entities and the citizens, including in the decision-making processes. Within this objective, the National Bank strives for timely and more efficient dissemination of the data it prepares.

By continuous realization of this strategic objective, the National Bank pays attention to the building and maintenance of the trust of the citizens and all economic agents, which is of exceptional importance for the economic environment. Through even greater availability of information for different categories of entities (citizens, companies, journalists), enhanced communication and cooperation domestically and internationally, the National Bank will continue to increase its transparency. In achieving its mission of larger openness, the National Bank has close cooperation with other regulators, institutions, bodies and various authorities, and is also committed to all requests of the general public, as well as to all questions that are raised in public, and are within its competence. In order to better achieve this strategic commitment, during the next three years, special attention will be paid to strengthening cooperation with all relevant stakeholders in the country and abroad.

#### Activities:

- ❖ Development of a strategy and further improvement of the communication procedures;
- ❖ Implementation of the highest standards of transparency and clarity in our legal reporting in fulfilling our accountability obligations (annual financial statements of the National Bank, independent auditor's report and monthly balance sheets, annual reports of the National Bank, financial stability and the banking system, etc.);
- ❖ Improving the availability of information on the website in accordance with the principles of transparency envisaged by the IMF Code on Transparency of Central Banks and for easier access to information that is the responsibility of the National Bank, increased volume of information with new content categories and enabling greater forum space for exchange of ideas and views, inter alia to support and develop research and analysis;
- ❖ Increased presence on social networks through modern forms of presentation and communication and constant maintenance of direct communication with the public, in accordance with the best central banking practices;
- ❖ Improving the availability of information for consumer protection;
- ❖ With the regular publication of the employees' research studies and hosting and attending expert and scientific events, the National Bank intends to contribute to the

scientific and expert community also in future, as well as towards transfer of knowledge in the society and promoting the institution abroad;

- ❖ Easily accessible, quality and timely data which are within the competence of the National Bank;
- ❖ Introducing the public to the activities related to the work of the National Bank Museum.

#### **Expected results:**

- ❖ Higher recognition of the National Bank objectives and tasks;
- ❖ Compliance with the envisaged transparency criteria in accordance with the IMF Central Bank Transparency Code;
- ❖ Contribution to the decision-making process and policy makers in the country, as well as contribution to the scientific and professional community and the dissemination of knowledge in society, as well as to the development of the institution's involvement in international activities and processes, which would be significant for the perceptions of the Macedonian economy and the economic entities.

### **Strategic objective 7 – Financial education and inclusion**

In recent years, the National Bank has intensified its financial education activities, targeting both the young and the elderly. The financially educated population has more knowledge in the benefits of using different financial services, as well as increased awareness of risks. This ultimately ensures greater involvement of the population in financial flows and facilitated access to finance. The need for greater financial literacy is particularly pronounced in the context of rapid growth of the FinTech sector, which enables easier access to new, more competitive financial products or forms of financing for households and small companies.

The adoption and implementation of the Financial Education and Inclusion Strategy would ensure greater financial inclusion in various segments of the financial system, enhanced involvement of regulatory institutions in education and regulation, as well as private financial institutions in terms of ensuring greater availability and better information about the financial services offered, including the associated risks. In future, the National Bank will pay attention to the following **activities**:

- ❖ Strengthening the coordination and cooperation with the regulatory institutions from the Coordination Body for Financial Education and Inclusion regarding the implementation of the Strategy for Financial Education and Financial Inclusion;
- ❖ Strengthening the cooperation with the institutions from the private financial sector and the civil society organizations regarding the implementation of the Financial Education and Financial Inclusion Strategy, in order to raise the level of financial literacy of the population and greater financial inclusion in the country;
- ❖ Adoption and implementation of the Code of Good Practices for financial education in order to enable the promotion and implementation of high quality, impartial financial education by all involved entities that perform educational activities for the population;
- ❖ Adoption and implementation of core financial education competences for all age groups, starting from preschool, through elementary and secondary education, to the adult population;
- ❖ Improving the knowledge of the population, especially strengthening the role of the private sector in the field of clients informing;
- ❖ Undertaking appropriate educational activities for certain target groups for right selection of financial products and services and introducing to the potential possible risks of their use.

**Expected results:** Increased awareness and financial literacy of the population, better information of consumers of financial products about different types of financial products, as well as the risks of their use and strengthening the ability to choose the right financial products and proper management of personal finances.

### **Strategic objective 8 – Increasing awareness of climate change and contribution to a green sustainable economy**

Climate changes, as one of the greatest global threats, become increasingly important in the activities of central banks, as socially responsible institutions. In this context, the environment protection and the focus on "green growth" and its financing have growing presence in the central banks' policies. Therefore, in the next three years, climate changes and their effects on the economy will be part of the National Bank's research portfolio, as well as part of monetary policy. It also implies activities for monitoring and managing climate change risk and analyses of the impact of climate change risk on the banking system. The National Bank, as an institution that is always at the forefront of the processes in society, as well as a socially responsible institution, will strive to be an example and contribute to the creation of a "green" and sustainable economy, which would ultimately improve the quality of life of citizens and improving their standard of living.

#### **Activities**

- ❖ Promotion of the environmental awareness and reduction of the ecological trace in the operation of the National Bank, as well as improvement of the working conditions in the new facility which includes working space and equipment with optimal solutions from ecological, health and technical-technological aspect;
- ❖ Proactive approach and use of monetary instruments for promoting and stimulating green finances in the domestic economy;
- ❖ Analysis of the possibility for creating a "green bonds" portfolio within the foreign reserves portfolios;
- ❖ Research on climate change and its effects on the banking system and the overall economy;
- ❖ Raising awareness of the risks of climate change and taking specific activities and measures for their management and limitation;
- ❖ Socially responsible activities and contribution to the creation of a "green" and sustainable economy.

**Expected results:** Creating an ecologically clean and healthy environment, better living conditions for current and future generations.

### **Strategic objective 9 – Strengthening of the risk management in the National Bank**

Central banks face a number of inherent financial and operational risks, which can affect the financial result, as well as reputation. The trend of digitalization and technological changes in operations has significantly intensified since the beginning of the global health crisis by introducing remote operating and execution of work processes at home. This contributes to the trend of increased cyber-threats, which imposes the need for frequent monitoring and timely identification of new risks, strengthening the measures for ensuring the security of the information system, including cyber-resilience, as well as business continuity. Compliance with legal regulations and ethical norms is extremely important to reduce legal and reputational risk to the lowest level. Therefore, special emphasis is placed on increasing



the awareness of harmonization in operations and actions, and thus further strengthening the integrity of the central bank.

**Activities:**

- ❖ Establishing an integrated risk management framework and strengthening of the management mechanisms for internal risk control;
- ❖ Effective risk management in all segments of the operations in order to achieve the strategic objectives;
- ❖ Improving the planning process, analyzing the financial position and realization of the income statement and the financial plan;
- ❖ Strengthening the capital position of the bank as a protection from the increased risks in the National Bank operations and defining a dynamic mechanism in the distribution of profits, through which the general reserves of the National Bank will be built;
- ❖ Further strengthening the information system security and ensuring business continuity through intensified monitoring of cyber threats, tightening the measures for cyber and operational resilience, as well as awareness of employees regarding their role in ensuring the security of the information system, personal data protection and the security of classified information;
- ❖ Improving and strengthening the compliance at the level of the bank, its active and appropriate promotion, regular monitoring of the current regulations and informing the management;
- ❖ Increasing the institutional capacity for legal risk management and resolving property issues;
- ❖ Further improvement of the safety measures in the existing facilities and installation of new more advanced systems for safety support and conditions for safety and health at work, for the smooth running of the work processes in the new building.

**Expected results:** Effective risk management in all segments of the operation in order to achieve the strategic goals, to strengthen the measures and reduce the remaining risks, to improve the resilience and security of the National Bank.

**VI. Transitional and Closing provisions**

3. This Plan shall enter into force on the day of its adoption and shall apply from 1 January 2022.
4. With the entry into force of this Plan, 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 shall cease to be valid.

**Governor  
and Chairperson  
of the National Bank of the Republic  
of North Macedonia Council**

**SP No. 02-15/VIII-1/2021  
4 June 2021, Skopje**

**Anita Angelovska Bezhoska, PhD**



NATIONAL BANK  
OF THE REPUBLIC OF NORTH MACEDONIA