

# **NATIONAL BANK OF THE REPUBLIC OF MACEDONIA**



## **Strategic Plan of the National Bank of the Republic of Macedonia for the period 2015-2017**

May, 2014

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 and 43/14) and Article 12 paragraph 6 of the Planning Regulation Reg. no. 02-15/VIII-2/2013 dated August 1, 2013, the National Bank of the Republic of Macedonia Council adopted the following

## **Strategic Plan of the National Bank of the Republic of Macedonia for the period 2015-2017**

### **I. GENERAL PROVISIONS**

1. The Strategic Plan of the National Bank of the Republic of Macedonia (hereinafter: National Bank) is an initial document in the process of strategic planning and provides strategic vision of the National Bank for the next three-year period.
2. The Strategic Plan of the National Bank is revised each year and constitutes the basis for development of National Bank's Operating Guidelines and the National Bank's Plan of Activities as documents that underlie the annual programs for achievement of objectives, monitoring of their implementation and taking of timely appropriate measures.
3. The Strategic Plan of the National Bank ensures complementary of the organizational units' plans in order to effectively fulfil the objectives and sets priority for the use of available resources.
4. The Strategic Plan of the National Bank establishes the mission, vision, organizational values and strategic goals of the National Bank, taking into account the macroeconomic environment and the key challenges for the future.

Strategic objectives, for the purposes of this Strategic Plan, are divided into primary strategic objectives and strategic objectives that contribute to achieving primary strategic objectives.

### **II. MISSION**

5. The mission of the National Bank is to maintain price stability and financial stability and to contribute to the increase of economic welfare and living standards of citizens.

### **III. VISION**

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

#### **IV. VALUES**

7. In the achievement of the strategic objectives, the National Bank will continue to nurture and maintain the following values:

*Quality* - achieving the goals and expectations of employees and of domestic and foreign legal entities and natural persons through continuous improvement of working standards in accordance with international best practices;

*Integrity* - ensuring consistency, accuracy and honesty in accomplishing the objectives and activities;

*Loyalty* - giving priority to the fulfillment of interests of the National Bank compared to interests of individuals or groups, and commitment to the achievement of organization's mission, vision and strategic goals;

*Transparency* - ensuring timely and transparent information to employees and domestic and foreign legal entities and natural persons on decisions and measures of the National Bank;

*Leadership* - relying on healthy ambition, intellect and self-discipline built on mutual trust of employees;

*Innovation* - stimulating innovation, sustainable improvement and critical thinking;

*Professionalism* - sound assessments and high intellectual capacity;

*Team spirit* - providing synergy and culture of knowledge sharing and teamwork.

#### **V. MACROECONOMIC ENVIRONMENT AND KEY CHALLENGES**

8. The environment in which the strategic objectives of the National Bank will be attained in the next three years is estimated as more stable, i.e. a period when the effects of the latest global crisis will be gradually depleted. However, the global recovery remains uncertain, and there are still potential vulnerabilities in certain segments, as well as unfavorable risks of economic and non-economic nature. Namely, despite the gradual stabilization of both economic and financial developments after taken fiscal and monetary measures, due to the vulnerability of the financial sector and public finances in most countries, the dynamics of the economic recovery globally remains uncertain and associated with risks. In such an environment, the National Bank will regularly monitor the global trends, and in accordance with the recovery pace of the domestic economy, assess the need for appropriate adjustment of the monetary policy. In order to increase the capacity for timely detection of potential risks, as well as the perception of future developments and changes in the environment, the National Bank will continue to promote research and analytical work. The operational framework of the monetary policy, as before, will be placed on a flexible basis and in favor of the efficient management of liquidity in the banking system and maintenance of the balance on the foreign exchange market. The management of foreign reserves will be accomplished in accordance with the macroeconomic developments, domestic and international conditions, by respecting the principles of safety, liquidity and profitability. Thus, the monetary policy will continue to contribute to overall

macroeconomic stability, as a key factor in creating a favorable environment for sustainable economic growth.

Having in mind the statutory objective of maintaining the stability of the banking and financial system, the activities for strengthen banking supervision will continue. Following the trends in the EU, the main focus will be concentrated on the systemically important banks and the gradual adjustment to the new international banking standards and supervisory practices. Also, the analysis of the banking system, its stability and resilience to shocks, and overall financial stability will constantly be improved and deepened.

In the context of the strategic commitment of the Republic of Macedonia to join the European Union and the expected further increase in the level of integration of our economy in the global economy, the activities of the National Bank will continue to be directed towards gradually achievement of the requirements of the EU and the European System of Central Banks.

The attainment of the strategic goals requires active monitoring of trends in central banking, further strengthening the institutional capacity and improvement and development of human resources.

## **VI. NATIONAL BANK'S STRATEGIC OBJECTIVES**

9. Primary strategic objectives are given below:

9.1. In the following three years, the National Bank will continue focusing on successful maintenance of the price stability through the implementation of the chosen monetary strategy of maintaining a stable exchange rate of the Denar against the Euro.

9.2. The National Bank will also continue contributing on maintenance of safe and sound banking system, as a fundamental prerequisite for financial stability.

9.3. The National Bank will also continue supporting the general economic policy without jeopardizing the achievement and maintenance of price stability as a primary objective, in accordance with the principle of an open market economy with free competition.

10. Strategic objectives depending on the area of operations of the National Bank are as follows:

10.1. Determining and implementation of monetary policy and support of financial markets

- Development of timely and high-quality macroeconomic projections and analyses in support of the monetary policy decision-making;
- Adjustment of the operational framework of monetary policy in accordance with market conditions and economic trends;

- Support of financial market development in terms of efficient monetary policy transmission and increased financial intermediation;
- Influence on economic agents' expectations for effective transmission of monetary policy by publishing regular NBRM reports presenting clear views on future economic trends and information.

#### 10.2. Management of the foreign reserves of the Republic of Macedonia

- Improving foreign reserves management process and maintaining high management flexibility relying upon the safety, liquidity and profitability principles;
- Diversification of foreign reserves in terms of issuers, currencies and instruments for managing credit risk, liquidity risk, currency risk and interest rate risk.

#### 10.3. Financial stability

- Continuous improvement of supervision on banks and savings houses;
- More comprehensive financial stability analyses;
- Further improvement of the banking regulation, taking into account the new Basel principles for effective banking supervision and new European directive and regulations from banking area;
- Expansion of cooperation with other financial supervisory authorities, the Deposit Insurance Fund and the Ministry of Finance.

#### 10.4. Issuance and management of banknotes and coins of the Republic of Macedonia

- Increase of the efficiency of banknote and coin supply and processing system;
- Increase of the quality and functionality of currency in circulation.

#### 10.5. Payment systems

- Maintaining highest level of payment systems security, stability and efficiency;
- Adjustment of the payment systems oversight, according to the new internationally accepted payment systems operating standards.

#### 10.6. Statistics

- Introducing new and coordination of existing statistics within the National Bank's competence with international standards and their adjustment to the European Union requirements and increasing the volume and thoroughness of data that are submitted to the users.

#### 10.7. Studies and research in the field of economics and finance

- Developing research works in areas that are crucial for effective attainment of the National Bank's objectives.

#### 10.8. Information technology

- Fast and efficient processing of data and generating information for easier decision-making through improvement of information systems in the National Bank in accordance with the best international IT services management practices.

#### 10.9. Internal audit

- Maintaining full compliance of the operations of internal audit with the Standards for the Professional Practice of Internal Auditing;
- Improving quality of audit and advisory activities;
- Enhancing internal self-assessment process of the internal audit.

#### 10.10. General management

- Developing and improving strategic planning as a basis for medium-term operational vision in order to improve corporate governance, optimal allocation of resources for attaining the priority goals and institutional structure and organization;
- Preparing the National Bank for joining and becoming a member of the European System of Central Banks, by gradual strengthening of administrative capacities and participation in government reforms to fulfill the obligations arising from the membership of the Republic of Macedonia in the European Union;
- Establishing a structured framework for identifying and managing risks to mitigate the impact of uncertainties in the operations, increasing the efficiency and effectiveness in achieving the strategic objectives and tasks of the National Bank;
- Establishing an integrated and efficient system for managing the finances of the National Bank;
- Strengthening the human resource management;
- Improving legislation in order to detect and minimize legal risks to the achievement of objectives and performance of the National Bank tasks and monitoring and control of the compliance of the National Bank regulations with the national legislation;
- Ensuring optimal working conditions within the natural environment in accordance with business requirements and needs of the National Bank and standards and norms determined in the Republic of Macedonia;
- Improving readiness for crisis management in terms of protecting people, property and key data and information, and creating conditions for normal performance of business processes within a reasonable timeframe;
- Increasing transparency, expansion of communication with the public and further development of financial education;
- Developing the museum, library and historical archives.

## **VII. TRANSITIONAL AND CLOSING PROVISIONS**

11. The Strategic Plan of the National Bank of the Republic of Macedonia for the period 2015-2017 shall enter into force on the date of adoption and shall apply from January 1, 2015.

12. The Strategic Plan of the National Bank of the Republic of Macedonia for the period 2013-2015 shall be rescinded on January 1, 2015.

**Dimitar Bogov**  
**Governor**

**Chairman**  
**of the National Bank**  
**of the Republic of Macedonia**  
**Council**

## **Explanatory note**

The Strategic Plan of the National Bank of the Republic of Macedonia is an initial document in the process of strategic planning, which defines the mission, vision, organizational values and strategic objectives of the National Bank for the following period.

The Strategic Plan mirrors the interactive relations and activities of all participants in the process of strategic planning, which, given the financial and human resources, technical and time constraints, allows efficient realization of the objectives of the National Bank. In addition, the Strategic Plan covers a timeframe of three years, enabling timely forecast of future trends, real understanding of the resources and opportunities, and establishing specific measures and actions that should be taken in the following period.

In the following three-year period, the National Bank will continue to focus on the successful realization of the already established basic strategic goals, low and stable inflation through the strategy of maintaining a stable Denar exchange rate against the Euro, contribute to the maintenance of financial stability as an integral element of macroeconomic stability and precondition for achieving economic growth and prosperity. In addition, the Strategic Plan for the following three years is a continuation of previously established strategic objectives in the area of establishment and implementation of monetary policy and support of financial markets, management of foreign reserves, financial stability maintenance, issuance and management of banknotes and coins, payment systems, statistics, research and internal audit. In addition, the National Bank will continue to develop corporate governance and deepen the system of values. In this regard, the process of creating modern and competent human capital, establishment of the latest technological innovations in business processes and development of cooperation with domestic and foreign institutions will carry on.

The goals set in the Strategic Plan should enable further rise in the credibility and reputation of the National Bank and the successful accomplishment of the mission of the National Bank.