



NATIONAL BANK
OF THE REPUBLIC OF NORTH MACEDONIA



STRATEGIC PLAN 2025-2027

NATIONAL BANK OF THE REPUBLIC OF NORTH MACEDONIA



STRATEGIC PLAN 2025-2027

"A central bank that contributes to building a stable, sustainable and green economy."

May 2024

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Governor's foreword

Every three years, the National Bank develops and publishes a strategic plan, as a medium term roadmap of activities. This process offers an invaluable opportunity to reflect on past achievements while fully focusing on the new challenges and opportunities that await us.

In the development of this plan, we made a comprehensive analysis of the external environment, assessed the internal situation in the National Bank and drew lessons from past experiences. This strategic plan is fundamental for accomplishing our vision and mission. It shone the spotlight on innovations and our commitment to become a modern and agile institution, able to keep up with the rapid technological transformation and digitization.

The core of the Strategic Plan is our motto:

"A central bank that contributes to building a stable, sustainable and green economy."

It helps us accomplish our vision - the National Bank recognized as an independent, accountable, professional, innovative and transparent institution, which uses its integrity and credibility to support and build public confidence.

We developed the Strategic Plan, having in mind the dynamic environment, the new challenges and opportunities of the global trends. Besides the traditional competences in the areas of monetary policy conduct, banking system soundness, payment system efficiency, foreign reserves management, economic research and statistics, and cash management, a particular emphasize was put on dealing with emerging trends that will model these legal functions in the years ahead. Therefore, we have been proactive in identifying strategic areas that require increased attention and investment of resources. The purpose is to contribute to sustainable and inclusive growth of the Macedonian economy, supporting its green and digital transition. We are committed to advancing our central banking operations, nurturing and developing new skills, promoting transparency and collaboration, strengthening internal processes and our resilience to global challenges and threats, including climate change.

The development of the Strategic Plan is a joint, creative and inclusive process that defines strategic areas that fulfills our vision, mission and values, thus ensuring the successful accomplishment of our mandate and competences. We are hereby firmly dedicated to the quality, integrity, loyalty, transparency, leadership, innovation, flexibility, professionalism, and nurturing strong team spirit.



Governor and Chairman of the
Council of the National Bank of the Republic
of North Macedonia
Anita Anangelovska Bezhoska

A stylized, handwritten signature in black ink, corresponding to the name of the Governor.

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 74/24), and Articles 12 and 16 of the Strategic and Operational Planning Regulation Reg. No. 02-15/I-1/2016 of 28 January 2016, No. 02-15/VI-1/2020 of 28 April 2020, P. No. 02-15/IX-3/2021 of 30 June 2021 and No. 02-23366/5 of 30 June 2023, the Council of the National Bank of the Republic of North Macedonia has adopted the following

Strategic Plan of the National Bank of the Republic of North Macedonia Council for the period 2025 - 2027

Vision, Mission and Values

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

Vision



The vision of the National Bank is to be recognized as an independent, accountable, professional, innovative and transparent institution, which uses its integrity and credibility to support and build public confidence.

Mission



The National Bank deploys its competences and activities to strengthen financial and price stability, contribute to domestic economic growth and economic progress of all citizens.

Values



The National Bank adheres to the following core principles and values underlying its operations, namely commitment to quality, integrity, loyalty, transparency, leadership, innovation, flexibility, professionalism and fostering a strong sense of team spirit. Adherence to these values ensures the maintenance of the highest standards of excellence and accountability in all aspects of our work, thus fulfilling our mission to serve the public with diligence and dedication.



Legal competences¹

The National Bank of the Republic of North Macedonia is the central bank and consequently the only issuing bank in the Republic of North Macedonia. Its main goal is to maintain price stability. Another goal of the National Bank, which is subordinate to the primary goal, is to contribute to maintaining 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 overall economy. The National Bank also supports the general economic policies without jeopardizing the achievement of the ultimate

goal and in line with the principle of open market economy with free competition. Within its operations, it is dedicated to the implementation of monetary policy, banking system stability, seamless payment systems functioning, cash provision, foreign reserves management and cooperation with other domestic and international institutions. The National Bank performs its responsibilities in accordance with the Law on the National Bank, other legal regulations, as well as the applicable domestic and international standards.

¹ In accordance with the Law on the National Bank of the Republic of North Macedonia, besides its legal competences, the National Bank also performs other legal operations and tasks.

Price stability



The role of the National Bank in ensuring price stability is of great importance for creating a macroeconomic environment conducive for long-term sustainable economic growth. By implementing monetary policy aimed at controlling inflation, and by maintaining stability of the exchange rate of the denar against the euro, the National Bank strives to maintain price stability over time. Through various instruments, such as adjustment of the policy rate and the reserve requirement, the National Bank aims to influence the price level. Price stability encourages confidence among citizens and the business sector, as it enables economic stability, better long-term planning and investment decisions.

Financial stability, supervision and bank resolution



Ensuring financial stability, supervision and bank resolution are prerequisites for maintaining financial system integrity and stability. The National Bank plays a crucial role in the banking system supervision and regulation aimed to prevent systemic risks that threaten the stability of the entire economy. The National Bank supervises banks and other financial

institutions to ensure compliance with prudential regulations and risk management standards. In addition, the National Bank conducts stress testing and assessments to identify financial system vulnerabilities and take timely measures to prevent or mitigate potential crises. Through effective supervision and prudential regulation, the National Bank aims to maintain confidence in the financial system stability, advocate for transparency and accountability, and contribute to sustainable economic development.

Foreign reserves management



Foreign reserves play a leading role in conducting the monetary strategy of maintaining a stable exchange rate of the denar against the euro. Moreover, they provide timely and regular servicing of financial liabilities of the Republic of North Macedonia abroad. Foreign reserves mostly consist of and are invested in high-quality government securities, as well as in money market instruments issued by foreign commercial banks with a high credit rating, with which the National Bank foster business cooperation. Moreover, in line with the monetary strategy of targeting the nominal exchange rate, the euro has the largest share in the currency structure of the foreign reserves. The National Bank is extremely prudent in managing the foreign reserves and adjusts investment decisions to the changing developments of the domestic foreign exchange market and international financial markets, adhering to the security, liquidity and profitability principles.

Payment systems and cash provision



The National Bank has an essential role in the payment systems development and oversight and the provision of cash to ensure seamless functioning of the economy. The National Bank is responsible for maintaining the payment systems integrity, efficiency and security. The National Bank establishes and implements regulations, standards and infrastructure to support efficient and secure cashless payments, in particular to increase the level of digitization of payment services. The National Bank contributes to full compliance of the national legislation with that of the EU in the payment area and its functionally equivalent application, which is crucial for joining the Single Euro Payments Area (SEPA). Besides, the National Bank supervises the distribution and management of cash to meet the demands of businesses and consumers, while protecting against counterfeiting and illegal activities. Through the development and supervision of payment systems and the provision of cash, the National Bank promotes financial stability and encourages confidence in the monetary system and domestic currency.

Economic research and statistics



Analytical work and research, which is based on quality and timely statistics, is the basis for monetary

and macroprudential policy decision-making. In this light, the National Bank collects, analyzes and makes forecasts for a wide range of economic data. These indicators help the National Bank to monitor and evaluate the overall state of the economy, to identify new trends and potential risks. Economic research of the National Bank helps policymakers understand economic drivers, formulate appropriate policies, and effectively communicate their decisions to the public and financial markets. Moreover, the National Bank contributes to the development of economic research and modeling techniques, advancement of macroeconomic analysis and improvement of the quality of statistical data. With the economic research and statistics, the National Bank strives towards transparency, accountability and informed decision-making.

Good governance and cooperation



Advocating for good governance and encouraging institutional cooperation within the financial system ensures stability and efficiency. The National Bank monitors its operational risks and intervenes when necessary. The National Bank cooperates with domestic and international institutions, organizations, regulatory bodies and other stakeholders to coordinate the adoption of regulations and the implementation of best practices. With the active inter-institutional cooperation, the National Bank contributes to economic stability, successful conduct of monetary policy and building of a sustainable economy. The National Bank also serves the national interests for accession to the European Union and European institutions.



Environment analysis

External environment



From its establishment until today, the National Bank has played a **key role in shaping the path of the Macedonian economy**. Its comprehensive understanding and appropriate implementation of monetary and financial policies makes the National Bank a proactive catalyst that encourages economic growth and development. Through continuous advancing of its knowledge, abilities and expertise, along with the firm adherence to the latest and strictest international standards, the National Bank is constantly building its capacities to deal with current risks and threats. The National Bank is facing a number of external challenges. These challenges are

also opportunities and arise from a variety of sources, including **global economic uncertainties, geopolitical tensions, rapid technological transformation, market disruptions and climate change**. Fluctuations in commodity prices, trade tensions between major economies, and geopolitical conflicts tend to create financial market instability, entangling the National Bank's efforts to effectively pursue its goals. Besides, **rapid technological progress, and thus emergence of digital currencies, as well as technological innovations in finance, particularly those in payment technology, bring many advantages, but also pose risks that need to be vigilantly monitored**. Also, demographic changes such as **population aging, labor force fluctuations, and migration trends** can pose challenges to monetary policy and long-term economic sustainability. Considering all these advantages and challenges from the external environment, the National Bank must be ready, adaptable and forward-looking in order to successfully fulfill its mandate.

National Bank internal environment



The National Bank faces many internal challenges that may affect its operation and efficiency. However, through transparent and successful functioning, coupled by adequate response to risks, the National Bank has the capacity to fully deal with the any internal challenges. The structural shifts in labor market make **the challenge of attracting and retaining top talents** increasingly strong, especially in specialized areas such as

economic research, statistics, supervision, bank resolution, ESG practices for sustainable operations (environment, social, and governance), information technology and human resource management. Ensuring **effective internal communication among employees**, as well as externally, with stakeholders, is crucial for the National Bank to be able to communicate key aspects of its decisions and measures, and manage expectations from the general public. Moreover, the National Bank should constantly invest in improving working conditions, **upgrading information infrastructure and building its own analytical capacities**, in order to keep up with modern trends and international standards. Dealing with internal challenges requires **strong leadership, operational resilience and commitment to operational excellence** within the National Bank.

STRATEGIC AREAS

**Stability and
a modern central
bank**



**Digital
transformation and
new skills**

**Transparency and
inclusion for
constant success**



**Green sustainable
economy and climate
change awareness**

**Management and
resilience in a
changing
environment**



Stability and a modern central bank

The National Bank will continue to improve the framework for conducting monetary policy and research capacities to strengthen price stability. New, high-quality, timely and easily accessible statistical data on financial and macroeconomic conditions and trends in economy will be the basis for informed decision-making and monetary policy implementation. The National Bank will also continue to build its institutional capacity for reliable foreign reserves management, and for implementing activities of a fiscal agent. It will also continue to be dedicated to strengthening the stability and resilience of the banking system, supervision, bank resolution and consumer protection. The National Bank encourages innovation in payment systems, payment services and cash management, using the permanent technological progress to improve efficiency and security in financial transactions.

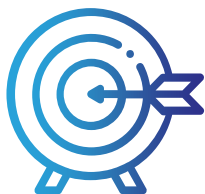


Activities:



- Improvement of the infrastructure for conducting monetary policy and developing research activity in the areas crucial for efficient monetary policy;
- Modernization of the operational framework of monetary instruments and its further alignment with the best practices and regulation in the Eurosystem;
- Improving the investment policy and ensuring optimum return on foreign reserves in accordance with the security and liquidity principles;
- Monitoring and application of new international statistical standards and classifications, improvement of statistical production through generation of new data sets, increased scope, periodicity and timeliness of published data;
- Enabling an entry of new payment service providers and payment system operators, implementing ISO 20022 standard for payment messages in MIPS and other payment systems and accelerating the process of formal accession of RN Macedonia to the Single Euro Payment Area (SEPA);
- Improvement of cash supply and quality standards of money in circulation;
- Financial stability and resilience of the banking system, supervision, cyber-risk management, bank resolution, supervision of non-bank payment service providers and consumer protection.

Expected results:



- Timely identification of risks, movements and interconnectedness of individual segments for making appropriate changes to policies. Enhanced analytical and modeling infrastructure to further align with central bank best practices;
- More efficient transmission of monetary signals and further development of the primary and secondary market of government securities and increased international integration of this market segment;
- Advanced process of foreign reserves investment following the global trend of central banks for diversification of foreign reserves, without jeopardizing the main, legally defined principles of foreign reserves management;
- Efficient, simple and detailed system of data reception, application of the latest international statistical standards and EU classifications and establishment of a contemporary reporting and data management system;
- Innovative payment services that keep up with the new and modern times, as well as faster and cheaper execution of cross-border payments in euros with SEPA countries;
- More efficient cash management and application of advanced technologies and materials for producing currency in circulation;
- Prudential supervision, stable and resilient banking system, increased consumer care, efficient supervision and increasing the number of non-bank payment service providers and digital resilience to advanced threats;
- An efficient bank resolution framework in accordance with international standards and experiences.



Digital transformation and new skills

The National Bank remains committed to moving along the path towards digital transformation. The improvement and automation of numerous tasks, along with the development of innovative software tools, help it streamline processes and increase its own operational efficiency. Besides, the National Bank prioritizes the advancement of data management knowledge by harnessing the power of cutting-edge technologies and strengthening analytical capabilities. For this purpose, the National Bank invests in training the employees with new skills, which will strengthen its human potential and capital and ensure readiness for future development and challenges in the areas of banking and finance.



Activities:



- Continuous improvement of the IT infrastructure maintenance process and raising the quality of IT services by applying the latest and most appropriate systems, tools and procedures;
- Introducing digital solutions to improve work processes and automate work tasks;
- Introducing artificial intelligence as a support to the day-to-day operations;
- Introducing tools for security control of software code;
- Establishing an integrated, detailed and efficient data receipt system for statistical and supervisory purposes, building a unique statistical data warehouse and applying modern and efficient tools in the preparation of statistical data;
- Advancing the human resources management process by introducing a new process of managing talented staff and retaining potential employees;
- Improving the employment process by online registration and submission of employment documents, on the National Bank website.

Expected results:



- Harmonized and modernized IT processes and activities;
- Increased operational efficiency by automating and digitalizing numerous repetitive work processes and tasks;
- Automated, digitalized and efficient processes that enable better analysis of big data;
- Better privacy and data protection from incidents (hacking, data theft and other forms of cybercrime), as well as ensuring quality code for timely detection of potential errors and vulnerabilities;
- An efficient, simple and detailed system of providing data to the National Bank, adjusting official statistics to the challenges posed by digital transformation;

- Qualified and motivated employees with high professional skills, development of leaders and managers and established human resources management system;
- Modernization of the employment process by online registration.



Transparency and inclusion for constant success

The National Bank is committed to constantly improving its transparency, encouraging cooperation with the public and ensuring timely dissemination of information. The spotlight is on the commitment to financial education, aimed at increased financial literacy and inclusion. Moreover, the National Bank is harmonizing the domestic regulation with that of the European System of Central Banks. Numerous partnerships with various international and domestic institutions and organizations help the National Bank facilitate the exchange of knowledge and experience, striving to constantly improve its operations. Within this strategic area, the National Bank is a leader in social responsibility through active involvement and support of vulnerable segments of society. By caring for the overall social well-being, the National Bank strengthens its role as a reliable partner of public interests.



Activities:



- Following and adhering to the new international statistical standards and classifications, in line with the latest global statistics;
- Further alignment of the operational framework of monetary instruments with the best practices and regulation in the Eurosystem;
- Advancement of regulation for ensuring digital resilience in the financial sector and alignment of domestic regulation with the EU Digital Operational Resilience Act – DORA);
- Applying the highest standards of transparency and clarity in our legal reporting, improving the availability of information on the website in accordance with the principles of transparency, increased presence on social networks through modern forms of presentation and communication and constant maintenance of direct communication with the public and international and domestic cooperation;
- Further promotion of transparency in accordance with the Central Bank Transparency Code of the IMF;
- Conduct of financial education aimed at raising consumer awareness of their rights;
- Active promotion of the Library and Archive, as well as the Museum and the entire numismatic heritage;
- Socially responsible activities that raise awareness of global challenges, contribute to charity events and increase knowledge and importance of healthy habits.

Expected results:



- Harmonization with the EU regulation in areas covered by the EU acquis chapters in which the National Bank participates;
- Building institutional and analytical capacity for more successful response to challenges in the next stages of the European integration process;
- A highly transparent central bank that enjoys public trust, greater availability of information for various subject categories (citizens, companies, journalists), enhanced communication and sharing of knowledge and experiences with international and domestic institutions and organizations for improving the overall operations and trust in the National Bank;
- A financially literate population aware of their financial rights and obligations;
- The National Bank - a custodian and representative of the numismatic heritage and an advocate of scientific thought through constant enrichment of its library fund;
- Increased charity, donor and socially responsible activities of the National Bank.



Green sustainable economy and climate change awareness

Following the motto for the next three years, the National Bank emphasizes its commitment to building a sustainable and green economy and increasing awareness of climate change. As a guardian of financial stability, it identifies the economic and financial risks associated with global warming. This includes climate-related physical risks affecting assets and infrastructure, as well as risks arising from transition to a carbon-neutral and circular economy. The National Bank is on a good track of capacity building to respond to climate-related challenges as part of the monetary policy and research, financial stability, supervisory practices, foreign reserves management, and its day-to-day operations. The National Bank is particularly dedicated to encouraging green finance and investment for sustainable development. Thus, taking into account the above, the National Bank will strive to maintain a balance between the commitment to environmental sustainability and preservation of financial stability, as well as to cooperate with international and domestic institutions to mutually deal with the global climate-related risks.

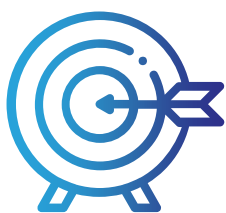


Activities:



- Climate-related research and its effects on the economy;
- Creation of a portfolio of instruments to fund sustainable projects, in accordance with the best international practices and standards;
- Strengthening the financial system resilience to climate-related risks and stress-tests for the banking system resilience to climate risks;
- Advancement of supervisory practices for on-site and off-site surveillance of climate-related risks at banks;
- Developing a survey on corporate sustainability (with respect to climate risks) and their capacity to calculate carbon emissions;
- Adjustment to international trends for applying measures against adverse environmental effects and use of renewable energy sources;
- Adoption of a Sustainability Policy (environment, social issues and governance), improving operational sustainability, building capacities for environmental protection and financial reporting under the IFRS Sustainability Disclosure Standards.

Expected results:



- Increased analytical capacity for timely identification of climate-related risks and their impact on each segment of economy;
- Reduction of foreign reserves management risks arising from the climate change;
- Improved banking system resilience to climate-related risks, increased capacity to underpin green transformation of economy and advanced supervisory practices to deal with climate risks;
- Improved sustainability in daily operations, accomplished sustainable development goals, increased awareness of climate change impact, fulfilled IFRS sustainability disclosure standards, reduced energy and water consumption, and increased use of renewable energy sources.



Management and resilience in a changing environment

Strategic planning is a foundation for the National Bank operations, while focusing on successful fulfillment of its mandate. An integral part of this strategic area is the precise management of financial and non-financial risks in times of significant global challenges and a changing environment. Having realized the critical importance of protecting sensitive data from potential threats, the National Bank is giving priority to the information security. Besides, the National Bank carefully manages legal risks and improves compliance and ethical norms to maintain the highest standards of integrity and accountability. Through comprehensive audit procedures, the National Bank ensures operational efficiency and effectiveness. Moreover, the National Bank remains committed to the security and maintenance of own infrastructure in order to support the bank's mandate.

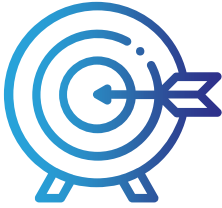


Activities:



- Advancement of strategic planning, review of work processes, prioritizing tasks, and evaluating performances for the purpose of improving capacities and efficiency;
- Systematic and continuous assessment and improvement of the risk management efficiency, internal control systems and management processes;
- Strengthening the information security, resilience to cyberthreats and ensuring business continuity in the changing environment, ensuring compliance with the regulations for personal data protection and security of classified information, as well as with the relevant regulations and standards for information and cyber security;
- Promotion of the ethical framework and strengthening of employee compliance through constant education on compliance regulation topics, especially in the area of integrity, prevention of corruption and conflict of interest;
- Advancement of security measures and systems.

Expected results:



- Quantitative and qualitative performance measurement of the National Bank, an advanced process planning with new modern practices and established measurable indicators for key achievements in relation to the National Bank Strategic Plan and Plan of Activities;
- Effective risk management that contributes to increased resilience, agility and effectiveness in decision-making, increasing efficiency, better forecasting and optimizing available resources;
- High level of information security and cyber-resilience, integration of the cyber-resilience in the bank's processes and future changes, including relevant security measures and supervision during the implementation of the strategies for establishing a Security Operations Center (SOC) and Cloud Computing ;
- Modern and advanced legal and ethical norms that contribute to full compliance of the National Bank operations and staff behavior;
- High level of operations security in the National Bank by applying modern technology.



Strategic Plan development process

During the first half of 2024, the National Bank was diligently focused on the process of preparation of this strategic plan, which provides guidelines for comprehensive development in the National Bank operations. The process of preparing this strategic plan included extensive consultation with various stakeholders and internal organizational units. The joint efforts resulted in gathering valuable information and knowledge about the current situation, which helps identify new challenges and opportunities. The process included an analysis of both external and internal environment of the National Bank. Besides, the stakeholder feedback was fully embedded in the Strategic Plan, ensuring inclusion, relevance and ownership of the Strategic Plan. By encouraging a transparent and consultative approach, the National Bank has successfully developed a Strategic Plan that addresses the dynamic needs of the financial sector, while advancing its core goals and objectives. During the next three years, the Strategic Plan will be the basis for the preparation of individual annual work programs, which will include all regular and development activities of the National Bank.

Transitional and Closing provisions

1. This Plan shall enter into force on the day of its adoption and shall apply from 1 January 2025.
2. With the entry into force of this Plan, the Strategic Plan of the National Bank of the Republic of North Macedonia for 2022–2024, SP No. 02- 15/VIII-1/2021 of 4 June 2021, ceases to be valid.

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

Anita Angelovska Bezhoska

**No. 02-20029/2
28 May 2024
Skopje**