

The development of the supervisory function in the coming years is an objective of strategic importance for the NBM and requires a significant allocation of both internal and external resources and capacities. This objective is included in the Strategic Plan of the NBM for 2013-2017.

In order to comply with the basic Principles of the Basel Committee for an effective banking supervision, namely with Principle 3, which regards the *independence of the supervisory authority, responsibilities, supervisory resources and legal protection thereof*, the National Bank of Moldova publishes its objectives relating to the development of the NBM banking supervisory function for 2015-2017.

The implementation of the Capital Agreement Basel II/III (partially) and prudential reporting in accordance with COREP specificities aims at transposing the European standards into the banking legislation and practice of the Republic of Moldova. This will be possible through a project funded by the European Union, which will last 2 years, and by active involvement of experts in this field from Romania and the Netherlands.

The development of corporate governance regulation in the banking sector and the implementation of a solution to optimize the authorisation and monitoring process of shareholders transparency are the objectives to be achieved in the coming years in order to modernise the NBM internal processes and activities in this field. The achievement of these objectives will increase the efficiency and quality of operations of the banking regulation and supervision authority, objectives that will be achieved with own financial and non-financial sources.

At the same time, in order to develop the regulatory and supervisory function of the reporting entities in the field of preventing and combating money laundering and terrorist financing, the National Bank of Moldova intends to implement IT solutions for remote data analysis, which will optimize the data analysis process and will increase the level of risk-based approach in the supervisory practice. The expenses for the implementing of such IT solutions will be covered by the NBM.

In the context of the alignment to international standards and practices, NBM, as the supervisory authority, is seeking to promote a strong and competitive financial system with the least possible risks. Thus, the NBM is intending to ensure a high level of assessment and monitoring of credit risk by implementing a credit risk register. Following the development of the credit risk register, NBM will have a dynamic instrument that will reduce the time required for the collection of data relating to loans verified by the NBM inspectors within on-site controls, as well as the time required to draw up the report on credit risk control.

**NBM objectives related to the development of the NBM banking supervisory function for 2015-2017
(in accordance with the NBM Strategic Plan for 2013-2017)**

Objectives	Expected outcomes	Funding sources
1. <i>Implementation of the Capital Agreement Basel II / III (partially) and prudential reporting in accordance with COREP</i>	<ul style="list-style-type: none"> ▪ Sufficient level of banking capitalization to cover the basic risks to which banks are exposed ▪ COREP reporting system implemented 	<p>EU technical assistance (within the Twinning Project) NBM budget</p>
2. <i>Effective implementation of risk-based supervision</i>	<ul style="list-style-type: none"> ▪ Reduced time to draw up complex control reports (by 30%) ▪ Increased efficiency of on-site controls, applying risk-based approach ▪ Increased number of thematic controls, depending on the risks identified ▪ On-site Control Manual updated with new control procedures , as a result of initiating the process of adjusting the legislation and drawing up some models necessary to apply the risk-based approach in complex controls 	<p>NBM budget</p>
a. <i>Implementation of Credit Risk Register</i>	<ul style="list-style-type: none"> ▪ Reduced time to collect data related to credits verified within on-site controls (by up to 50%) ▪ Reduced time to prepare the part related to credit risk in the On-site Control Report (by up to 30%) ▪ High level of assessment and monitoring of credit risk 	<p>NBM budget</p>
b. <i>Implementation of a solution to improve the efficiency of the authorisation and monitoring process of the shareholders transparency</i>	<ul style="list-style-type: none"> ▪ Efficient authorisation process ▪ IT solution implemented, with functionalities that allow the collection, processing and storage of data on banks' shareholders and beneficial owners ▪ A database related to the normative acts of licensed banks ▪ Increased level of data summarization , which will lead to the increase of transparency and opportunities to identify concerted activities of the affiliated persons 	<p>NBM budget</p>
c. <i>Implementation of a remote analysis solution to prevent and combat money laundering and terrorist financing</i>	<ul style="list-style-type: none"> ▪ IT solution implemented ▪ Process with increased efficiency, due to the reduced time for data analysis ▪ Early identification of suspicious transactions and their prevention ▪ Increased level of transactions analysis ▪ Risk-based approach implemented 	<p>NBM budget</p>
3. <i>Development of corporate governance regulation in the banking sector</i>	<ul style="list-style-type: none"> ▪ Regulatory framework of corporate governance developed ▪ Main recommendations of the FSAP mission related to the corporate governance implemented, at least up to the level of "largely compiled" 	<p>NBM budget</p>