



**Banca Națională a Moldovei**

**APPROVED:**

**BY THE DECISION OF THE  
COUNCIL OF ADMINISTRATION  
OF THE NATIONAL BANK OF MOLDOVA**

**No. 209 of 13 September 2012**

**BY THE DECISION OF THE  
EXECUTIVE BOARD  
OF THE NATIONAL BANK OF MOLDOVA**

**No. 47 of 01 October 2015**

**STRATEGIC PLAN**  
**of the National Bank of Moldova**  
**for 2013-2017**

**Chisinau, 2012**

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## **Introduction**

In the recent years, the world economy is going through a changing phase in various fields such as trade, finance, banking, investments, etc. The globalization and rapid advancement in communication and information technologies have made possible the harmonization of developing economies on developed ones, becoming ultimately more interdependent in terms of goods, services, finance and investments.

In these circumstances, the central banks adapt to the changes in the global economic environment by redefining the responsibilities, restructuring the activities, and setting the long-term actions.

The National Bank of Moldova (NBM) is the central bank of the Republic of Moldova, which main objective, according to the Law on the National Bank of Moldova no. 548-XIII of July 21, 1995, is to ensure and maintain price stability. As any other modern entity, the NBM shall ensure a high level of efficiency, transparency and performance, by aligning to the best international practices related to communication, credibility and corporate governance. A strategic plan worked out within the NBM will result in the strengthening of its role in society by fulfilling all tasks undertaken, ensuring an efficient use of resources and reducing the exposure to risks.

This Strategic Plan has been drawn up for a period of 5 years and will guide the activities of the National Bank of Moldova from 2013 until 2017. For the development of the strategic plan, the achievements of previous years and the future aspirations of the NBM have been taken into account. Depending on the external or internal developments that will be recorded during this period, the strategy will be adjusted so that to match the reality, and to ensure all necessary measures to achieve the strategic objectives.

The NBM Strategic Plan is a key tool by which it will be possible to achieve the strategic objectives and will lead to increased contribution efforts of the NBM to the economic development of the Republic of Moldova. In this context, the Strategic Plan will determine the directions of long-term actions of the NBM, materialized through the strategic objectives for the years 2013-2017, which were selected based on priority criteria, taking into account the appropriate use of available resources.

All of the NBM subdivisions have been involved in the development of this Strategic Plan, thus ensuring the inclusion of all activities and further cooperation between subdivisions and efficient allocation of resources to achieve the strategic objectives.

The development of the strategic plan is an essential factor for the NBM success and aims to generate many benefits, such as establishing clear strategic objectives, improving the motivation and internal and external communication, increasing the activity efficiency, efficient planning of resources, strong corporate culture etc.

## **Governor's message**

The Strategic Plan of the NBM for 2013-2017 is the result of external and internal discussions and consultations to cover all areas of activity. This is the first Strategic Plan of the NBM and therefore, it is a pleasure to share with you some thoughts about this important step in the evolution of the bank.

The decision to develop a Strategic Plan for the NBM, which would draw the way forward over the next five years, was taken considering our desire to consolidate all functions and activities of the NBM to serve the best interests of Moldovan citizens.

It is important to note that the Strategic Plan was developed with the NBM subdivisions, being considered the best practice and experiences of other central banks. In this context, I am certain that such participation will not only determine the successful achievement of strategic objectives, but will also raise the awareness of the role of each employee in implementing those objectives.

The high degree of involvement of the staff and NBM's management in the process of strategic planning ensured an adequate assessment of the NBM capacity and resources to select strategic objectives to be implemented under a changing external environment. Thus, this Strategic Plan represents a useful tool for future challenges.

For the next five years, we have set ambitious targets aligned with the mission and vision of the National Bank of Moldova. Thus, we intend to strengthen the inflation control mechanism, to promote cashless payments, to align prudential supervision requirements of the banking sector to the international standards and norms, to modernize the information systems in accordance with the best practices in information technology field, to increase the effectiveness of operational activities, and other activities designed to increase public confidence in the National Bank of Moldova.

All strategic objectives set for this period will be possible to be achieved only with the contribution of NBM staff and to attract and maintain the best specialists we will ensure that we have the tools and resources needed for motivation.

Raising awareness on NBM's mission for each individual employee and continuing commitment to the vision and values of the NBM will lead us confidently to the achievement of the objectives and successful implementation of the Strategic Plan.

I am sure that together we will be able to contribute to our excellent achievement of the activities as well as to develop the economy of the Republic of Moldova.

**Dorin Drăguțanu**

**Governor**

## **Business environment and major challenges**

At present, the central banks are aware of the political, economic and technological challenges. All these changing factors are an important issue for the managers of central banks, who must plan the future activities with a scenario with multiple objectives and tasks assigned. These shall be adapted quickly and strategically to the new conditions, using the available human, material and financial resources in the most optimal and effective way.

The global financial crisis has conditioned much discussion and debate within the central banks on monetary policy and financial stability. The economy of the Republic of Moldova is an open developing economy and the external prices have an important impact on domestic prices, and consequently on monetary policy decisions pursued by the NBM. As regarding the monetary policy, the National Bank of Moldova will have to counter the implications of the financial crisis by strengthening the inflation control mechanism.

The severity of the financial crisis also highlighted the need to improve the financial sector regulation. Developing and implementing new rules and supervisory models would be a first step in ensuring financial stability.

These challenges fall within the NBM's task of ensuring that in the other major areas - the payment system and currency issuance - all of the activities are conducted in accordance with the best practice.

In addition, working in a fast-changing environment, central banks should pay an increased attention to the internal management as well. This would include promoting the researches, innovations that would support the decisions in any area of activity, increasing the operational efficiency, attracting and motivating qualified specialists, strengthening corporate culture.

Given that the public confidence in the activities of a central bank is an indicator of its success, the NBM seeks to promote a high degree of transparency of decisions, policies, and actions to be implemented. External communication, especially to the public, will be one of the main elements of the Strategic Plan in the context of rising awareness on the access to new financial services, along with adequate information, will encourage people to make the best decisions on investing funds but also will enhance their credibility in the financial system.

In this context, the NBM's Strategic Plan development for the next five years is an answer to most of the challenges, which the NBM is exposed to and ensuring their implementation will lead to more efficient activities carried out by the NBM on long-term.

# Strategic Plan of the National Bank of Moldova

## I. Mission, vision and values of the National Bank of Moldova

### Mission of the National Bank of Moldova

The mission reflects the fundamental objective of the NBM specified in the *Law on the National Bank of Moldova* and describes its concrete reason to exist.

„ The primary objective of the National Bank shall be to ensure and maintain the price stability. Without prejudice to the primary objective, the National Bank shall promote and maintain a financial system based on market principles and shall support the general economic policy of the state.”

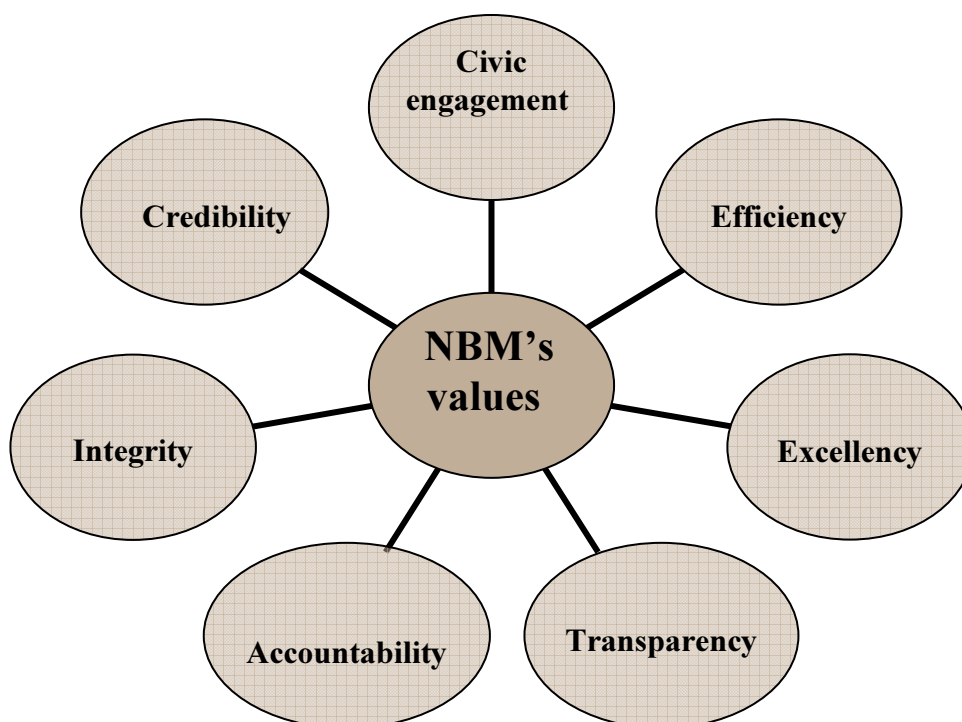
### Vision of the National Bank of Moldova

The vision of the NBM is the statement that expresses concisely the aspiration of the institution for the future and is the starting point in formulating strategic objectives.

„The National Bank of Moldova is an independent public authority, efficient and credible, which promotes an adequate monetary policy and helps ensuring the integrity and stability of the financial system, consistently applying the best international practices in the interest of society.”

### Values of the National Bank of Moldova

The common values of the NBM are the basic principles guiding its activity and to which its decisions are aligned. These values are shared by the NBM’s management, are valued at each employee level and are maintained over time. The values are meant to determine the internal communication procedure and to support the creation of a credible public image of the NBM.



<b>Civic engagement</b>	activities oriented towards the benefit of public interest
<b>Efficiency</b>	application of innovation and of modern technologies in resources usage
<b>Excellency</b>	demonstration of competence and professionalism in exercising and adopting the best international practices
<b>Transparency</b>	transparent and impartial attitude in decision making process
<b>Accountability</b>	responsible attitude toward society in implementing the assigned tasks
<b>Integrity</b>	ethical behavior at bank and each employee level
<b>Credibility</b>	conduct that inspires and maintains public confidence

## II. Basic fields of activity

The establishment of the basic fields of activity highlights the specific functions of the NBM, these fields of activity actually reflecting the NBM's mission and constitutes its basic pillars.

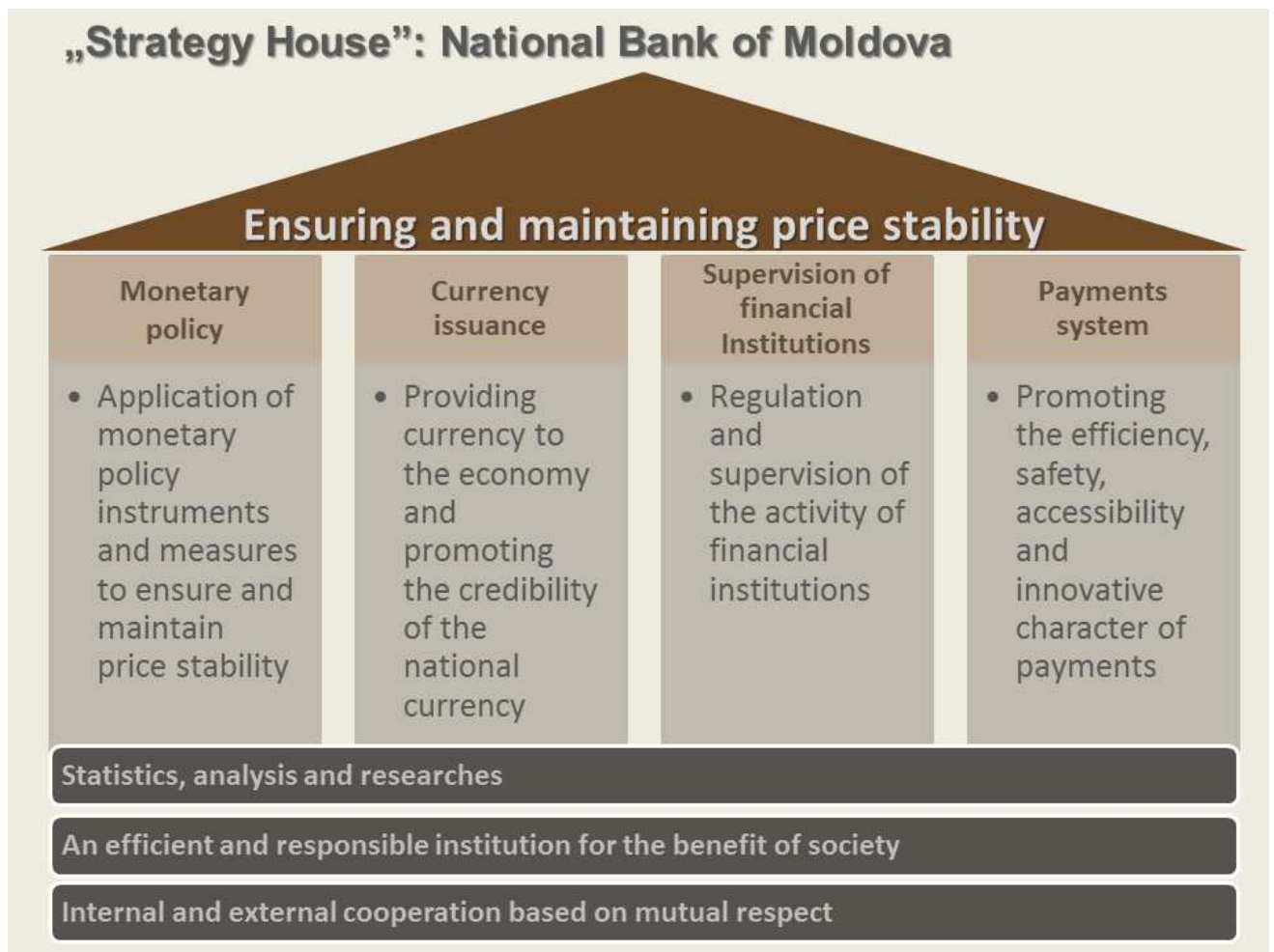
**Monetary policy** – application of monetary policy instruments and measures to ensure and maintain price stability.

**Currency issuance** – providing currency to the economy and promoting the credibility of the national currency.

**Supervision of financial institution** – regulation and supervision of the activity of financial institutions.

**Payment system** – promoting the efficiency, safety, accessibility and innovative character of payments.

## NBM's Strategy House





### **III. Strategic objectives**

The National Bank of Moldova, by performing its basic duties stipulated in the *Law on the National Bank of Moldova*, has an important role in promoting sustainable economic growth in the state and stability in the financial sector. Thus, the Strategic Plan includes strategic objectives derived from the mission and vision statements and are aligned with the basic fields of the NBM.

To achieve successfully the 10 strategic objectives in the next five years will be used all of the available resources.

**Strategic objectives of the National Bank of Moldova for 2013-2017 are:**

- 1. To ensure price stability**
- 2. To increase the credibility of the national currency**
- 3. To develop the supervision function of the NBM**
- 4. To promote the cashless payments and to reduce the cash in circulation**
- 5. To strengthen the financial stability function**
- 6. To improve the external communication**
- 7. To strengthen the image and credibility of the NBM**
- 8. To increase the efficiency of operational activity of the NBM**
- 9. To streamline the human resources management**
- 10. To develop the corporate governance**

## Matrix of strategic objectives



## IV. Achievement of strategic objectives

### 1. To ensure price stability

The monetary policy is a key element of macroeconomic management and contributes significantly to the economic stability of a country and maintaining price stability and inflation rate at an appropriate level is the most important objective of the NBM, as it is likely to lead to the creation of a stable macroeconomic framework, allowing economic development and ensuring an optimal economic growth.

To ensure and maintain price stability, the NBM plans to reform the monetary policy framework, to initiate the modification of the existing legal framework for increasing the efficiency of the transmission mechanism of monetary policy, to develop its capabilities for macroeconomic forecasting and analysis. However, effective implementation of monetary policy instruments in alignment with European standards will be an additional measure taken to maintain inflation within the planned limits.

## **2. To increase the credibility of the national currency**

The National Bank of Moldova is responsible for the issuance of the national currency and plans to enhance the credibility of the national currency as a trading tool in the national economy and to improve the quality and safety of banknotes and coins in circulation. The policies and actions promoted by the NBM will encourage the increase of number of transactions in national currency.

Given the fact that the National Bank of Moldova is the authority that has the exclusive right to issue currency in the state the necessary measures will be taken to improve the quality and to increase the security of banknotes and coins as in accordance with modern standards.

## **3. To develop the supervision function of the NBM**

Evaluating the qualitative and quantitative impact on the banking system, the NBM intends to identify the optimal ways to implement the Basel II/III (partially) Capital Accord. The achievement of this goal will require modification of the existing legal framework and the development of new legal rules for bank capital adequacy, which will be aligned with the EU requirements.

Implementation of prudential reporting as in accordance with COREP, consolidated supervision of all credit institutions, effective implementation of risk-based supervision by automating the generation of necessary reports, and the improvement of legal instruments for prudential supervision are measures to be taken for developing the banking supervision function.

In order to develop the payment system oversight, relevant laws and procedures will be developed and improved, needed for the oversight of payment systems / tools / services market and the oversight of non-bank providers of payment services and issuers of electronic money.

## **4. To promote the cashless payments and to reduce the cash in circulation**

The National Bank of Moldova is responsible for the oversight of the payment system in the Republic of Moldova, ensuring that it operates in a legal, safe, accessible, and effective way, thus meeting the consumer requirements on payment services.

In order to promote cashless payments and reduce cash in circulation, there will be taken measures necessary for the implementation of the new Law on payment services and electronic money. In order to rise the awareness of individuals and legal entities of the advantages of cashless payments, there will be taken measures for the information on various characteristics of payment instruments and payment services, etc. It also aims to establish a National Payments Council that will be composed of representatives of the private and public sectors and will be an effective forum for the interaction between all significant actors in the payment services market.

However, the compliance with the best international practices requires the modernization of the retail payments infrastructure (of low value) by targeting the universality of payment processing tools and the implementation of the IBAN code for national and international transfers.

## **5. To strengthen the financial stability function**

To promote financial stability, the National Bank of Moldova continuously analyzes the risks that may arise in the banking and financial system. Strengthening financial stability function is an objective aimed at improving the whole mechanism and maintenance of financial stability framework by developing analytical models and indicators of early identification of risks.

The NBM aims to strengthen the crisis management capabilities and the ability to respond quickly and effectively to unexpected changes in the financial markets by developing methodologies to identify systemically important financial institutions, updating and rigorous monitoring of plans of licensed banks, making up a set of indicators of financial stability and financial stability report writing, and performing studies related to early warning system and presenting all these to the National Committee for Financial Stability.

Creating a single central depository is another measure to be implemented under the strategic objective of strengthening the financial stability function.

## **6. To improve the external communication**

In order to achieve this objective, it will be analyzed the information requirements of target groups, it will be monitored and assessed the communication channels, so that each target group to receive the necessary information in a clear and accessible format. In order to ensure consistent communications, it will be developed and approved the NBM communication policy.

In order to promote professionalism in addressing the financial and banking issues and to ensure the accuracy in presenting the NBM activities, instructional thematic meetings will be held periodically with media representatives. At the same time, the NBM will be involved in the education of both the undergraduate educational institutions and the higher education institutions contributing to the development of skills and to the increase of financial and economic literacy level.

The NBM also proposes to inform the public in a more accessible way by optimizing the official website of the NBM, with the inclusion of video materials, facilitating the work with statistics and other activities of the NBM and the embedding of the issues of great interest to society. Special attention will be given also to external communication with target groups (financial markets / banking community, public institutions, analysts / economists, international organizations, public) with respect to major issues, including through the National Bank publications.

## **7. To strengthen the image and credibility of the NBM**

The NBM will make every effort to strengthen its image and credibility by implementing the best practices in its fields of activity, to promote the transparency of decisions and the high standards of corporate culture. Achieving this goal will depend largely on the achievement of all other goals set by the NBM for the next five years, given that the efficiency of all actions will increase the NBM image as an institution working in the interest of the whole society.

However, the actions initiated by the NBM to enhance the image and credibility of the bank will aim to ensure efficient management of cash liquidity needs, collaboration with specialized institutions and authorities in combating fraud in the cash management and to initiate the educational projects to counteract national currency counterfeiting.

Respecting the intention of promoting the availability of information about the central bank activity, the NBM will publish informative materials related to the exhibition hall of the National Bank. The bank's image will be also improved by the modernization of the NBM building.

However, in the context of ensuring an increased credibility of the NBM, the transparency plays an important role. Disclosure of the essence and results of the NBM activities, the communication of the NBM strategic plan and its implementation performances and the measures taken within the fulfillment of its social responsibility will create a better perception and increased confidence in the NBM activities and will contribute to strengthening the image of the bank.

#### **8. To increase the efficiency of operational activity of the NBM**

Efficient use of resources is becoming increasingly important in the current context of the central banks, including the European System of Central Banks. In this regard, it is very necessary to make an analysis of the NBM's operational activities to identify the opportunities to improve the organization of business processes so that these could add value to the institution, following the optimal cost – benefit ratio. It should be mentioned that the development of information technology has transformed the way in which central banks carry on their activities by automating many business processes and the use of information systems with modern, performant, scalable and reliable architecture for significant increase of operational efficiency. Thus, considering the use and impact of information systems on business processes, the NBM will accelerate the automation of activities through business process transformation and modernization of the banking information system of the NBM, as it is necessary to implement a modern information system that responds to all development requirements of the bank.

In light of the above, the need for optimization and insurance of a high degree of efficiency of the NBM activities requires the implementation of several projects, such as the transformation of current business processes, implementation of an automated information system for the resource management and the modernization of the NBM information system, implementation of a single trading platform for foreign exchange and monetary instruments, implementation of an automated information system for foreign exchange reserves and related risk management, improvement of the securities book-entry system, automation of cash processing activities related by the procurement of modern multifunctional equipment, implementation of activity continuity management system, implementation of information security standards etc.

#### **9. To streamline the human resources management**

Effective management of human resources is an important task because staff satisfaction determines the performance and productivity of the NBM. To ensure the achievement of this objective, an equal priority will be given to the development and staff training process, as well as the implementation of a modern staff remuneration system. Thus, motivation to work in the NBM will be ensured both by establishing a transparent system of remuneration based on performance evaluation and the implementation of additional modern tools and techniques of non-financial motivation of employees. In order to use effectively the human resources, balance the responsibilities and workload, the organizational structure of the NBM will be permanently adjusted, based also on the requirements of the strategic objectives.

#### **10. To develop the corporate governance**

Main directions of implementation of this objective are related to strengthening the integrity of the NBM staff, efficient management of the risk of fraud and corruption and promoting corporate culture within the NBM, so that mutual expectations are expressed and understood in a harmonized way. The NBM will continue to apply modern management instruments and evaluate new practices in the field in terms of the possibility and availability of their applications, ensuring a mutually equitable treatment.