

APPROVED BY

The Resolution of the Board
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STRATEGY of the institutional development of the National Bank of the Republic of Belarus for 2017 – 2020

CHAPTER 1 GENERAL

1. This Strategy is aimed at the institutional development of the National Bank of the Republic of Belarus (hereinafter referred to as ‘the National Bank’), and it defines the mission, the vision, the medium-term goal and tasks of the institutional development, strategic initiatives, ways and methods for the achievement of the goal of the institutional development of the National Bank in 2017 – 2020.

2. For the purposes of this Strategy, the meanings of the terms listed below are as follows:

the vision shall mean the description of the future reference condition of the National Bank providing for sufficient qualitative improvements, where this condition is built by the management and other employers of the National Bank in a progressive and collective manner;

discretionary authorities shall mean the activity of the National Bank that is generally non-typical for the central bank and can be successfully implemented by competent third-party organizations without any adverse impacts for the level of confidence in the National Bank;

the institutional development shall mean a continuous process of quantitative and qualitative positive changes and improvements of the National Bank of the Republic contributing to its mission accomplishment;

the mission shall mean the role of the National Bank in the financial system and the economy;

the social utility shall mean satisfaction of society’s needs based, in turn, on society’s opportunities;

the social capital* shall mean the element of the external environment for the National Bank appearing as the relation between the National Bank

* The term ”capital“ is used because the relation between the National Bank and the general public is the slowly-varying characteristic that can persist and accumulate for years.

and the general public and emphasizing the importance of this relation, as well as the resource used by the National Bank to facilitate the achievement of goals of its activity and to provide saving of other resources;

the strategic initiative shall mean a set of interrelated activities providing significant positive change in the institutional status of the National Bank as a whole or in terms of its individual characteristics and oriented towards the achievement of goals of the National Bank activity;

economic agents shall mean the parties in economic relations participating in production, distribution, exchange and consumption of economic goods.

CHAPTER 2

MISSION, VISION, MEDIUM-TERM GOAL AND TASKS OF THE INSTITUTIONAL DEVELOPMENT OF THE NATIONAL BANK

3. The mission of the National Bank is to ensure the pricing stability and, jointly with the Government of the Republic of Belarus, the financial stability as the foundation for sustainable and balanced development of economy of the Republic of Belarus.

The pricing stability means small growth of consumer prices but not their invariability. The medium-term goal in provision of the pricing stability is gradual reduction of inflation down to the value not exceeding 5 per cent in 2020.

The financial stability means the condition of the financial system where the banks and non-banking credit and financial institutions, other financial intermediaries, the financial market and the payment system carry out properly their appropriate activity and are capable to carry out this activity in case of destabilizing impacts of internal and external factors.

4. The vision of the National Bank is the achievement of the position of sustainable successfulness by way of the balanced development along three major vectors: confidence, quality and effectiveness. It means the achievement of stated goals by the National Bank and significant improvement of quality of the results of activity with the minimal consumption of resources, in line with the interests of the society and resulting in higher level of public confidence in the National Bank.

Strengthening the confidence will contribute to the growth of the social capital of the National Bank, while this capital is the important resource to ensure its activity effectiveness because the public confidence in the National Bank's capability to accomplish its mission reduces the expenditures of time and money by economic agents. Also, confidence is among the key factors for prevention of currency and banking crises and minimization of negative impacts affecting the economy as a result of various disturbances.

5. The medium-term goal of the institutional development of the National Bank means its establishment as the governmental agency:

having the authorities necessary to accomplish its mission;

having an optimal organization structure and staffed with high-skilled personnel;

implementing an open, consistent and understandable policy, with the tools and methods used for this purpose meeting the modern requirements.

6. The following tasks are to be solved to achieve the medium-term goal of the institutional development:

improvement of the effectiveness of monetary policy and banking surveillance;

preparation of the basis for expansion of competences of the National Bank in the areas of regulation, surveillance and control in the financial market;

improvement of the information policy;

development of the human resources of the National Bank;

formation of favorable legal and economic conditions for introduction of innovative banking technologies and for rising the technological potential of Belarusian banks up to the level meeting the world standards of banking;

contribution to the improvement of competitiveness and successful operation of Belarusian banks in the context of the common financial market throughout the territory of the Eurasian Economic Union;

optimization of arrangement of cash money circulation due to the outsourcing of services in transportation, handling and storage of valuables;

improvement of the level of liberalization of currency legislation within the scope of the EAEU and contribution to the establishment of equal conditions for economic entities in the EAEU member states for the development of their export potential;

implementation of international standards and procedures of transmission of financial messages in the payment system of the Republic of Belarus.

To solve these tasks, the National Bank defines the major strategic initiatives for its activity in 2017 – 2020 and the priority ways and methods to achieve the vision and goals of the institutional development.

CHAPTER 3 STRATEGIC INITIATIVES OF THE NATIONAL BANK

7. Strategic initiatives of the National Bank for 2017 – 2020 oriented towards solving the tasks of the institutional development include:

transition from the monetary targeting to the inflation targeting;

coordination in development and establishment of the effective institutional architecture for the financial stability provision including the support of operation of the Financial Stability Council;

provision of safe operation of the banking system in the Republic of Belarus by further improvement of the national legislation and application of up-to-date effective tools of banking surveillance oriented towards assessment of a capital and banks' risks on individual and consolidated basis, taking into consideration their systemic significance, as well as by way of implementation of Basel II and Basel III international standards;

formation of favorable legal and economic conditions for application of digital banking technologies (building the interbank identification system, implementing the unified international standards of safety in electronic interaction, expanding the API standard application practice etc.);

gradual outsourcing of services in recounting, handling, transportation and storage of valuables based on application of recent technologies for building the transparent cycle of cash money circulation, the best business practices and standardization of business processes in cash and cash-in-transit activities;

stage-by-stage liberalization of currency relations by way of simplification of requirements for currency transactions, transition from directive regulation methods to economic ones based on cash flow monitoring and subsequent control;

introduction of the ISO 20022 international standard methodology into the payment system of the Republic of Belarus.

CHAPTER 4

WAYS AND METHODS FOR THE ACHIEVEMENT OF THE MEDIUM-TERM GOAL OF THE INSTITUTIONAL DEVELOPMENT OF THE NATIONAL BANK

8. The successfulness of the National Bank in accomplishing its mission, in achieving the vision and the medium-term goal and in solving the institutional development tasks depends on many components, with the most important ones as follows:

- flexibility and dynamic behavior;
- openness and communicativeness;
- focusing on major areas of activity;
- rising the level of technological implementation of processes;
- professionalism and competence;
- solvency and financial stability;
- healthy job climate;
- transparent and self-critical assessment of activity.

9. Flexibility and dynamic behavior are demonstrated by the National Bank's readiness for development. With the goal defined and operation conditions variable, the mission accomplishment method also can be transformed in accordance with the current external circumstances. Also, some changes are predictable while others are not. In this context, the National Bank intends to use the approaches for operation that provide quick adoption to shocks that are hard to predict. The activity will be based on application of the best practices from central banks in other countries and oriented towards improvement of capability to invite and keep the highly-skilled personnel. The National Bank will proceed with its work for interaction and expansion of cooperation with foreign central banks, international financial organizations and other foreign organizations in personnel training and sharing of experience.

10. Open information policy and active communications play an important role in transmission of necessary impacts from measures taken by the National Bank to the economy and the financial sector. Improvement of information and communication policy will be oriented towards higher promptness and availability of information provision to the general public, arrangement of effective communications with all target groups and audiences. The importance of confidence in the National Bank sets high requirements for transparency in activity and gives rise to the need for regular control and assessment of effectiveness of measures taken.

11. In the medium term, the National Bank will focus on major areas of activity and will revise the reasonability of assuming the discretionary authorities fully or partially because it is not obvious that their implementation is reasonable in terms of the social utility. The organizational structure optimization will provide higher level of controllability, transparency, flexibility, quality and effectiveness of activity of the National Bank.

12. Intensive development of modern technologies, models and processes creates the necessity for regular improvement of resources and capabilities of the National Bank for its goals achievement. The integral precondition of performance growth is steady rise of the level of technological implementation of processes that means stable improvement of effectiveness of systems for IT support, data analysis and in-house interaction. These tasks can be solved subject to sufficient investments and active development of business initiatives.

The precondition for high-performance IT support system is application of system's up-to-date, powerful, mobile, convenient, reliable and safe physical infrastructure, appropriate IT technologies, provision of highly-skilled, prompt and uninterrupted service for them, and appropriate upgrade in line with the expansion of needs of the National Bank.

Improvement of the effectiveness of the data analysis system for the National Bank will be focused on making the statistical information prepared by the system more compliant with international standards and intensifying the produced administrative data in order to provide deep and comprehensive scientific and analytical preparation of managerial decisions made, as well as on further development and improvement of the information and analysis system by application of up-to-date approaches for its architecture, optimization of resources and technologies being in use, implementation of new high-tech automated services, the cloud infrastructure development, in order to provide prompt handling and storage of high amounts of data, both structured and non-structured, quick access to the data, and to make the data handling processes more flexible to respond the new needs of the National Bank, supported with the reliable and trouble-free operation of systems.

Improvement of technological implementation of the in-house interaction will be developed along the line of active application of up-to-date flexible procedures for arrangement of work of employees of the National Bank, in combination with the expansion of skills in application of IT tools and resources oriented towards the optimization of managerial decision-making processes and rising the performance and effectiveness of activities of the National Bank.

13. To achieve the specified major goals, the National Bank intends to recruit its personnel with the high level of skills and professionalism that will apply the advanced practices and technologies actively and widely at its jobs, with the wide range of knowledge and competence in various areas. The National Bank will encourage its employees to improve their professional knowledge and skill level regularly; this will contribute to the growth of effectiveness and work performance and to the improvement of quality of discharge of their duties.

14. While profit is not the major goal of the National Bank activity, its solvency and financial stability is a critical precondition for its mission accomplishment because if the central bank is capitalized poorly, it can be incapable to discharge its functions as an operationally independent agency of monetary and credit regulation.

In the context of insufficient capitalization of the National Bank, measures will be implemented in the nearest future to strengthen the National Bank's operational independence and financial potential, involving both internal (maximally effective and reasonable usage of resources) and external sources (financial support from the Government of the Republic of Belarus and international financial organizations, agreements with central banks of other countries).

15. The working climate will be maintained in the National Bank, providing the formation of motivation and sense of responsibility,

opportunities for team work and for personal development of each employee. It means that the work arrangement system will be built where all employees assume their responsibility for the decisions made, understand clearly their contribution into the achievement of final goals and are sure that their activity results will be evaluated fairly. Active communications between the structural divisions of the central office and the structural divisions of the National Bank will contribute to the strengthening of team spirit and professional development of employees.

16. To provide successful management, achievement of goals and usage of resources must be controlled. Regular assessment must be carried out in all areas of activity of the National Bank, and this assessment must be self-critical and transparent. For this purpose, clear system of key indicators of work effectiveness is necessary. The National Bank will proceed with its efforts in seeking and application of assessment and self-assessment methods for the achievement of goals specified. In several areas, highly-skilled experts from other organizations may be invited to assess the work quality. For work quality assessment in other areas, an admissible approach is implementation of monitoring of specified indicators capable to provide sufficiently full understanding of the degree of effectiveness in implementation of activity of the National Bank.

CHAPTER 5 EXPECTED RESULTS

17. The implementation of this Strategy will make it possible for the National Bank to shift to the fundamentally new level in its institutional development that will be described by the characteristics as follows:

higher degree of confidence of the general public, foreign banks and international financial organizations in the monetary and credit policy and the financial stability maintenance policy pursued by the National Bank;

strengthening of positions and rising of influence of the National Bank among other state agencies in the Republic of Belarus and among central banks of other countries as a conductor of reasonable and effective state economic policy based on scientific researches and on in-depth, comprehensive and high-quality economic analysis and forecasting;

rising of the degree of transparency in the policy and activity of the National Bank for the general public;

transition to the more optimal and effective organizational structure in the National Bank;

high level of competence and professionalism of employees of the National Bank;

strengthening of the operational independence and financial potential of the National Bank;

availability of the system of key indicators of work effectiveness;

significant improvement of the level of technological implementation of processes based on up-to-date information and management technologies in arrangement of work providing the effectiveness of activity of the National Bank.

18. The transition to the fundamentally new level in the institutional development will become the foundation for sustainable success of the National Bank in the achievement of major goals in its activity as established by the legislation, an integral precondition for the balanced growth of the Belarusian economy, improvement of the standard and quality of living for the population in the Republic of Belarus.