



THE NATIONAL BANK
OF THE REPUBLIC OF BELARUS

Institutional Development Framework

2021–2023



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Mission and vision



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Mission

The mission of the National Bank is to ensure price and financial stability, as well as promote sustainable development of financial services and financial market infrastructure.



Price stability means a moderate increase in consumer prices, not their invariability. The medium-term goal of maintaining price stability is to keep inflation near 5 percent.

Financial stability means the condition where the National Bank, financial service providers, the financial market, and the payment system of the Republic of Belarus function effectively and smoothly and retain the ability to perform their functions in the event of destabilizing effects of internal and external factors.

Promotion of sustainable development of financial services and financial market infrastructure means pursuit and implementation of measures aimed at the balanced, dynamic and competitive development of the financial market and increasing financial inclusion, creating conditions for innovations while ensuring the rights and interests of consumers of financial services.



Mission and vision



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Vision

The vision of the National Bank* is a credible, innovative and engaged central bank.



Credibility

implies gaining and maintaining public confidence in the activities of the National Bank in achieving its statutory objectives, credibility among government agencies of the Republic of Belarus, international financial organizations, and central banks of other countries.



Engagement

expresses the National Bank's commitment to the values of enhancing financial inclusion, guaranteeing the protection of the rights of consumers of financial services and promoting the principles of sustainable development of the Republic of Belarus.



Innovations

reflects the aspiration of the National Bank to implement the best international experience of central banks in its activities, develop and apply innovative solutions using modern technologies and research methods, as well as concentrate and disseminate advanced economic knowledge in the Republic of Belarus.

* The vision of the National Bank is a description of the future reference condition of the National Bank, providing for significant qualitative improvements made by the management and employees of the National Bank, as well as other specialists interacting with the National Bank.





Institutional principles



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The National Bank’s institutional principles

To fulfill the mission and achieve the vision, the National Bank will adhere to the following institutional principles:

Transparency and accountability

Dynamism and commitment to collaboration

High technological efficiency and cybersecurity of processes



Orientation on competence development and staff engagement

Performance and efficiency of strategic management tools



Institutional principles



Transparency and accountability

Transparency provides a better understanding of how the effectiveness of the National Bank is achieved, how its activities comply with its mandate and serve the interests of the Republic of Belarus. By enhancing transparency, the central bank strengthens its accountability to the public, while being accountable to the President of the Republic of Belarus. The National Bank ensures transparency of its activities through the implementation of its communication policy. The establishment of a more informed dialogue with the public enhances the effectiveness of the National Bank’s policies and serves as a guarantee of its independence.



Dynamism and commitment to collaboration

Understanding of global trends, readiness for changes, going beyond the formal process, innovation and initiative in applying the best foreign practices considering the specifics of small open and transitional Belarusian economy,

as well as strengthening of coordination and cooperation of the National Bank with its stakeholders expand the capacity of the regulator and determine the success of addressing new challenges and achieving stated tasks.



High technological efficiency and cybersecurity of processes

The National Bank is deeply involved in the global process of technological changes that affect almost all areas of its activities. The huge potential of digital technologies pushes for regular modernization of the operational infrastructure, initiation of closer integration of IT processes with the central bank functions to meet high-quality standards, the achievement of high technological efficiency of the data management system, as well as expansion of IT personnel competencies. At the same time, the National Bank is aware that digital technologies not only open new opportunities for development but also cause the increase in and frequency of cyber threats in the financial sector.

This forces the National Bank to act ahead of the

curve and focus its efforts on building the overall cyber stability of the National Bank’s internal information systems and financial system infrastructure, ensuring timely response to emerging threats and rapid recovery of all systems from possible negative consequences of the disruption of their stable operation.



Orientation on competence development and staff engagement

The National Bank will maintain its commitment to recognizing, motivating and stimulating highly qualified employees by introducing conceptually new approaches to corporate training and career management while preserving the accumulated corporate values. Increased opportunities for the exchange of information, experience and ideas will help strengthening the foundations for further development of the systemic view, developing new ways to solve problems and respond to changes.

Planning for the development of each employee’s expertise will accelerate the development of the



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necessary competencies of employees. Involvement implies a strong commitment of the staff to the public interest and the interests of the National Bank, a deep awareness of each employee that his work is focused on the benefits that the National Bank's mission brings to society, showing initiative and enthusiasm in implementing solutions that contribute to the overall ultimate goals.



Performance and efficiency of strategic management tools

In order to translate the conceptual guidelines of institutional development into concrete actions, the National Bank will use flexible and systemic tools of strategic management. These include the system of operational planning used as part of the annual formation of the Map of the National

Bank's Main Tasks, a key strategic planning tool, as well as the efficiency and resource management system.

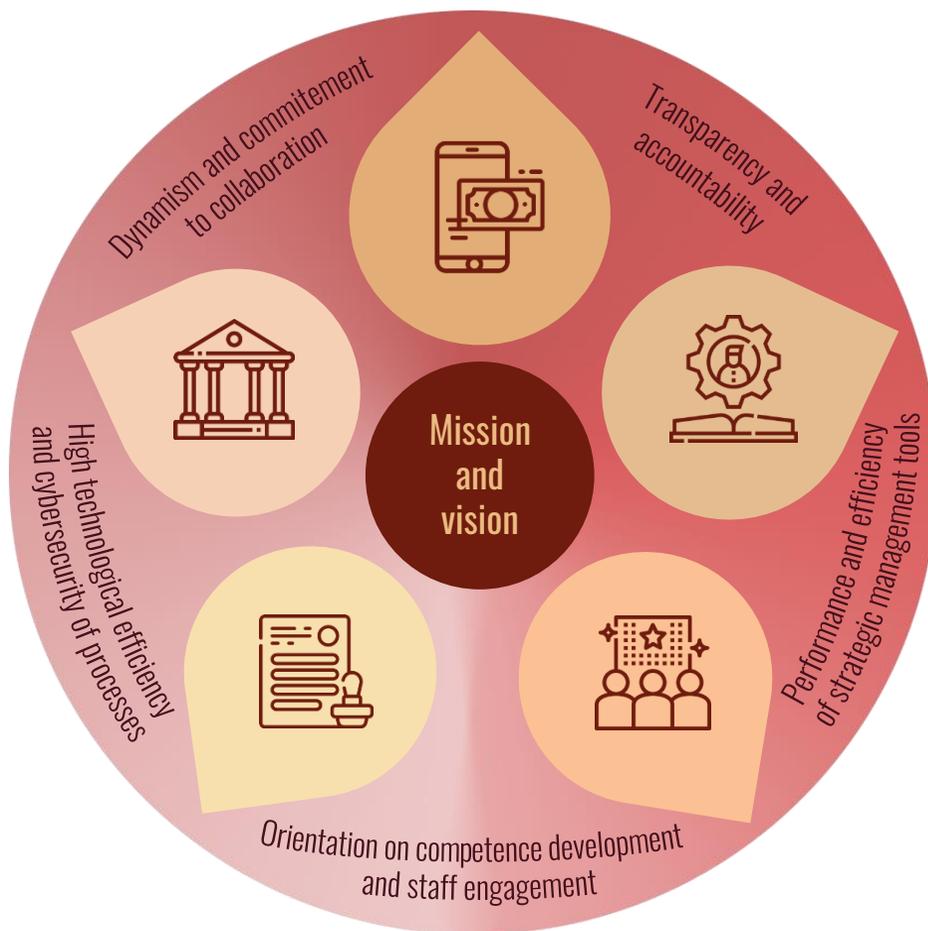


Priority areas of the institutional development of the National Bank

To achieve the vision in a changing environment, the National Bank has defined a set of tasks for itself in **five priority areas**:

Monetary policy and macroprudential policy

Regulation and supervision of financial intermediaries



Digitalization and financial innovation

Financial literacy and trust in the national currency

Internal organizational and technological capabilities



Medium-term
tasks

Medium-term tasks of the institutional development of the National Bank



Monetary policy and macroprudential policy

The integration of monetary policy and macroprudential policy into the first priority area of institutional development is based on their common characteristics – macro-level orientation, understanding of the movement of business and financial cycles in the economy, and the importance of interaction of these policies with other types of state economic policy (fiscal, investment, etc.). The results of monetary and macroprudential analysis have an applied purpose: they serve as a basis for making decisions on changing the order of regulation and supervision of financial intermediaries.

Medium-term tasks:

- Transition to the inflation targeting regime; and
- Improvement of the system of macroprudential regulation.



Medium-term tasks of the institutional development of the National Bank



Regulation and supervision of financial intermediaries

Modern global trends of financial sector transformation, expansion of categories of institutions providing financial services, as well as changes in business models of banks are expressed in the application of new approaches to regulation and supervision of financial intermediaries (transition from the institutional model to the functional one, application of proportional regulation). The components of regulation and supervision are viewed as interrelated and interdependent, the effective implementation of which implies their consideration as a system.

Medium-term tasks:

- Improvement of the practice of using modern effective tools of banking supervision aimed at assessing banks' capital and risks on the individual and consolidated basis taking into account the principle of proportional regulation, introducing international standards of the Basel Committee on Banking Supervision;
- Development of the foreign exchange regulation system;
- Improvement of the National Bank's policy on the development of a competitive environment in the financial market;
- Transformation of the conditions for carrying out banking operations, considering the introduction and use of modern financial technologies;
- Improvement of oversight of the payment system and regulation of payment services; and
- Strengthening financial consumer protection to support fair, socially responsible financial service delivery practices.



Medium-term
tasks

Medium-term tasks of the institutional development of the National Bank



Digitalization and financial innovation

This area unites the main drivers of sustainable, dynamic, progressive and competitive development of the financial services sector in modern conditions. The rapid development of digital technologies is radically changing the face of the financial industry. Following this trend is inevitable, which means that the success of the National Bank as an institution will be determined by the possibility of maximizing the benefits of competent stimulation of innovation development in the financial sector. Accordingly, the solution of the tasks of the institutional development of the National Bank in this area is designed to increase the contribution of the financial sector to the growth potential of the Belarusian economy and the achievement of sustainable development goals.

Medium-term tasks:

- Creating a legal and technological framework for the digital transformation of the National Bank and the financial sector; and
- Strengthening capacity in the field of cybersecurity in the financial sector.



Medium-term
tasks

Medium-term tasks of the institutional development of the National Bank



Financial literacy and trust in the national currency

This priority area unites the most important informal (abstract) institutions - financial literacy and trust in the national currency - elements of the external environment, the quality of which determines the efficiency of the National Bank and which the National Bank is able to influence. The development of the external institutional environment in this direction will help the National Bank to achieve the goals of its activity more effectively since it will improve the understanding of the regulator's policy signals by the general public, strengthen its relationship with economic agents and thereby increase the quality of transmission of monetary and macroprudential policy signals in the economy.

Medium-term tasks:

- Strengthening public trust in the statements and actions of the National Bank's management, including expanding support for measures to increase trust in the national currency and building public confidence in the National Bank's ability to fulfill its mission; and
- Popularization of knowledge and skills of rational financial behavior and improvement of financial literacy of the population.



Medium-term
tasks

Medium-term tasks of the institutional development of the National Bank

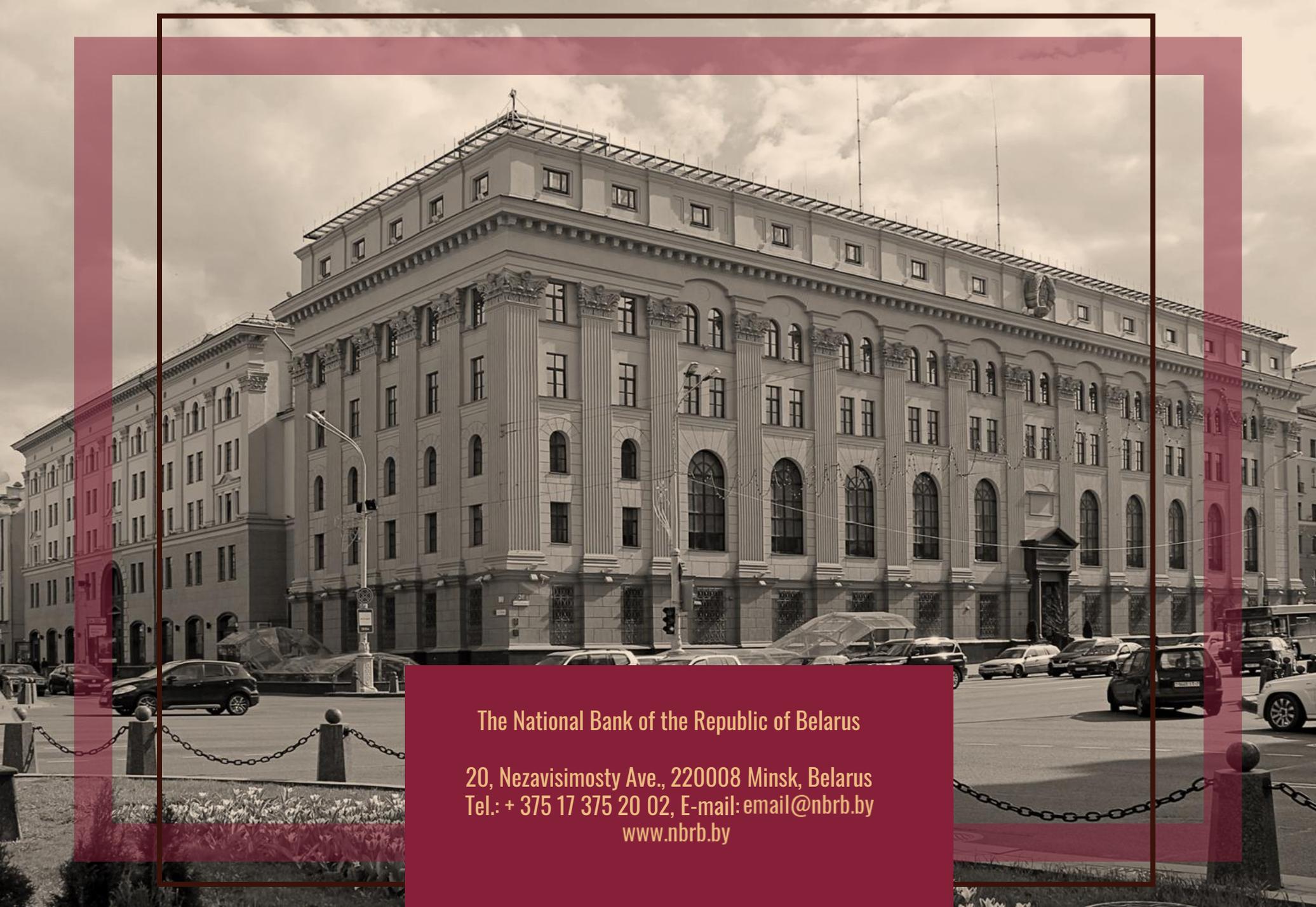


Internal organizational and technological capabilities

This priority area covers the supporting processes of the National Bank and combines tasks, the solution of which has a general focus on the institutional development of the National Bank as a formal (real) institution with specific human, tangible, intangible, financial and time resources. Their development is necessary to ensure ongoing adherence to the established institutional principles of the National Bank, since their observance requires constant improvements, making efforts and the implementation of specific actions.

Medium-term tasks:

- Strengthening analytical capacity and improving data management;
- Improving the organizational capabilities of the National Bank;
- Transition to a qualitatively new level of work with personnel, ensuring the maintenance of competencies that meet the requirements of a modern central bank;
- Improving the quality and practical significance of ongoing research;
- Strengthening the financial capacity of the National Bank; and
- Development of the risk management system of the National Bank.



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