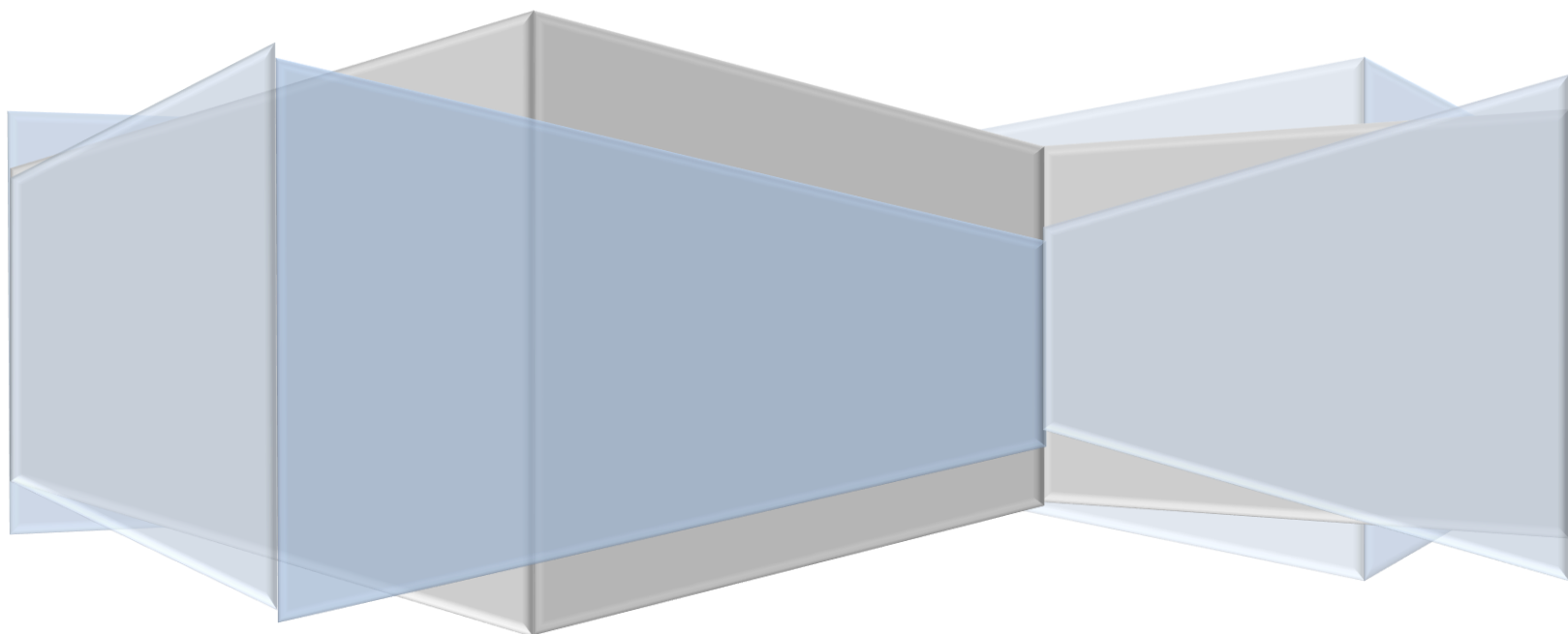


THE CENTRAL BANK OF THE REPUBLIC OF ARMENIA

STRATEGY 2018-2020



Introduction

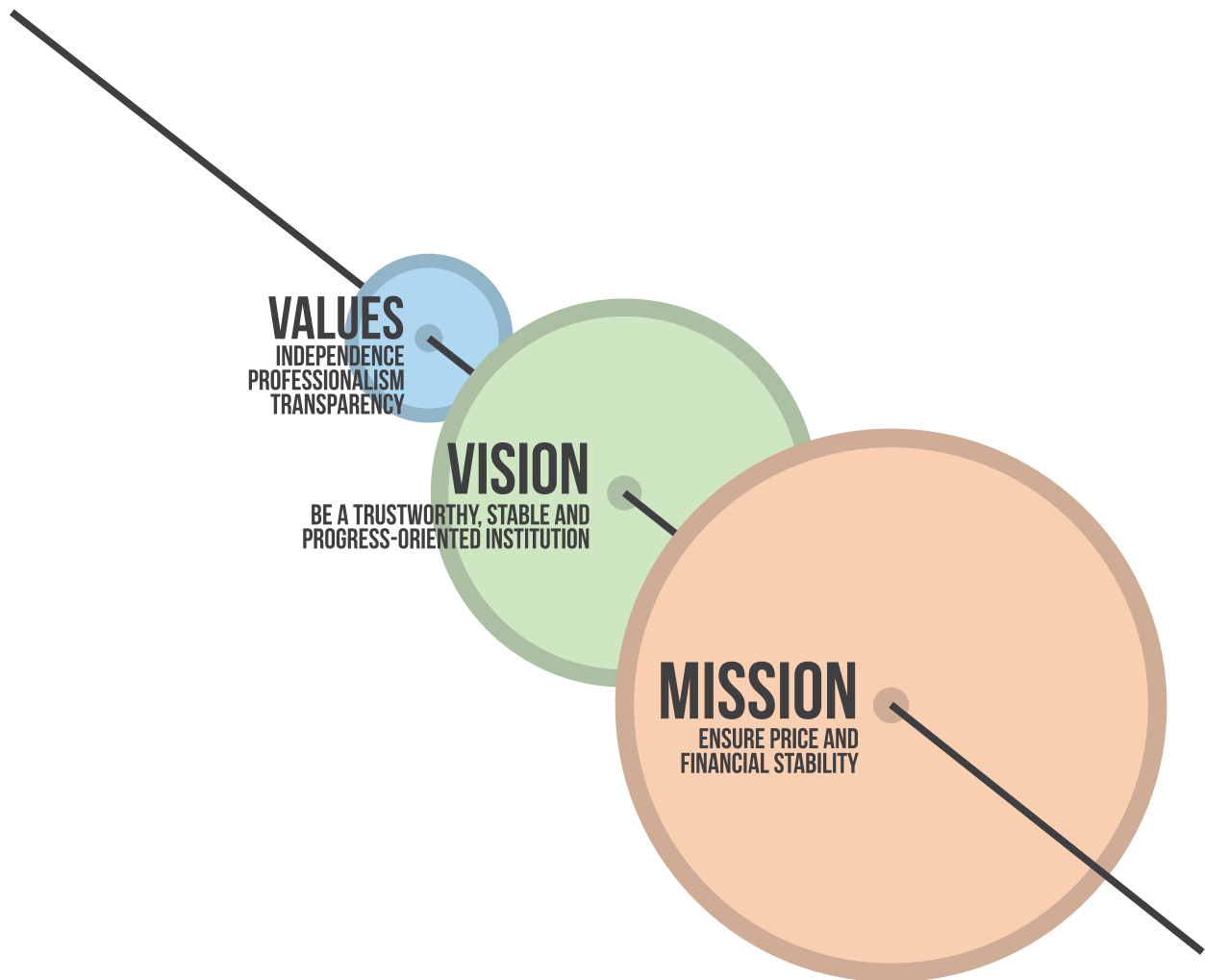
The Central Bank of the Republic of Armenia (the Bank) seeks to implement a transparent and predictable policy by developing and publishing its strategy for the next three years. The Strategy is addressed to the public, financial system, partners, staff of the Bank and other stakeholders.

The 2018-2020 strategy defines the strategic areas of the Bank and summarizes the directions for their development.

It aims at further developing the previous achievements by the Bank and defining new directions specified by today's challenges.

The Central Bank is guided by the international standards and best practices when implementing its strategy.

The mission, vision and values of the Central Bank of Armenia



VALUES:

Independence: The Central Bank is independent in implementing its activities in the context of decision-making process and deciding on the tools to achieve its goal.

Profesianalism: The Banks' ability to respond to challenges in a timely and high-quality manner through professional staff.

Transparency: Providing stakeholders with all relevant information on its activity in an open, clear and timely manner.

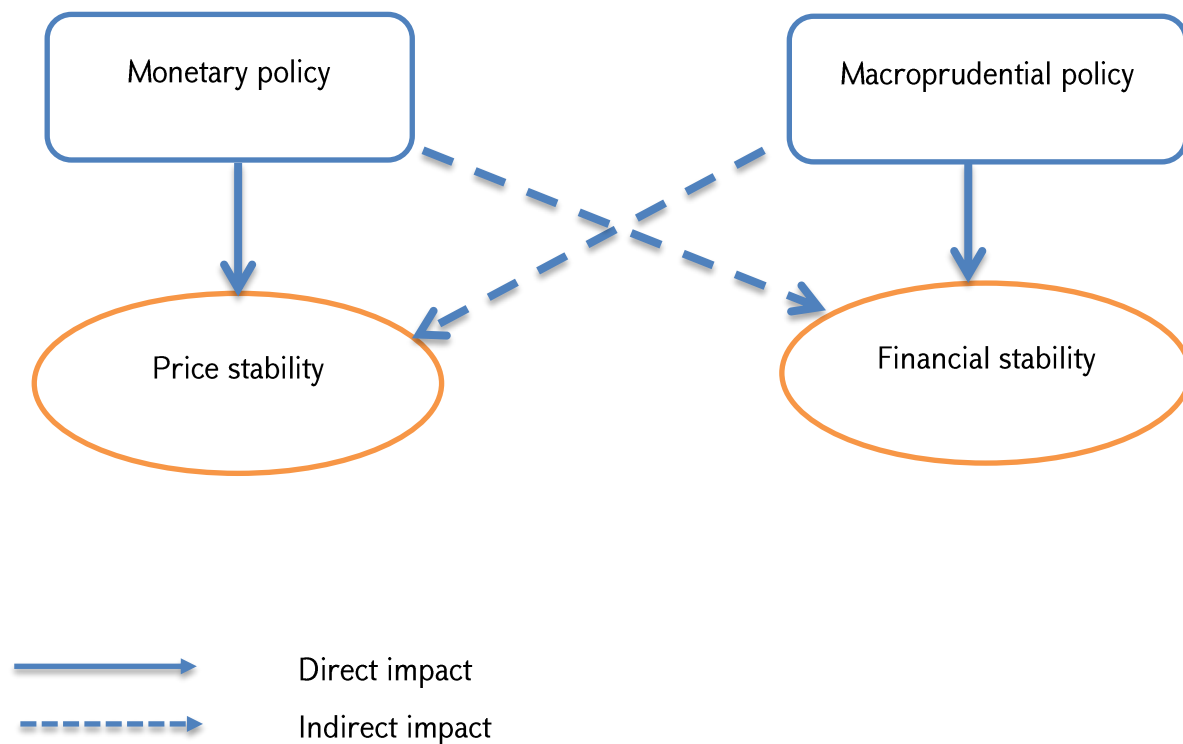
VISION:

To be trusted by its stakeholders, stable in its policy-making and remaining a progress-oriented and developing institution at the same time.

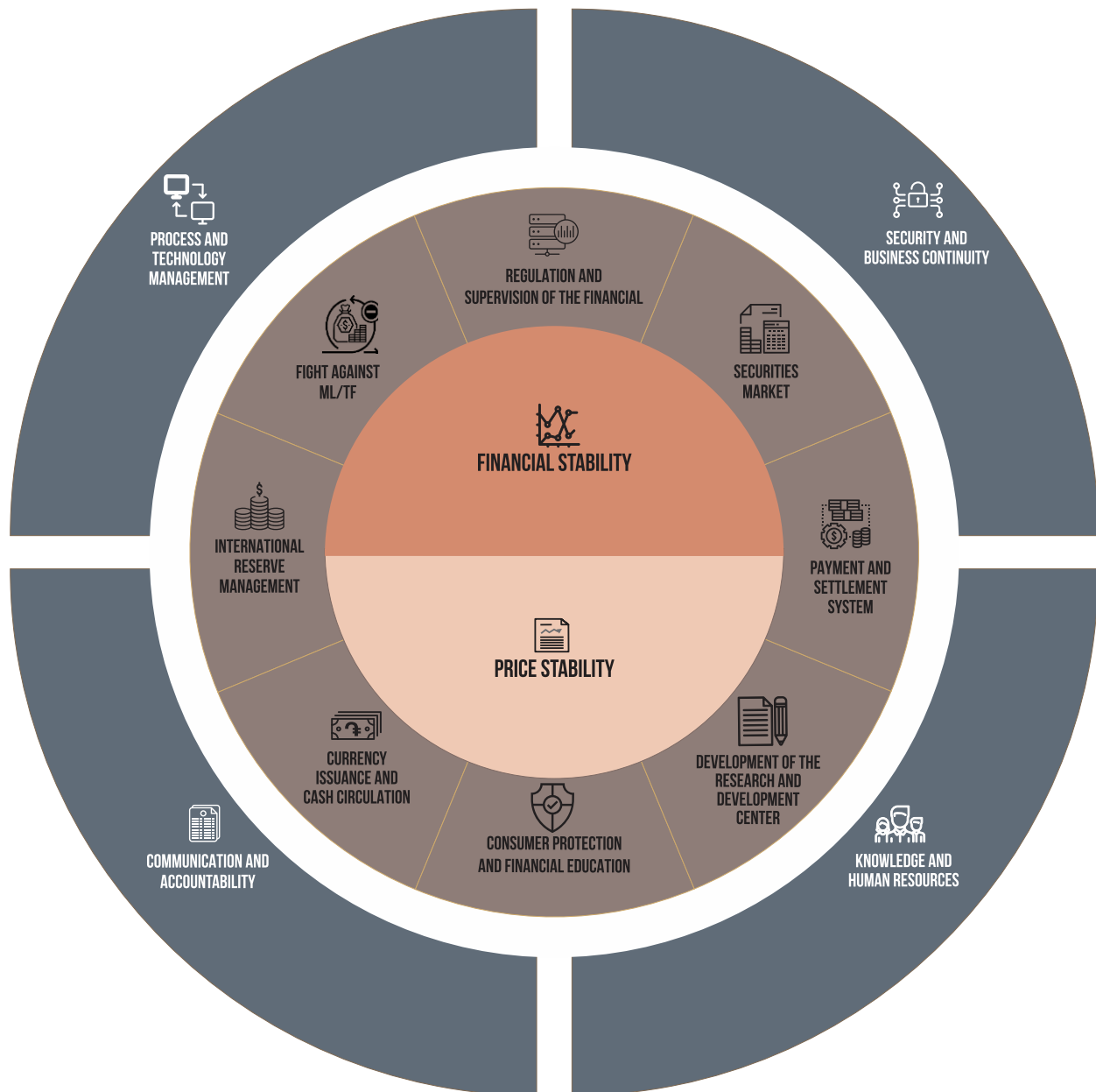
MISSION:

To maintain price and financial stability. The Bank develops, adopts and implements monetary policy in order to ensure price stability and macro-prudential policy for financial stability.

Interactions between monetary and macroprudential policies.



Strategic priorities of The Central bank of Armenia



- Institutional development areas
- Strategic directions for 2018-2020
- CBA policies framework



PRICE STABILITY

Creating prerequisites for sustainable economic growth in the long run by ensuring price stability.

Price stability is a process of anchoring the public expectations around the inflation target. It implies a price change that does not affect economic agents' behaviour related to spending, savings, investment and other decisions.

Development tracks:

- 1. Improving the Forecasting and Policy Analysis System.*
- 2. Increasing confidence in the monetary policy and ensuring maximum perception.*



FINANCIAL STABILITY

Maintaining Financial Stability and sound functioning of the financial system.

The CBA sets macroprudential policy to ensure financial stability. The CBA defines financial stability as a state in which the financial system operates smoothly (without undesirable impacts on present and future performance of the economy), while being resistant to adverse shocks. Financial stability is concerned with the stability of entire financial system, not the stability of individual financial institution.

Development tracks:

- 1. Improvement and development of macroprudential analysis and mechanisms to identify and assess systemic risks.*
- 2. Ensuring transparency and clear communication of macroprudential policy decisions and decision-making processes.*



REGULATION AND SUPERVISION OF THE FINANCIAL SECTOR

Providing sustainable performance and development of financial system.

Development tracks:

1. *Development of the financial regulation and supervision based on best international practices and trends, in accordance with the principles of the Basel Committee on Banking Supervision, International Organization of Securities Commissions (IOSCO), International Organization of Pension Supervisors (IOPS) and International Association of Insurance Supervisors (IAIS).*
2. *Development of the risk-based supervision.*
3. *Development of the capacities regarding the market conduct supervision.*



PAYMENT AND SETTLEMENT SYSTEM

Ensuring and developing a smooth functioning and secure payment and settlement system.

Development tracks:

1. *Development of financial technology in the field of innovative payment services and payments, modernization and improvement of the CBA's electronic payment system (RTGS).*
2. *In the context of strengthening the financial system's stability, increasing the efficiency of access to money remittances and risk management.*



CURRENCY ISSUANCE AND CASH CIRCULATION

Uninterrupted supply of cash towards demand by all economic agents.

Representation of national values through the issuance of the notes and coins.

Development tracks:

1. Issuance of new generation banknotes with high-quality composite substrate and modern security features.
2. Organization of fight against counterfeiting as new generation banknotes are put into circulation.



SECURITIES MARKET

Providing and promoting fair pricing of securities, development of sound and transparent markets.

Protection of investors.

Development tracks:

1. Support the design of new high quality securities market instruments for participants of securities market, for investors, including pension funds.
2. Encourage an increase of companies' access to capital market, including but not limited to applying new technologies.
3. Promote implementation of internationally accepted repurchase agreements (GMRA), promote development of deep and liquid money market.
4. Promote continuous development of securities market infrastructure (Stock exchange and Central depositary), implementation of best standards and practices of securities trading and settlement.



INTERNATIONAL RESERVE MANAGEMENT

Secure and liquid management of international reserves of the Republic of Armenia.

Development tracks:

- 1. Implementation of new financial instruments and improvement of tactics for instruments allocated.*
- 2. Improvement of financial risk assessment methods and Instruments.*
- 3. Development and introduction of alternative approaches to strategic deployment of reserves.*



CONSUMER PROTECTION AND FINANCIAL EDUCATION

Protection of rights and legal interests of consumers.

Increasing the personal finance management capabilities of population through financial education.

Development tracks:

- 1. Ensuring an institutional environment and regulatory framework for effective consumer protection and financial education.*
- 2. Development of consumer-centric corporate culture with providers of financial services.*
- 3. Raising the level of financial literacy of population.*



FIGHT AGAINST ML/TF

Organization and Regulation of the fight against Money Laundering and Terrorist Financing (AML/CFT) in the Republic of Armenia.

Development tracks:

- 1. Analysis and assessment of AML/CFT risk in the Republic of Armenia.*
- 2. Improving the effectiveness of preventive measures based on the risk identified and existing challenges.*
- 3. Continuous advancement of the AML/CFT institutional framework in line with the international standards.*



DEVELOPMENT OF THE RESEARCH & DEVELOPMENT CENTER

Carrying out world-class research studies.

Development tracks:

- 1. Contribution to the recognition of Dilijan as a regional educational research center by enhancing the international reputation of the Research center.*
- 2. Carrying out world-class research studies to increase the efficiency of the Central Bank policy.*
- 3. Withstanding today's challenges by continuous content updating of the events held at the Dilijan Educational Research Center.*
- 4. Expansion of the scope of participants in the Dilijan Educational Research Center to involve external stakeholders of the Central Bank. It will give a new impetus to the growing awareness of the policy implemented by the Central Bank.*

Research is the basis for the implementation of strategic goals and development of institutional capacities.

INSTITUTIONAL



PROCESS AND TECHNOLOGY MANAGEMENT

Improvement of the Central Bank core processes and information technologies.

Development tracks:

1. *Increasing the process efficiency.*
2. *Ensuring an uninterrupted operation, development and advancement of the Central Bank's entire Information Technology Infrastructure.*



KNOWLEDGE AND HUMAN RESOURCES

Enabling professional human resources for the implementation of the Central Bank's strategic directions.

Development tracks:

1. *Modernization of the tools for recruitment, selection and allocation of the the Central Bank staff.*
2. *Continuous development of the professional knowledge and necessary skills of the Central Bank staff.*
3. *Development of staff retention strategies for the Central Bank (talent retention).*
4. *Enhancement of the Central Bank corporate culture.*



SECURITY AND BUSINESS CONTINUITY

Ensure the security of the Central Bank staff, business continuity and information security.

Development tracks:

1. *Enhance the system of physical and information security of the Central Bank.*
2. *Creating a unified system for business continuity of the banking system.*



COMMUNICATION AND ACCOUNTABILITY

Enhancement the confidence in the policies implemented by the Central Bank.

Development tracks:

1. *Improve relationship with the Bank's stakeholders and provide feedback.*
2. *Improve public relations and communication channels.*

