



Central Bank
of Armenia

CBA STRATEGY

2025 - 2027

ANNEX

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Overview

Governor's Foreword	2
Mision, Vision, Values	4
Strategic Priorities	4
Financial System Regulation	5
Payment System Modernization	5
Financial System Supervision	5
Consumer Empowerment	6
Financial System Sustainability	7
Monetary Policy	7
Macroprudential Policy	7
Development of CBA Capacities	8
People	8
Systems	8
Governance	9
Data	9
Communication	9

Dear fellow citizen,

On the path of our mission to promote well-being of the society, we have revised our strategy, and now we're pleased to introduce it to you. This strategy is an organic continuation and comes next-in-line to the previous one. As part of this new strategy, we have rethought some areas of our development and identified others as important new areas for development.

With this strategy, we have set apart four critical components, where we see the scope of what we need to do in terms of development, innovation, and nourishment of a researching mind. These embrace the financial system, macroeconomic policy, internal capabilities, and communication.

In the 2021 Strategy, under the Monetary Policy direction, we decided on very ambitious results which we have achieved by introducing the FPAS MARK II framework for the monetary policy. We now plan to work on its institutionalization.

In the framework of the Financial System, we will bring dedicated attention to modernizing the payment system; we will have the overall payment system and its infrastructure retooled, as we reckon that our payment system should be one of the best around the globe, the services we provide should be accessible to and secure for our citizens.

Being part of global development, we haven't been left behind in following environmental, social and governance standards. With this strategy, we have emphasized the implementation of sustainability standards both as a regulator and an authority.

As regards Internal Capabilities, we have pinpointed Data as a new development area, because we believe that data serves a fundamental long-term assurance both in terms of public policy decision-making and improving the efficiency of organizational functions.

We consider that open and clear communication is one major key to our success, and in this context we underscored the importance of accountability and transparency in communication.

With our strategy, we will endeavor public welfare in the near future by implementing these strategic priorities, moving step by step closer to becoming a lead Bank. Bearing the principle of transparency in mind, we will regularly keep you informed about the progress and achievement in our strategy through our annual reports.

Best wishes for the future,

Martin Galstyan

Mission, Vision, Values

In defining our mission, we have relied on our values and the mandate of the Central Bank, and we have tried to present what we would achieve by securing price and financial stability. We strongly believe that the mandate to accomplishment of primary objectives will contribute to the improvement of the national welfare.

We are all aware that we're supposed to accomplish our mission in a rapidly changing world full of challenges and uncertainties. We have no alternative but to be tolerant to the uncertainties in the world. However, in this swirling uncertainty we shall strive to remain a reliable partner for the society, the partners and the financial sector. We will be awarded the title of a reliable partner through the consistent implementation of entrusted actions and the transparent declaration of the results thereof.

Our vision is the visualization of the future that we want to achieve as an institution. We are convinced that the vision will help fulfill our mission. The first thing we have clearly realized in the process of vision formation is to be in the lead. We will achieve our commitment to be in the lead with excellence in research and innovative solutions. Regardless of the circumstances, we will try to find an innovative solution to any problem as a result of best practices in research. It should be made clear that innovation is not just an improvement, it is our contribution to ourselves and the world to reform.

We have chosen **excellence**, **integrity** and **respect** as key values to achieve our objectives aimed at formation and strengthening of our identity. We believe that the priorities of the strategy demonstrate that we could achieve our vision and mission only with these adopted values. These three values are clearly and closely interrelated and complement each other on the path to success.



Mission

On the way to fulfilling our mission, we have a clear idea of Armenia's challenges. Our perception of wellbeing embraces stable economic growth, sustainable development, financial security, and improvement of the standard of living by promoting competitiveness of an individual who is able to achieve the goals of multifaceted development and the creation of greater good.

Vision

On the way to realizing our vision, we are driven by the desire to be an all-encompassing, respectable partner, an attractive institution for talents. To achieve this, we ensure the transparency and accountability of our activities, versatile cooperation within the country and with partners abroad, and create opportunities for full-fledged professional growth and realization of the potential of free-thinking, motivated and close-knit people.

Values

Excellence: We strive for excellence through cutting-edge research, analysis, external and internal cooperation, and innovation in all areas of our business.

Integrity: We present our goals in an open, effective way of communicating, and we are accountable for our actions.

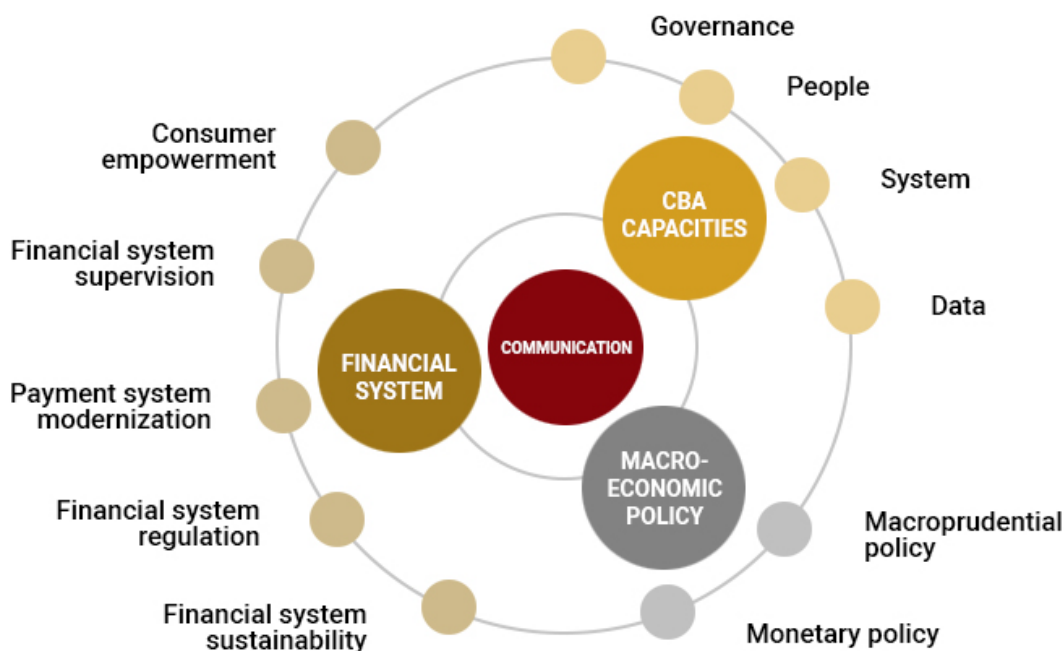
Respect: We respect each other and succeed by appreciating the value of diversity of people and ideas.

Strategic priorities

In determining the strategic priorities, we've been guided by four core directions:

- Financial system
- Macroeconomic policy
- CBA capacities
- Communication with both internal and external audiences

Strategic priorities



We have consciously limited ourselves to 3-5 strategic priorities for each strategic direction. This being said, the implementation of priorities under the strategic axis of developing inner capabilities of the Central Bank is a crucial precondition for the priorities set to be accomplished in both the financial system and macroeconomic policy.

Communication unites or encompasses our “Development of Inner (CBA) Capacities”, “Financial System” and “Macroeconomic Policy”. We are well aware that with this strategy we can achieve success only through effective communication. We will measure effective outreach through feedback to ensure correct perception by the Central Bank strategy stakeholders and understanding the impact of our actions.

Communication is a cornerstone as perception of strategic thinking by our stakeholders and formation of public demand for it remains one of the main tasks of the strategy.

Financial system regulation

Our strategic statement: develop and implement competitive, balanced, and stress-resistant regulatory frameworks that are in line with emerging markets, business models, and technologies.

Achieving this goal, we will maintain a stable, sound and reliable financial system by ensuring transparency and compliance in a consistent way through responsible governance.

As a result, we expect to have:

- a forward-looking regulatory framework in line with the recommendations of international standard-setting agencies (FSB, BIS, IOSCO, IOPS, IAIS, etc.) and international best practices based on the principle of “same activity, same risk, same regulation”;
- a competitive regulatory and supervisory framework for crypto-asset service providers;
- effective bank resolution framework to maintain financial stability;
- transition to granular data-based reporting framework.

Definition of done: the CBA’s regulations and mechanisms will be evaluated at certain time intervals by international organizations in accordance with international standards.

Payment system modernization

Our strategic statement: have in place a seamless and actively evolving digital payment system which is secure and inclusive.

Achieving this goal, we will meet the changing needs of consumers, businesses, and the Government.

As a result, we expect to have:

- forward-looking payment infrastructures operational in line with international standards;
- a comprehensive payment system policy, including in regards to digital currency and tokenization.

Definition of done: these systems will be evaluated periodically by international organizations or the Central Bank (BIS PFMI - Principles for Financial Market Infrastructures).

Financial system supervision

Our strategic statement: make sure that significant risks in the financial system, infrastructure and organizations are properly managed and, in the event of problems or crises, their impact is minimized.

Achieving this goal, we will have in place a more stable, reliable and transparent financial system.

As a result, we expect to have:

- a risk-based, forward-looking, state-of-the-art and exemplary supervisory system.
- a higher level of supervisory transparency and accountability;
- a more competitive and inclusive financial system that will provide consumers and investors with accessible, high-quality, safe, and innovative services.

Definition of done: improved quality of governance in financial system infrastructures and financial organizations, positive change in their perception of the supervision process, reduced reporting costs of financial system participants, increase in the level of consumer satisfaction with the financial system, improvement of external and internal evaluations related to the supervision process.

Consumer empowerment

Our strategic statement: we need to have an empowered consumer who significantly increases his/her well-being and reduces the cost of public spending on regulation and supervision.

Achieving this goal, we will have in place a demand for new quality financial services.

To achieve consumer empowerment outcomes, we will take a problem-centric approach while continuing to support and, where necessary, develop the ecosystem. This means that we will identify specific problems of vulnerable groups and propose appropriate solutions. Our approach is that everyone should have the opportunity and ability to participate responsibly in the financial system, access financial services and products, and contribute to personal financial well-being.

We will prioritize issues that have a significant impact on people's financial well-being. When developing solutions, we will emphasize that they are as data-driven, digital, and sustainable as possible. In the years ahead, such issues will include, for instance, debt management, access to digital financial services for people living in remote rural communities and people with disabilities.

In accordance with the financial education program, we will carry out financial capability survey to assess financial capabilities and will use the survey results to revise the financial education program accordingly.

As a result, we expect to have:

- an efficient consumer empowerment mechanism;
- financial inclusion of individuals, ensuring that individuals, and especially vulnerable groups in society, have access to basic financial products and services that meet their needs and that they use them responsibly and safely. Basic financial products and services are bank accounts, payments, savings, credit and insurance. Initially, we will emphasize the use of a bank account, out of basic financial services, as it serves a precondition for accessing other financial services and is a crucial tool for people to effectively plan and manage their daily finances;
- individuals capable of using financial services competently, having in place and, if necessary, developing the key pillars for the consumer empowerment ecosystem (financial education, consumer protection regulation and supervision, and a system for consumer dispute resolution in the financial system);
- behavioral research tools and capabilities for impactful policies, regulations and interventions designed for consumer empowerment;
- mechanisms established for expressing consumer opinions and claims and evaluating financial services.

Definition of done: on an annual basis, we will have:

- an increased level of financial literacy: the level of financial capabilities index will reach the one envisaged by the financial education program;
- nearly 50000 young people who have just graduated from school will be able to confidently and responsibly access basic financial services and manage their daily finances;
- an increase in active users of bank accounts and apps.

Financial system sustainability

Our strategic statement: raise the level of awareness and transparency of financial market participants regarding the management and minimization of environmental, social and governance (ESG) risks, promoting the formation of a sustainable financial system and the effective management of ESG risks.

Achieving this goal, we will create a sustainable financial system to incorporate the ESG criteria into financial decision-making.

As a result, we expect to have:

- high level of awareness of financial market participants on ESG and climate risks;
- a determined spectrum of sustainable financial instruments, including green loans, bonds and other products, in the financial system;
- minimization of financial risks deriving from physical and transitional risks through the introduction of effective ESG and climate risk management and reduction principles;
- a sustainable financial system and steadier economic development.

Definition of done: raising awareness of financial market participants on ESG and climate risks, implementation of the priorities of the published roadmap, determining a spectrum of sustainable financial products, which leads to diversification of financial products and, thanks to all this, management and minimization of ESG and climate risks deriving from physical and transitional risks.

Monetary policy

Our strategic statement: we need to be among the countries with the best monetary policy strategy.

Achieving this goal, we will establish a consistently forward-looking and dynamically evolving system, fostering a comprehensive public understanding of monetary policy and price stability.

As a result, we expect to have:

- an advanced and dynamically evolving Forecasting and Policy Analysis Systems (FPAS);
- innovative solutions to the monetary policy system or its specific elements;
- creating a clear and supportive public understanding of the key elements and principles of monetary policy strategy, including among financial market participants;
- clear and transparent approaches to CBA instruments, liquidity management and monetary policy operations, ensuring comprehensive understanding for financial market participants.

Definition of done: a broad and supportive perception among financial market participants and the general public regarding monetary policy decisions, leading to an increased effectiveness of monetary policy.

Macroprudential policy

Our strategic statement: we need to have one of the best systems for assessing and responding to systemic risks emerging and accumulating in the financial system.

Achieving this goal, we will implement a policy that will guarantee the stability of the financial system, ensure its continuity and depth through smooth financial intervention and thus promoting long-term sustainable economic growth.

As a result, we expect to have:

- a framework for the analytics of application of macroprudential tools;

- a macroprudential policy implementation mechanism;
- an up-to-date system risk assessment tool kit, including development and introduction of new tools.

Definition of done: mastering the policy messages, demonstration of an adequate behavior by financial institutions, and sufficient capacity to withstand shocks to the financial system. As a result, the continuity of the system's lending to the economy will be ensured.

Development of CBA capacities

The development of the Central Bank's internal capacities is an important precondition for accomplishing the priorities in the sphere of influence.

People, technology and governance, as well as communication are closely interrelated, and it is their quality and consistency that counts for successful implementation of the public policy.

As a long-term development-oriented institution, the Central Bank follows environmental, social and governance principles, which are the pillars for bio-sustainability.

People

Our people perceive the work at the Central Bank as a title, contributing to the public welfare.

We create an environment and conditions where our employees:

- nurture a clear sense of ownership and responsibility for the work, driven by a shared team spirit and willingness to cooperate;
- work to deliver results while maintaining mutual respect and trust;
- value knowledge, always ready to sharing and learning, strive for self-improvement;
- are committed to ensuring the principles of diversity, equality and inclusion, excluding any form of discrimination.

Systems

Systems have been designed to give people everything they need to realize their potential and create new social value.

These:

- provide an employee-friendly physical infrastructure that also promotes cooperation between people and care for the environment;
- enable work to be done using the most advanced equipment and IT environment, combining the environment and people-centric culture;
- are designed and implemented on the "value-for-money" principle;
- maintain the highest standards of physical and information security without restricting people's activities.

Governance

Under Governance, we need to be driven and unite around our values and priorities.

Governance aims at:

- ensuring clarity of goals and processes;
- combining employee responsibility and required and sufficient authority;
- contributing to effective decision-making based on reliable data and research;
- encouraging creativity and innovation while helping employees manage risks.

Data

Data is a strategic asset for us and comes as the cornerstone to all our decisions.

We need to have:

- timely, complete, reliable and accessible data that will enable to prepare and make data-driven decisions;
- data governance approaches designed to meet not only current but future needs as well;
- the prowess to perceive data as a public good and implement appropriate policies;
- a community that uses data management principles (one-data-once, access-when-needed, etc.) in its daily work.

Communication

We need to achieve high credibility through accountability and transparency of actions to achieve our goals.

Communication will be done by way of:

- incorporating the principles of transparency and accountability into all decisions of public importance;
- providing feedback and data systems for the public policy;
- calling for a required educational component and treating it as a public good and social responsibility;
- speaking not only facts, but goals and intentions as well.