

THE CENTRAL BANK VISION

The Central Bank of the Republic of Armenia, in pursuit of being recognized as a prestigious, transparent, independent, knowledge-sharing and effective entity, as well as by virtue of:

- the Republic of Armenia Constitution,
- objectives conferred to it under the Republic of Armenia Law on the Central Bank,
- best international experience for sustainable economic development and an outlook for European integration,
- the wish to play a key role in provision of financial services at a regional level, and
- development trends and best international experience for central banks as crucial institutional units,

outlines the development of the potential of the Central Bank and mobilizes resources in the following directions:

Monetary policy

- Implement a fully-fledged inflation targeting strategy and response rapidly to the developments of best international experience in this field.
- Implement an open, transparent and publicly perceptible monetary policy that shapes steady expectations.

Financial system stability and development

- Maintain a sound and reliable financial system, including payment and settlement systems, through an ongoing monitoring, complex prevention mechanisms and supervisory tools in line with modern international criteria.
- Strengthen financial intermediation by increasing the number and diversity of financial market participants as well as promoting the growth of tools and products.
- Build pro-economy, sound, stable and manageable financial institutions and markets that share a common philosophy.

Statistics

- Improve timely collection, processing and dissemination of accurate statistical information consistent with international criteria.

Payment and settlement system and cash money cycle

- Maintain an uninterrupted, reliable and safe process of cash money cycle.
- Promote non-cash payments.
- Deliver fast and reliable services by the payment and settlement system to facilitate broader volumes and spectra of operations of economic agents by using products and services that are continuously updated.

Institutional development of the Central Bank

- Follow a philosophy of being an entity that rapidly responds to changes in economic landscape, effectively influences economic processes and dynamically develops.
- Be a reliable partner when cooperating with the Republic of Armenia Government as well as with other entities (international and/or private).
- Be an entity that keeps track of its development and improvement as a central bank, retains talent and develops professionalism as well as has a commitment to learn.
- Deliver a whole spectrum of services typical to central banks.

Summing up the results of goals and objectives outlined in the strategic program 2006-2008, and pointing to the current achievements as well as issues pending solution, the Central Bank gives a blueprint for its activity for the period 2009-2011 in the following directions:

Strategic Directions of the Central Bank for the 2009-2011 Activities

Monetary policy

In view of qualitative changes taking place in international economic environment and the need to move to a fully-fledged inflation targeting strategy, the Central Bank will continue to formulate and implement a perceptible, transparent and clear-cut monetary policy which will make inflation and inflation expectations to be more manageable in medium- and long-term perspectives while maintaining high economic growth rates and financial stability.

The monetary policy of the Central Bank for the period 2009-2011 will be developed in the following directions:

- Improve the mechanism for monetary policy formulation and for making forecasts through in-depth analysis of the nature of inflation as well as increase effectiveness of the processes that facilitate taking and realizing decisions relevant to the monetary policy.
- Remain committed to highly transparent monetary policy of the Central Bank and enhance the role of communication.

Development of financial system stability

The Central Bank highlights the importance of having a unified supervisory framework in place, since thorough review and control of risks in different segments of the financial system are the only way to determine the routes to achieve financial system stability. Not less important is the review and analysis of risks emerging in all sectors of the economy, since that would allow to carry out a comprehensive, combined supervision and regulation of the financial system hence develop Armenia's financial market.

The main directions for development include:

- Take measures to ensure stability of the Armenian financial system.
- Take measures to foster development of financial markets which would lead to exporting of financial services.

- Provide support in realizing goals set out in the Government program as well as in implementing a program of reforms.
- Improve the system for granting rating to commercial organizations, with an intention to pass it over to the private sector.

Statistics

The Central Bank attaches great importance to the improvement of monetary and financial statistics and, therefore, will continue keeping eye on the developments in this area in the years ahead. The Central Bank outlines the following directions of development:

- Improve the monetary and financial statistics in line with best international experience, including in line with standards and criteria set by the IMF.
- Raise the effectiveness of work of collection of statistical data from reporting entities and the quality of collected statistical information by introducing a new automated mechanism designed to receive reports.
- Develop the credit registry and insurance registry institutions.
- Relocate the compilation of external sector statistics from the National Statistics Service of Armenia and develop it further.
- Develop real sector statistics and get its methodology improved.

Payment and settlement system and cash money cycle

In pursuit of further developing the payment and settlement system in the years ahead, the Central Bank outlines the following directions:

- Ensure further development and reliability of operation of the Armenian payment and settlement system, and increase volumes of non-cash payments.
- Ensure sustainability, reliability and security of the cash money cycle.

Institutional development of the Central Bank

The Central Bank continues paying due attention to its dynamic development as a key institution that performs functions of public administration. The Central Bank has always endeavored to be on a cutting edge in terms of both appreciating and inputting progressive European experience in the area of governance and policy transparency and affordability and in terms of maintaining most regulated partnership relations with market participants and other government authorities. Continuing to follow

its traditions and keeping abreast of fresh changes and reforms, the Central Bank will be guided by the following developments:

- Set up state-of-the-art information systems which would allow structural units of the Central Bank to effectively carry out their functions and duties and tackle problems by taking the least amount of risk and operational costs.
- Set up a comprehensive system for ensuring continuity of business processes of the Central Bank as well as create a physical and technical safety network equipped with up-to-date facilities and in line with modern requirements.
- Introduce and develop a comprehensive system for risk management within the Central Bank.
- Improve efforts in broadening public relations, keeping abreast of international developments in this field.
- Carry out reforms in legal attendance of Central Bank's functions, following developments in international arena and studying best experience.
- Improve accuracy and transparency of financial accountability, planning, execution and control of the budget of the Central Bank and fully harmonize financial accounts of the Central Bank with international standards of financial accounts.

The Central Bank underlines the importance of continuity of staff training and cooperation with foreign partners, which is necessary to achieve improved quality and effectiveness of regulation and supervision of the Armenian financial system. An institutional role of the Central Bank is well exhibited in that personnel grown in the Central Bank shares its knowledge, skills and experience with various divisions of the economy thus bringing in a new level of professional integrity.

The blueprint for the Central Bank's activity for the period 2009-2011 is also outlined in the light of having knowledgeable, skillful staff members, in order to take measures to raise effectiveness of human resources management within the Central Bank by studying and inputting best international experience.

Further harmonization of logistics of the Central Bank with international standards as well as improving the process of construction works and keeping amenities in good order is also important.