

BANKA SLOVENIJE

EVROSISTEM

STRATEGIJA

BANKE SLOVENIJE

2015 — 2020

Bank of Slovenia - Eurosystem - Strategy of the Bank of Slovenia 2015-2020

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BANK OF SLOVENIA'S MANDATE AND POWERS

Eurosystem

The Bank of Slovenia is the central bank of the Republic of Slovenia, and as part of the Eurosystem is responsible for formulating and implementing the decisions of the Governing Council of the European Central Bank (ECB). It is committed to the joint strategic objectives of the Eurosystem, and draws up its own fundamental objectives within this framework.

Objectives

The fundamental objective of all those working together in the Eurosystem is to maintain price stability to the joint benefit of us all. Together we protect financial stability and strengthen European financial integration.

Status and tasks

The Bank of Slovenia is a legal person under public law, and was established by the Bank of Slovenia Act on 25 June 1991.

Governing Council of the ECB

As a member of the Eurosystem, the Bank of Slovenia pursues its mission and tasks within the framework of the Governing Council of the ECB, which consists of the governors of the national central banks and the members of the Executive Board of the ECB.

European System of Central Banks

The Bank of Slovenia is also member of the European System of Central Banks (ESCB), which consists of the ECB and the national central banks of all EU Member States. Bank of Slovenia representatives sit on ECB committees. The basic function of the ECB committees is to advise the Governing Council of the ECB.

Legal framework of operation

In relations with national and European authorities, we consistently uphold the provisions of the Treaty on European Union and the Treaty on the Functioning of the European Union, and the principle of independence, according to which we act in the implementation of the tasks defined in the Statute of the ESCB and the ECB and the Bank of Slovenia Act.

European Systemic Risk Board

The Bank of Slovenia actively participates in the European Systemic Risk Board (ESRB), which was established in 2010. The ESRB is part of the European System of Financial Supervision, the purpose of which is supervising the EU financial system. The Governor of the Bank of Slovenia is a member of the ESRB, in which all the supervisors of the financial market (the Bank of Slovenia, the Securities Market Agency and the Insurance Supervision Agency) participate. The ESRB is responsible for the macro-prudential oversight of the EU financial system and for the prevention and mitigation of systemic risks to financial stability in the EU that are a consequence of developments in the financial system. In so doing it takes account of macroeconomic development and has the task of preventing larger-scale financial difficulties. In addition, it contributes to the smooth functioning of the internal market, and ensures that the financial sector makes a sustainable contribution to economic growth.

Financial Stability Committee

With the establishment of the ESRB and the adoption of the Macro-Prudential Supervision of the Financial System Act, which has been in force since the end of 2013, the Bank of Slovenia also assumed the role of the secretariat of the Financial Stability Committee in Slovenia, which consists of representatives of the Bank of Slovenia, the Securities Market Agency (SMA), the Insurance Supervision Agency (ISA) and the Ministry of Finance.

Single Supervisory Mechanism

A Council Regulation of 15 October 2013 transferred special tasks concerning policies relating to the macro-prudential supervision of credit institutions to the ECB, which took over the supervisory mandate in November 2014, i.e. a year after the entry into force of the regulation on the Single Supervisory Mechanism (SSM) under the aegis of the ECB. The competent supervisory authority in Slovenia is the Bank of Slovenia. The mandate to supervise systemically important banks (significant institutions) was thereby transferred to

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the SSM, although the Bank of Slovenia's intensive and regular cooperation is required.

The Bank of Slovenia is also participating in the establishment of the legal framework for the recovery and resolution of credit institutions and investment firms within the framework of the Single Resolution Mechanism (SRM).

Guidelines

In the realisation of our objectives and the implementation of our tasks, the Bank of Slovenia places the greatest focus on credibility, trust, transparency and responsibility. We endeavour to communicate effectively with the citizens of Slovenia and the rest of Europe.

Effectiveness and efficiency

The Bank of Slovenia is committed to good governance and to performing the tasks entrusted to us effectively and efficiently in a spirit of cooperation and teamwork. By means of our experience and the exchange of knowledge, within the framework of the clearly defined roles and responsibilities of all Eurosystem members, we endeavour to strengthen the collective identity and unity of action, and to exploit potential synergies.

VISION

To be a forward-looking and proactive central bank, whose experts are committed, have high ethical standards, participate in formulating and implementing monetary policy aimed at maintaining price stability, and attend to the supervision of banks for the purpose of ensuring the stability of the financial system.

BANK OF SLOVENIA'S OBJECTIVES

Between 2015 and 2020 the Bank of Slovenia will pursue the following basic objectives:

- I. enhanced supervision of the banking system and the financial system,**
- II. deeper awareness of the key macroeconomic challenges, and the timely adoption of measures, admonishments and proposals,**
- III. a higher-profile role for the Bank of Slovenia in the Eurosystem and the EU,**
- IV. effective and efficient operations and actions, with flexible organisation and well-motivated staff,**
- V. increased trust from the public and an enhanced reputation.**

REALISATION OF THE BANK OF SLOVENIA'S OBJECTIVES

1. Enhanced supervision of the banking system and the financial system

In conjunction with the Slovenian government, the Bank of Slovenia attends to financial stability in Slovenia and supports efforts to maintain financial stability across the euro area. In light of the sharing of responsibility for the supervision of systemically important credit institutions (significant institutions) between the Bank of Slovenia and the ECB within the framework of the Single Supervisory Mechanism, the Bank of Slovenia will focus particular attention on proposals for improving the functioning of the mechanism.

*Single
Supervisory
Mechanism*

The Bank of Slovenia conducts comprehensive analysis of the implementation of macro- and micro-prudential supervision of the banking system, with a particular focus on identifying strategic and operational challenges. The analysis will form the basis for drawing up proposals for structural and technical/operational improvements. In this way the Bank of Slovenia will improve the quality of supervisory reviews of banking operations. We will conduct the procedures to issue authorisations set out by the Banking Act with independence, expertise and efficiency. We will actively participate in supervisory colleges in accordance with the standards of the Single Supervisory Mechanism. We will put in place an effective reporting framework in accordance with the requirements of the Single Supervisory Mechanism, and will provide high-quality supervisory databases. All of this will be done for the purpose of further enhancing the stability of the financial system.

*Supervision of the
banking
system*

In conjunction with the Slovenian government, the Bank of Slovenia will strengthen the capacity to carry out tasks of prudential supervision within the framework of the Single Supervisory Mechanism and the macro-prudential tasks within the framework of the ESRB.

*European
Systemic Risk
Board*

The Bank of Slovenia will effectively implement macro-prudential policy by means of macro-prudential instruments. These instruments curb the development of systemic risks, and the spreading of such risks between different segments of the financial system. We will develop and upgrade macro-prudential supervision tools and models to allow for the timely identification of systemic risks in the banking sector and the financial sector.

*Macro-
prudential
policy*

The Bank of Slovenia will participate in the establishment of the legal framework for the recovery and resolution of credit and investment institutions, and will strengthen its capacity to carry out tasks related to the recovery and resolution of credit institutions within the framework of the Single Resolution Mechanism. We will thereby contribute to the building of an effective banking union.

*Recovery
and
resolution*

The Bank of Slovenia will strengthen its involvement in the process of drawing up legislation and regulations in Slovenia, the EU and the EBA. We will uphold our positions on matters of importance to the Slovenian banking and financial systems.

Regulations

2. Deeper awareness of the key macroeconomic challenges, and the timely adoption of measures, admonishments and proposals

Macroeconomic challenges

The Bank of Slovenia independently monitors, analyses and gives timely warning of the key macroeconomic challenges in Slovenia and across the euro area, and proposes solutions in the adoption of economic policy to maintain economic stability and development. We work with authorities and institutions inside and outside Slovenia. On the basis of carefully chosen research projects, the Bank of Slovenia will expand and maintain a wide range of advanced model infrastructure that will support research and analysis work in the future. We will become a recognised research institution in the field of economics, both in Slovenia and across the region.

Knowledge and experience

The Bank of Slovenia's objective is that by 2020 the finest and best-qualified experts in the country will work for and collaborate with us in the area of research and analysis.

Awareness of key macroeconomic challenges

The Bank of Slovenia will develop, take up and apply statistical, methodological and analytical procedures to help in the identification of developments in the financial sector and across the economy as a whole. The Bank of Slovenia will above all provide high-quality, methodologically correct data to internal and external users in timely fashion. The basis for this will be new methodological standards of publishing, the overhaul and introduction of new forms of reporting, development in the area of surveying, and greater accessibility to data, in a manner that is user-friendly and convenient for the reporter.

3. A higher-profile role for the Bank of Slovenia in the Eurosystem and the EU

Expertise and responsibility

Having regard for the principle of centralised decision-making and decentralised implementation as the fundamental principles of the functioning of the ECB, the ESCB and the Eurosystem, the Bank of Slovenia will execute all functions of the Eurosystem with professional diligence, responsibility and transparency.

Defending our own positions

In so doing we will formulate our own positions and solutions, and will argue for them on the committees and working bodies of the EU, the ECB and the ESCB. We will contribute to the efficiency and effectiveness of the Eurosystem's procedures of discussion and decision-making; in making decisions the Bank of Slovenia will consistently emphasise analytical findings and arguments, and will defend the expression of diverse opinions.

A focus on substance

To raise the profile of the Bank of Slovenia's role, we will strengthen the substantive support for the governor and the other members of the Bank of Slovenia's senior management in the work areas of the Eurosystem and the EU.

Cooperation

In addition, in all work areas we will strengthen the Bank of Slovenia's cooperation with other international institutions and its consultations in the formulation of international policy.

Active involvement

The Bank of Slovenia will attain a higher profile and an increased reputation on the working bodies of the Eurosystem and the EU and at various expert meetings by formulating and more decisively pursuing its own positions on open issues.

4. Effective and efficient operations and actions, with flexible organisation and well-motivated staff

Effectiveness

The Bank of Slovenia will be an effective institution in terms of development, organisation and expertise. We will diligently manage all our resources, and seek effective and cost-efficient solutions at all times.

Flexibility

We will use our human, technical and financial resources to carry out tasks that allow greater value-added to be achieved. At the same time we will optimise business processes and will upgrade key performance indicators for these processes. We will take the requisite organisational measures to rectify any weaknesses identified and to adapt to new challenges.

Cooperation

We will place greater emphasis on cooperation between the bank's organisational units, staff mobility and teamwork.

Human resources

Motivated, mobile and well-trained staff are the foundation of the Bank of Slovenia's future development, and the basis for attaining our strategic objectives. To ensure that staff are connected, flexible and focused on results, we will allow them to meet personal objectives and undergo personal development in line with the institution's business objectives.

Work environment

The Bank of Slovenia will provide remuneration that is flexible and appropriate to a central bank environment, and will ensure a safe, encouraging, healthy and family-friendly working environment that allows for balance between work duties and a personal life.

5. Increased trust from the public and an enhanced reputation

Transparency

The public's trust in the Bank of Slovenia and our reputation are founded on our expertise, our professional and political independence, our transparency and our decisiveness of action.

*Independence
and
responsibility*

We are completely independent in carrying out our duties, but at the same time as a public institution we are accountable to the general public and their elected representatives. We will demonstrate our accountability by regularly reporting on our work and discussing subjects that are of importance to the public. Communications with the profession and with various population groups in the country will be strengthened, and will be two-way.

*Sharing of
ideas*

The Bank of Slovenia will continue to publish high-quality analysis and research that complies with international standards, to keep the profession and the general public informed and to raise our profile and transparency. To provide briefings to interested sections of the public and to raise the Bank of Slovenia's credibility and profile in economic analysis and research, we will organise conferences on central banking and roundtables with more specific themes. For the same purpose we will also actively participate in research conferences with our own contributions, and will provide technical assistance with a focus on our own region.