

The third strategic plan of the Central Bank of Iraq



البنك المركزي العراقي
CENTRAL BANK OF IRAQ



2024
2026

**Seventh Strategic Objective: Enhance Compliance with the Banking Sector and the Non-Banking Financial Institutions Sector
in Line with the Evolution of International Standards**

No.	Sub Objectives	Initiatives
1	Enhance the compliance of banking sector	1. Develop methods to protect the banking sector from financial proceeds resulting from corruption operations. 2. Spread awareness to increase effectiveness in protecting the banking sector from money laundering operations through drug trafficking and antiquities trade. 3. Develop control and monitoring methods to prevent exploitation of the banking sector to carry out smuggling operations. 4. Develop control and monitoring methods to prevent the exploitation of the banking sector in carrying out operations related to persons included in international or domestic prohibition decisions. 5. Develop control and monitoring methods to prevent exploitation of the banking sector in carrying out illegal operations. 6. Develop control and monitoring methods to prevent the exploitation of the banking sector to diagnose acts of terrorism and work to combat them.
2	Enhance the compliance of non-banking financial institutions	7. Develop methods and effectiveness of control and monitoring to prevent exploitation of the non-banking financial institutions sector in the field of money laundering and terrorist financing. 8. Prepare a guide to combating money laundering, terrorist financing and related crimes. 9. Modernize the regulatory and legislative framework for all non-banking financial institutions.
3	Enhance field and office regulatory and supervisory frameworks.	10. Aligned laws, instructions and policies related to compliance and countering money laundering and terrorist financing with the methodologies of the Financial Action Task Force (FATF). 11. Conclude international cooperation agreements with counterparts to enhance market entry procedures.

Fifth Strategic Objective: Develop the Organizational Structure and Human Resources Capabilities of CBI

No.	Sub Objectives	Initiatives
1	Develop human resources	1. Professional certificates program 2. Develop a mechanism for evaluating individual performance. 3. Improve and develop the skill and efficiency of employees in accordance with Internal Auditing Standard 1230
2	Develop the organizational and infrastructure	4. Implement the requirements of the international standard, Business Continuity Management System, ISO 22301. 5. Construction of a building for the Central Bank branch in Mosul. 6. Construct a building for the Center for Banking Studies. 7. Construct a building for the Anti-Money Laundering and countering Financing of Terrorist Office 8. Develop Erbil branch by constructing an additional building 9. Construction of a building for the Middle Euphrates branch in Najaf
3	Enhance risk management practices	10. Set a framework for managing operational risks 11. Prepare a methodology for methods and tools for quantitative and qualitative measurement of financial and economic risks 12. Adopt an audit approach based on risks

Sixth Strategic Objective: Enhance the Central Bank of Iraq's Status Domestically and Internationally

No.	Sub Objectives	Initiatives
1	Enhance domestic relations	1. Introduce the community to the bank's work 2. Currency waste recycling project.
2	Enhance the international status of the Bank	3. Building partnerships with international organizations and agencies to implement strategic projects. 4. Implement the Transparency Code issued by International Monetary Fund

Fourth Strategic Objective: Maintain a Solid Financial System that Ensures the Rights of its Users

No.	Sub Objectives	Initiatives
1	Develop the banking sector	1. Expand the involvement of governmental and private institutions and civil society organizations in the credit inquiry system. 2. A project for monitoring real-time financial efficiency and financing plans in banks by establishing a special system for the project. 3. Determine the supervisory tools to deal with important systemically domestic banks in accordance with international best practices. 4. Support the establishment of an integrated financial center. 5. Support the establishment of Riyada Bank. 6. Developing a credit inquiry system.
2	Develop non-banking financial institutions	7. Structure the providers of electronic payment service in accordance with bank's directions and strategy. 8. Enhance the capital of non-banking financial institutions, which is appropriate to the nature of each institution's activity.
3	Protect the rights of financial consumers	9. Enhance the legal protection of depositors' funds and maintain public confidence in the banking sector
4	Financial sustainability of the banking sector	10. Increase awareness and build capacities for the banking sector regarding financial sustainability. 11. Environmental, social, and institutional governance risk management. 12. Enhance sustainable financial flows. 13. Improve transparency and market discipline. 14. Support the establishment of a bank specialized in green finance

	empowerment of the operations of CBI and banking sector	9. Own and allocate a system for units of Enterprise resource planning (ERP). 10. Set a comprehensive technical framework for risk management at CBI.
4	Adopt a strategic orientation in developing the architecture of the electronic payment environment	11. Establish the National Payment Systems Company in Iraq. 12. Create a project management office to implement the payments strategy and provide relevant consultations. 13. Implement an instant payment system. 14. Centralize the display and payment of bills and expand their scope.
5	Implement financial technology projects (Fintech)	15. Establish an innovation center for financial technology initiatives. 16. Build a data warehouse and business intelligence to improve the control system and develop decision-making tools.
6	Enhance electronic governance procedures and international frameworks to raise the level of maturity of information technology operations	17. Set policies and controls for compliance with global standards and frameworks in the areas of information security and cybersecurity in CBI and the banking sector. 18. Develop a mechanism for following up on procedures and compliance with standards and frameworks for the financial and banking sector at the technical and cyber fields. 19. Update policies, instructions and controls related to electronic payment.

Third Strategic Objective: Enhance Financial Inclusion

No.	Sub Objectives	Initiatives
1	Enhance financial inclusion and improve its indicators	1. Launch the National Financial Inclusion Strategy (NFIS). 2. Support small and microfinance. 3. Set standards for the spread of non-banking financial institutions.
2	Financial Awareness	4. Enhance banking awareness. 5. Establish an electronic platform for managing complaints.

Strategic plan initiatives according to each strategy and sub-objective

First Strategic Objective: Support and Enhance Monetary Stability

No.	Sub Objectives	Initiatives
1	Stability of the general level of prices	1. The ability to issue medium or long-term securities. 2. Manage the monetary policy rate according to the requirements of monetary stability and economic growth. 3. Support and stimulate microfinance. 4. National lending strategy.
2	Stability of exchange rates	5. Moving from the platform to correspondent banks in foreign remittance procedures.
3	Manage reserves according to best practices	6. Diversification in investment tools according to source. 7. Increase gold reserves.
4	Improve the quality and structure of the Iraqi currency	8. Introduce new issues of high-quality currency to reduce the environmental impact. 9. Establish a laboratory to examine currency. 10. Automation of cash operations (counting and sorting).

Second Strategic Objective: Enhance Digital Transformation, Activate Electronic Payment, And Strengthen Cybersecurity in CBI And the Banking Sector

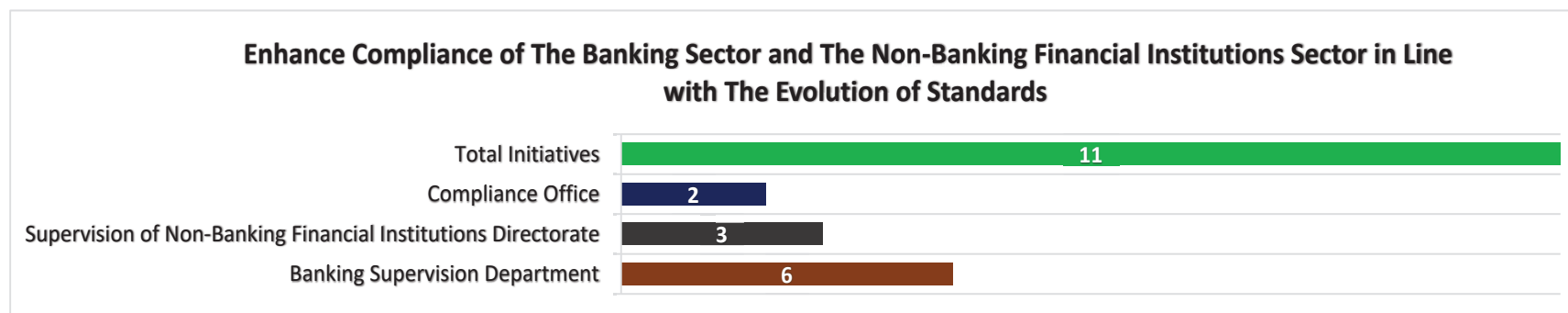
No.	Sub Objectives	Initiatives
1	Develop the technical infrastructure of CBI and the banking sector	1. Prepare and implement the technical infrastructure and data center in the new building in accordance with the best recognized international standards. 2. Enhance the use of cloud services and virtual environments and employ outsourcing to restore operations and implement the functions of disaster recovery centers. 3. Improve the performance and raise efficiency of the payment systems infrastructure.
2	Enhance the maturity of cybersecurity and data protection	4. Apply detection and response systems to threats based on digital identity 5. Apply detection and response systems to information, cyber and network security threats. 6. Develop smart tools for proactive protection and enhance the capabilities of examining, analyzing, and responding to information and cyber security events.
3	Work to achieve digital transformation and technical	7. Implement the central banking system⁴ (CBS-T24). 8. Complete the adoption of electronic trading tools for transactions and correspondence.

Seventh Strategic Objective: Enhance Compliance with the Banking Sector and the Non-Banking Financial Institutions Sector in Line with the Evolution of International Standards

This objective comes within the framework of the Central Bank's vision to support and enhance compliance of the Iraqi financial system and enhance confidence in it at the national and international levels. Achieving this goal requires the adoption of financial laws and legislation that are in line with international standards, and the development of banking and financial systems and procedures in accordance with the highest international standards. As CBI seeks to enhance financial and economic stability in Iraq, improve the business and investment environment, and enhance Iraq's status in the global financial arena. Enhancing the compliance of the banking sector and non-banking financial institutions with international standards is an essential step towards achieving financial sustainability and economic development in the country. Thus, this objective is strategically important for the Bank, which reflects its commitment to transform towards an advanced financial system that is compatible with international standards, there for contributing to enhancing stability and economic prosperity in the country.

This objective includes three sub-objectives:

1. Enhance banking sector compliance
2. Enhance non-banking financial institutions compliance
3. Enhance field and office regulatory and control frameworks.



The Figure Shows the Distribution of Strategic Objective Initiatives Among the Banks' Formations

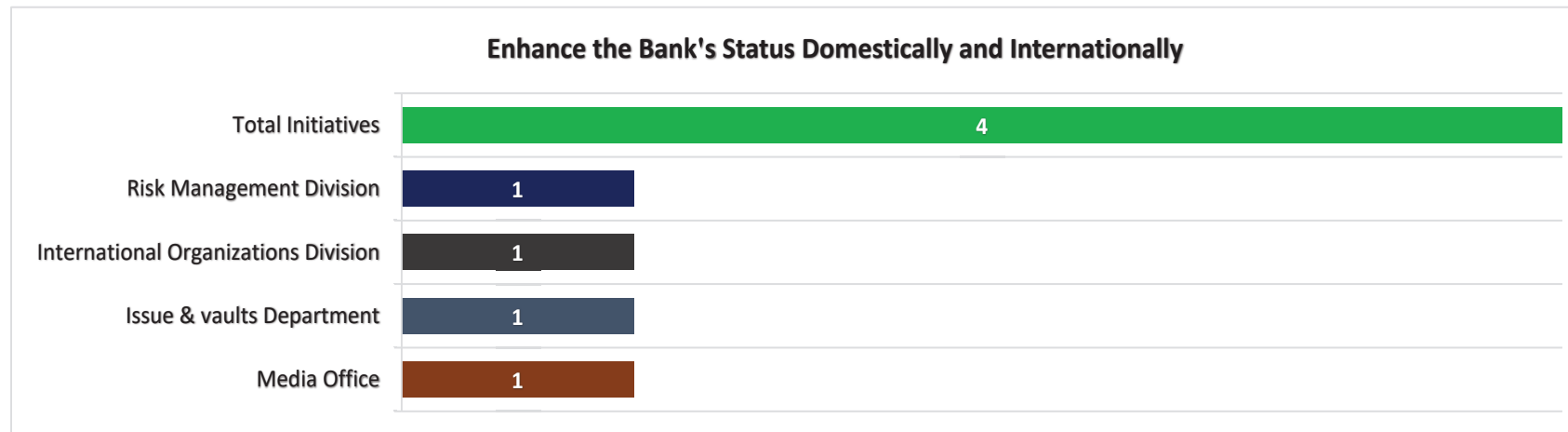
Sixth Strategic Objective: Enhance the Central Bank of Iraq's Status Domestically and Internationally

The bank's administrative gives great priority to building a strong relationship with international institutions, due to its strategic impact on the bank's operations. As the bank seeks to strengthen international relations by enhancing communication with international central banks, increasing the number of correspondent banks, and engaging in international organizations by building effective partnerships with them to implement strategic projects.

The Bank also pays special attention to enhancing the level of compliance with international requirements and standards, as well as enhancing the level of disclosure and transparency. In addition, CBI supports environmentally friendly projects and seeks to support sustainable development.

This objective includes two sub-objectives:

1. Enhance domestic relations
2. Enhance the Bank's International Status



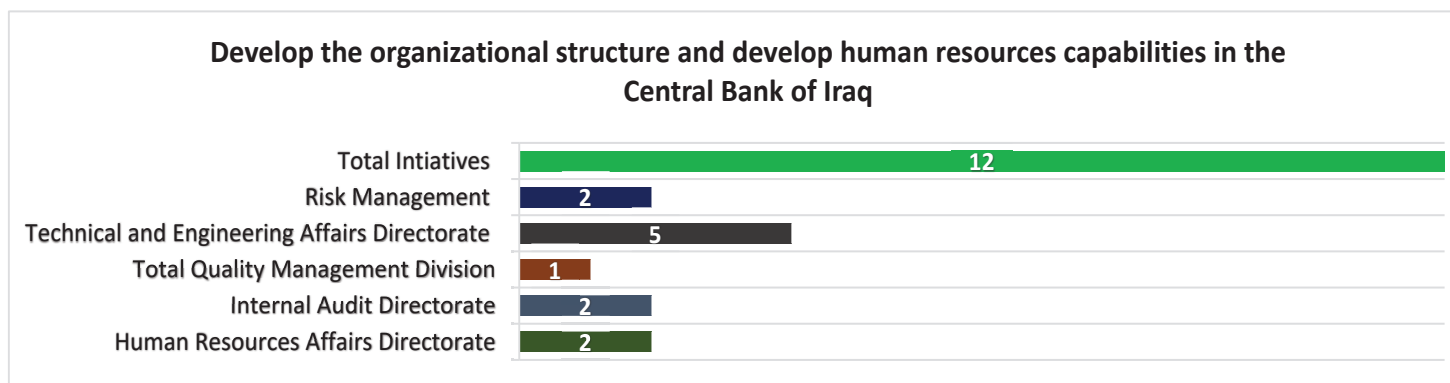
The Figure Shows the Distribution of The Initiatives of The Sixth Strategic Objectives on The Bank's Formations

Fifth Strategic Objective: Develop the Organizational Structure and Human Resources Capabilities of CBI

The management of CBI recognizes the importance of the regulatory role and its direct impact on the bank's performance. It constantly seeks to develop the organizational structure through applying and adhering to international standards, simplifying administrative procedures, reviewing the organizational structure, as well as continuously reviewing the instructions and legislation. CBI also focuses on risk management practices and developing the systems of risk management through setting a framework for managing the operational risks. The management of this bank pays a special attention to enhance the efficiency of employees through building an accurate system for evaluating the performance and identifying training needs and preparing a program of professional certificates for employees, which contributes to increase efficiency, improve the performance, and develop the experience.

This objective includes three sub-objectives:

1. Develop human resources.
2. Develop the organizational and infrastructure structure.
3. Enhance risk management practices.



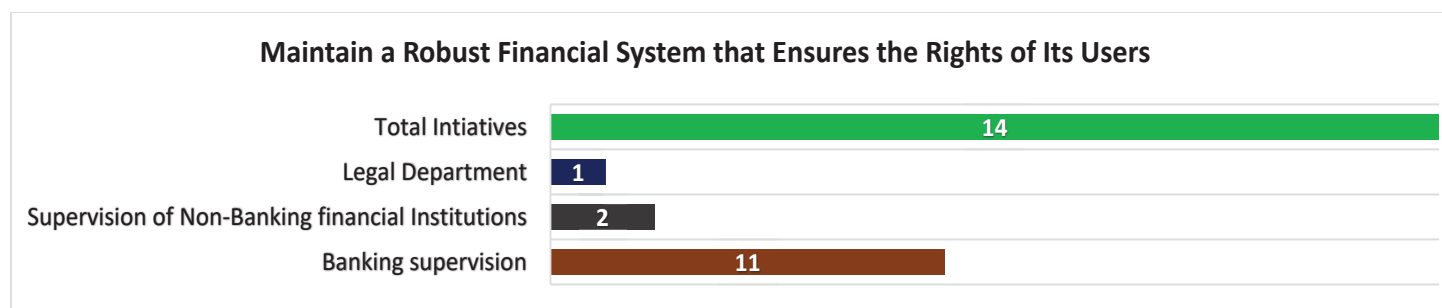
The figure shows the initiatives distribution of the fifth strategic objective of the bank's formations.

Fourth Strategic Objective: Maintain a Solid Financial System that Ensures the Rights of its Users

CBI works to build an advanced financial system that supports monetary policy, as well as it extremely seeks to make it to be one of the leading systems in the region. This could be reached through developing a financially sustainable banking sector through increasing awareness and capacity building of the banking sector, managing environmental, political, and social governance risks, enhancing the sustainable financial flows, and providing the means of safety and transparency that required to achieve the market discipline. This bank also focuses on protecting the financial public, as this system contributes effectively to enhance the growth of the Iraqi economy. In addition, it seeks to build a solid and integrated non-banking financial institutions sector to form a major support for the financial sector in Iraq.

This objective includes four sub-objectives:

1. Develop the banking sector.
2. Develop non-banking financial institutions.
3. Protect the rights of financial customers.
4. Financial sustainability of the banking sector.



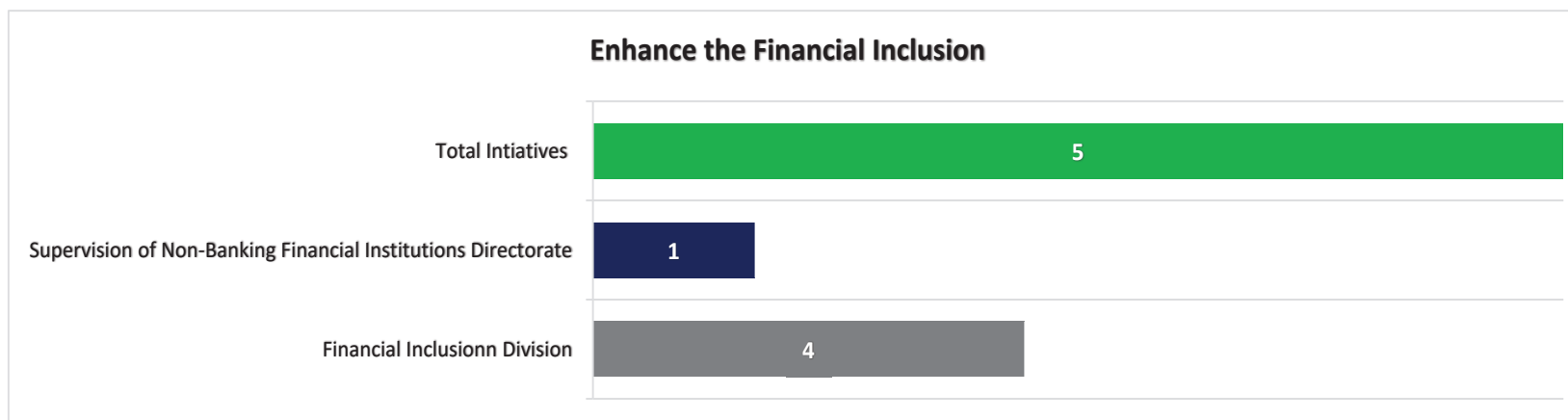
The Figure Shows the Initiatives Distribution of the Fourth Strategic Objective for the Bank's Formations

Third Strategic Objective: Enhance Financial Inclusion

CBI seeks to achieve development in the field of financial inclusion through preparing the National Financial Inclusion Strategy (NFIS) in cooperation with international organizations. It aims at ensuring an access to financial services for all citizens and increasing the financial inclusion index in cooperation with the banking sector and the Iraqi Company for Deposit Insurance. At the same time, CBI seeks to enhance the technical infrastructure, and adopt the best global practices, as well as it continues the endeavor to adopt advanced payment systems that effectively contribute to achieve the strategy and provide various financial services to the public.

This objective includes two sub-objectives:

1. Enhance the financial inclusion and improve its indicators.
2. Financial awareness



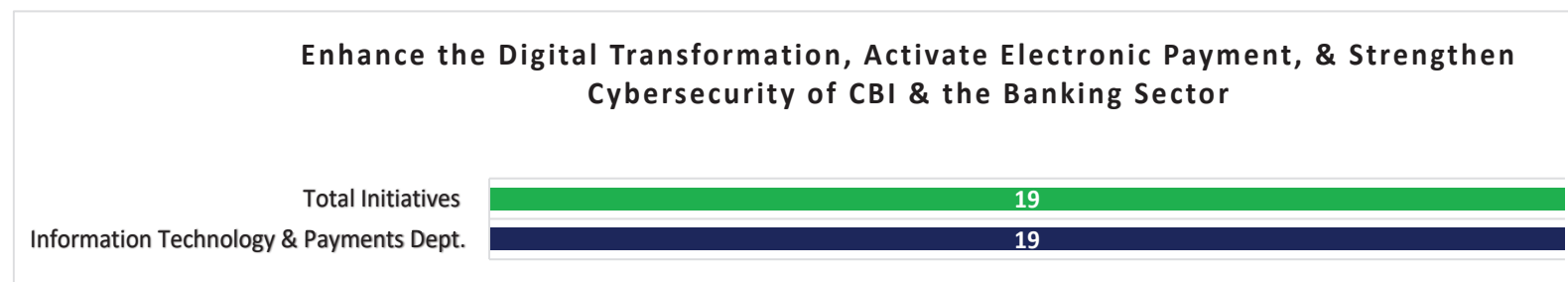
The figure shows the initiatives distribution of the third strategic objective for the bank's formations

Second Strategic Objective: Enhance Digital Transformation, Activate Electronic Payment, And Strengthen Cybersecurity in CBI And the Banking Sector

This bank seeks to promote the digital transformation, activate electronic payment, and enhance cybersecurity of CBI and the banking sector, as it recognizes the importance of digital technology, and its main role in providing an advanced work environment for the financial sector. Therefore, CBI always adopts among its priorities the improvement of its technical infrastructure, the development of the banking sector's infrastructure, and promoting the maturity of cybersecurity and data protection. It aims at ensuring the advanced protection for data and reducing the cyber risks by applying the detection and response systems for information, cyber and network security threats, and setting up policies and controls for compliance with the global criteria and standard frameworks in the areas of information security and cyber security of CBI and the banking sector.

This objective includes six sub-objectives:

1. Improve the technical infrastructure of CBI and develop the infrastructure of the banking sector.
2. Promote the maturity of cybersecurity and data protection.
3. Work to achieve digital transformation and technical empowerment of the operations of CBI and the banking sector.
4. Adopt a strategic direction in developing the architecture of the electronic payment environment.
5. Implement financial technology projects (FINTECH).
6. Enhance the electronic governance procedures and international frameworks to raise the maturity level of information technology operations.



The figure shows the initiatives distribution of the second strategic objective for the bank's formations

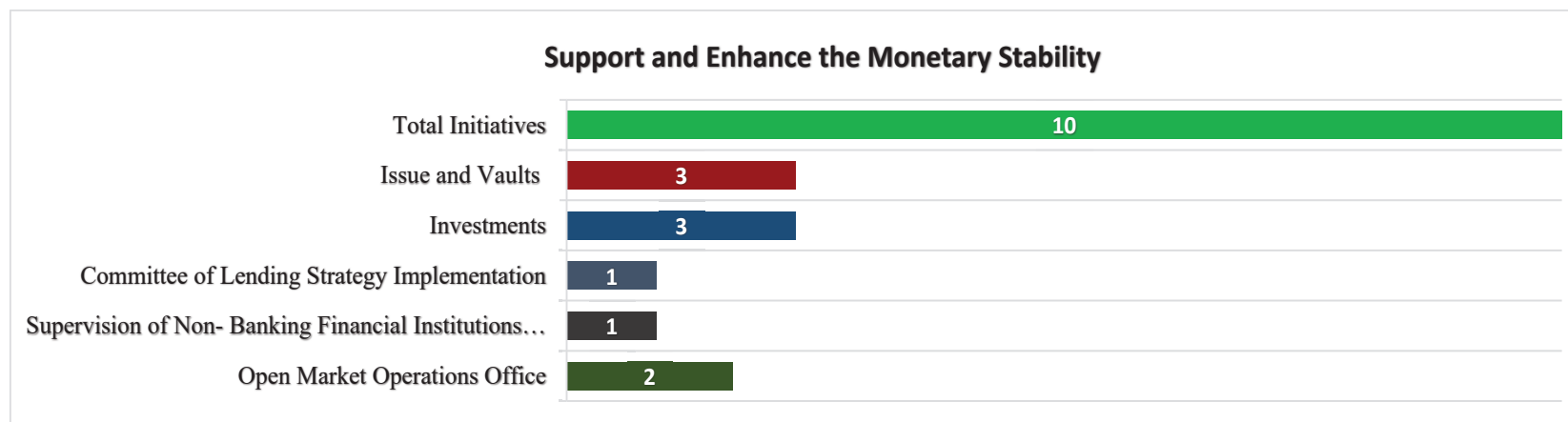
Strategic Objective

First Strategic Objective: Support and Enhance Monetary Stability

CBI took the initiative to enhance its role in achieving monetary stability through taking measures that contribute to support and achieve the stability of exchange rates, reduce the gap between CBI's official rate and the parallel market price, and achieve the stability for the economy at the macro and micro levels. In addition, CBI takes the necessary measures to maintain the inflation rate, reduce interest rates, and manage reserves in accordance with international best practices through diversification of investment tools, and develop the foreign currency and gold reserves.

This objective includes four sub-objectives:

1. Stability of the general level of prices.
2. Stability of exchange rates.
3. Management of reserves according to best practices.
4. Improvement of the quality and structure of the Iraqi currency.



The figure shows the initiatives distribution of the first strategic objective of the bank's formations

Vision, Mission, and institutional values of the Central Bank of Iraq

Our Vision

To be effective in achieving monetary and financial stability and digital transformation to promote sustainable development.

Our Message

Adopt appropriate policies to achieve monetary and financial stability, implement advanced payment systems, rational management of reserves and improve performance in accordance with the best international practices that contribute to achieving the goals.

Our Shared Values

Justice and equality, integrity and transparency, teamwork, creativity, and institutional loyalty.

Plan Preparation Methodology

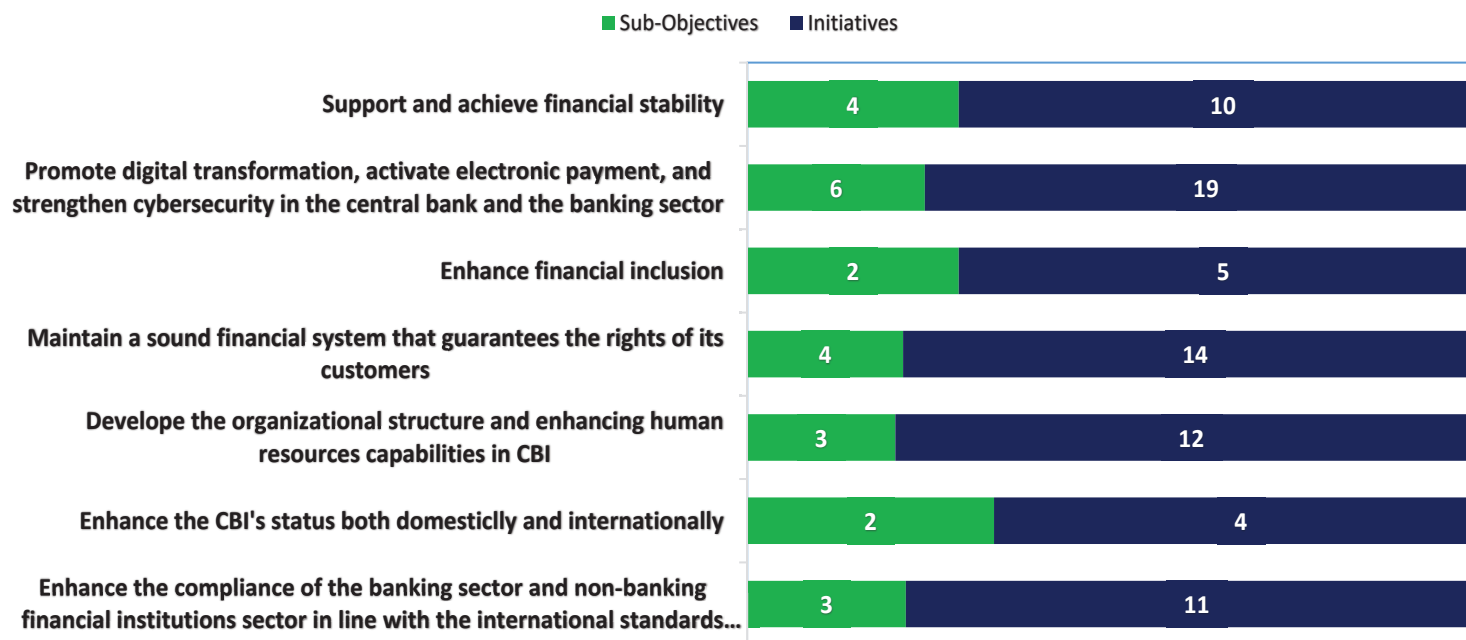
Based on its duties, Total Quality Management and Institutional Development Division / Strategic Planning and Public Policies Section, in cooperation with the Main Committee for Strategic Planning at the Central Bank, began preparing the general framework for the third strategic plan (2024-2026) after obtaining the approval of his excellency the CBI governor based on a precise scientific methodology according to the following:

- Reviewing the previous strategic plans (the first and second).
- Preparing an exploratory study of the experiences and strategic plans of central banks in the world.
- Holding awareness seminars for all bank formations and discussing their role in preparing the strategic plan.
- Prepare an environmental analysis of the bank's internal and external environment and identify the strengths, weaknesses, opportunities, and challenges facing the bank's work.
- Set the bank's vision and mission and define shared values.
- Prepare the CBI's third strategic plan draft.
- Obtain the approval of the Governor and the Board of Directors of this bank to launch the third strategic plan.

Third Strategic Plan (2024-2026)

CBI launched its third strategic plan for 3 years (2024-2026), which manifests itself in seven strategic objectives in accordance with (article 3) of the Central Bank of Iraq Law which stipulates that (Achieving stability in domestic prices and working to maintain a stable financial system that is based on market competition, enhancing sustainable development, providing job opportunities, and achieving prosperity in Iraq), and included 24 sub-objective that contains 76 initiatives overall.

Distribution of Sub-Objectives and Initiatives for each Strategic Objective



Fifth Strategic Objective: Activate and Integrate the Internal and External Relations of The Central Bank

- Strengthening banking relations with correspondent banks to expand the network of banking relations with solid financial institutions and opening bank accounts for Iraqi banks with correspondent banks, as a sub-account was opened from the CBI account for a number of banks operating in Iraq, which number 13 Iraqi banks, with Citibank for settlements of the two Western companies (Western Union and MoneyGram) for the purpose of providing the maximum level of simplicity and convenience in all financial transactions in addition to opening a bank account with the Development Bank of Singapore (DBS).
- Providing support to Iraqi women. To give women, the means of empowerment and achieve the stability required for them in a way that supports raising their development participation and achieving Iraq's national vision. A section was formed in CBI that seeks to empower women socially and economically by providing support for productive projects that employ all women, in cooperation with the United Nations and the Women's Empowerment Department/Council of Ministers for 2023 for the economic empowerment of Iraqi women in accordance with the Constitution, applicable laws and legislation, and in conjunction with international standards to achieve an environment free of discrimination against women and provide them with legal protection. This section sought to prepare all plans, programs and activities related to women's issues and follow up on their implementation. CBI also sought to provide the opportunity to obtain community and humanitarian initiative by providing financial assistance for the purpose of medical treatment. The bank also worked to enhance women's participation in leadership and decision-making by allocating to them projects, reconstruction programs, a number of job opportunities, and obtaining official approval to allocate 25% of soft loans to women, this procedure was circulated to all Iraqi banks according to the letter numbered (6/5/1892) on 8/6/2021 within the second national plan of women's agenda, security and peace, and in accordance with UN Security Council Resolution No. (1325) of 2021, affiliated with the General Secretariat of the Council of Ministers / Iraqi Women's Empowerment Department, and for the purpose of enhancing women's economic participation and advancing comprehensive growth, the bank's goal is to achieve an increase in women's participation in the workforce by (61%) for 2022 and their participation in all loans of the CBI initiative after the participation rate was (4%).

field and in office. The recommendations were approved based on international requirements to improve compliance performance to be consistent with all international standards as a tool for risk prevention.

- The payment strategy and the structure of the payments system were developed, as it included several projects and initiatives to enhance the acceptance of electronic payment tools, determine the size of payments, evaluate the infrastructure, and determine plans, technical requirements, and objectives.
- Best practices have been applied to ensure the health and safety of employees, guided by the international standard (ISO 45001:2018), which aims to provide the best practices in managing occupational health and safety risks, reducing risks associated with work, and providing a safe work environment, which will help the bank to enhance occupational safety procedures by qualifying the available staff through involving them in training courses, conducting practical practices, placing relevant posters, clarifying the division's goals and tasks, adopting the risk matrix and following it up in coordination with the Risk Management Division, and adopting the change management form in coordination with the Quality Management Division.
- CBI has adopted electronic inclusion in performing the activities of the accounting department for the purpose of reducing paper dealing by working on activating the system with the retirement department and testing it. In addition, CBI has used modern technologies related to auditing activity (electronic auditing) and based on the objectives of the auditing department, which include ensuring the existence, adequacy, and effectiveness of the supervisory controls over the operations implemented using the electronic auditing program (ACL) and developing the capabilities of employees to use it to ensure the adequacy and effectiveness of the supervisory controls over the implemented operations.
- All financial operations on banks' accounts were also automated through testing the foreign currency window programs and actual work on it, officially approving the foreign currency auction system, receiving foreign remittance programs for the Investment Department, and training employees on it. In addition, the (Trading) system for trading bonds and remittances was also activated, and the primary market was activated by allowing state-owned banks (Al-Rafidain, Al-Rashid, and TBI) to participate in investing in CBI remittances in accordance with the decision of the Board of Directors of this bank No. (197) in (2022), and the interest rates for the CBI's financial investment products were also raised, especially bank remittances with a maturity date of (364,182,91) days, and diversifying financial products by opening investment windows with a maturity date of (364,182,90,30).
- The Real-Time Gross Settlement System (RTGS) has been updated and operates 24 hours a day, seven days a week, as it provides a mechanism through which both processing and final settlement of high-value payment orders exchanged between participants occur continuously during the working day.

implemented governance controls and institutional management of information technology & payments within CBI and monitored its implementation throughout the banking sector.

- Transmission was achieved for the automation of the supervisory and regulatory functions of institutions subject to CBI control (Banking Supervision Reporting System) (BSRS), application of Virtual Desktop Infrastructure (VDI), and application of electronic platform for sale and purchase of foreign currency platform (Refinitiv).

Fourth Strategic Objective: Develop CBI's Organizational Structure and Human Resources

The development of CBI's organizational and human resource's structure is a vital strategic objective pursued by the Bank. It serves as a basis to enhance the efficiency and effectiveness of its performance. Efforts to develop the organizational structure are aimed at improving the organization and CBI internal management. While human resources development efforts aim to enhance human resources' capabilities and skills and enhance the effectiveness of their performance. CBI completed a range of key projects:

- CBI is keen to increase the level of customer satisfaction with its branches (Erbil and Mosul Branches) to maximize the utilization of their services, effectiveness & efficiency and facilitate the resulting functions through the organization of a training seminar for employees in dealing with customers, create a complaints box and the electronic queue. Also, establish and rehabilitate customers' rooms, with the installation and conduct of a questionnaire to measure the satisfaction of concerned parties in accordance with letter of the General Secretariat of the Council of Ministers.
- CBI sought to develop its human resources by applying the provisions of the international specification (ISO 30405:2016) on Human Resources Management, as it aims to assist institutions to achieve recruitment performance objectives and develop its policy by providing guidance on operations and effective measures necessary for recruitment, including the necessary activities undertaken by CBI to attract and recruit individuals.
- Guidance of policies and measures for Anti Money Laundering & Countering Financing of Terrorism Office was prepared and compliance with international sanctions in accordance with CBI board of directors' decision No. 35 of 2022 after its audit by the International Audit Company (KPMG).
- The supervisory work in compliance was moved to a risk-based approach, as the CBI prepared the audit program after it was audited by KPMG and implemented it through auditing the sections and divisions of the Directorate of Banking Supervision both in the

In addition to facilitate timely exchange of information on potential cyber threats and attacks on public, financial, and banking areas, also, mutual coordination on cyber hack indicators, gaps, and technical & information vulnerabilities. CBI worked with a competent company for the purpose of developing a unified and comprehensive electronic platform to unify the mechanism and methodology for special reports on compliance measures and required frameworks to analyze and follow-up the implementation mechanisms, plans and measures followed by banks and electronic payment service providers' companies. For improving efficiency, performance, developing operation, and adopting global standards, CBI adopted updated techniques for major data centers, disaster recovery centers, and branches data centers.

- CBI established the technical infrastructure of Anti Money Laundering and Countering Financing of Terrorism Office (GO AML) system, which was prepared to receive, process, and analyze reports received from financial institutions or other entities in accordance with the requirements of domestic anti-money-laundering laws & regulations and international standards. These reports and other information gathered by financial intelligence unit often provide the basis for investigations into money laundering, financing of terrorism, and other serious crimes, which is currently adopted by 60 financial information units around the world.
- CBI is keen to expand its automation of operations, functions, and (financial, accounting, and operational) procedures through preparing the compilation of state employees' salaries system in branches of State owned banks (SOBs) and private banks, establish CBI reserves system of foreign currencies, develop the security infrastructure of retail payment systems, analyze gaps, conduct a comprehensive assessment of banks' infrastructure and payment service providers, institutions' compliance to frameworks, and prepare governance controls and standards related to information technology & their security (compliance to security standards of bank payment card industry data (PCI_DSS) within banks scope.
- CBI focused on auditing and complying with Swift's user security software, which was created to help the user improve cybersecurity and facilitate assessment of cybersecurity risks by users directly.
- CBI prepared a platform for the sale of bullion and gold coins after preparing a feasibility study, analyzed the requirements, prepared main & branch interfaces, and then implemented, prepared, provided training, testing, and launched the system.
- In the process of keeping pace with progress, CBI developed infrastructure for payments systems (PCA). The project has been contracted, implemented, completed receipt and inspection, with the acquisition of a sophisticated electronic banking system (CBS) covering bank's activities and functions, as it provides a complete and updated central base of credit data provided by banks to their customers on an ongoing basis. In addition to that, CBI Information Technology and Payments Service Dept.

- In the context of encouraging the continuous modernization of assets, cope with technological developments, and diversify beneficiary parties, CBI Board of Directors Decision No. 114 of 2022 was issued to establish regulations for financial leasing activity and issue them to banks as an alternative financing tool suitable for those who do not wish to use traditional financing methods.

Third Strategic Objective: Enhancement of Digital Transformation in CBI and Banking Sector

Digital transformation is an important objective for the success of modern banking business based on available technologies, improving the financial performance of CBI and the banking sector, and meeting customer's needs. As a result of the dramatic development of the world in the field of digital technology, which has overshadowed all fields, CBI has implemented technical projects as follows:

- Prepare and design the technical infrastructure and data center of the new CBI building through the preparation of presentation requirements (PFR) document, annexes, and obtain fundamentalist approvals of selected companies.
- Completion of establishing a banking network operating with fiber optic cable project by signing the contract with a solid company and examine the operation of the project.
- Develop tools and systems of the Cybersecurity Operation Center (SOC) and adopt an advanced approach to enhance cybersecurity of CBI and the banking sector. A study has been prepared to develop information security structure, analyze requirements, and prepare a strategic plan to develop information security environment and cybersecurity of CBI and financial & banking sector. Then establish a formation to monitor, respond and conduct cyber analysis in addition to identify its practical tasks.
- CBI has set a map for the adoption of cryptocurrencies of central banks by forming a task team, attend seminars, prepare studies on digital currency of central banks, and contracted with a consulting company to study the market and collect data on requirements for the preparation of the "request for information" (RFI).
- To preserve the confidentiality of information & data and the process of protecting systems, networks and software against digital attacks, CBI has been keen to secure its technical environment and developed the infrastructure of operational activities including information security and cybersecurity by collaboration with information security departments in the financial and banking sector regarding distributing alerts on latest security and cybersecurity risks.

Second Strategic Objective: Enhance and Strengthen Banking Sector & Financial Institutions

Supporting the banking system is the basic step of economic reform. As the soundness of this system and sound decision-making in economic policies and development & modernization of banking systems ensure progress in the world of real and financial investment, the matter that revives financial and monetary markets. Because of the important role of financial institutions that stimulate economic activity, CBI has taken several steps to ensure the development of banking sector and non-banking financial institutions and provide them with supervisory cover and strengthen the vital role of these institutions. Therefore, CBI has initiated several initiatives:

- To monitor the indebtedness of individuals with the banking system, a chapter has been added to “Financial Stability Report” entitled "Indebtedness of household sector" to determine indebtedness growth of household sector by measuring it against global indicators that are consistent with the requirements of available data on the indebtedness of household sector in Iraq.
- Public banks of the banking sector have been classified according to the sobriety of the application of CBI's Governance guide through the Environmental and Social Standards scorecard with the opportunity to improve classification according to the gradual adoption of best practices. CBI Board of Directors, by its Decision No. 2022, approved controls for the classification of systematically important domestic banks and send them to banks, as actual adoption was completed in 2023.
- CBI has developed a general framework for financial sustainability road map (2023-2029) according to World Bank's recommendations to develop and implement a green finance framework to assist the Iraqi financial sector. A sustainable Financing Road map for Environmental, Social and Governance (ESG) Risk Management has been developed to maintain monetary and financial stability and protect depositors, investors, and shareholders.
- Total Quality Management & Institutional Development Units have been formed in banks and a guidance manual has been prepared for the operation of these units, as conditions have been set for the selection of their managers. Awareness seminars have been held as follows (documentation of the Total Quality Management system according to the specification of ISO10013 and induction workshops on the functions of Quality Management units in banks). The guidance manual for the selection of quality advisors of the banking sector in accordance with the International Guidance specification (ISO 10019:2005) was prepared and published on the official CBI website to provide guidance on the process of selecting and evaluating the consultant's efficiency; to ensure the maximum utilization of his services and create confidence in meeting bank's needs and expectations to achieve quality management system.
- Based on the principle of maintaining the soundness and stability of the financial and banking system, controls have been set for liquidity coverage ratios (LCR, NSFR) as their actual application has been completed according to the model related to calculating liquidity ratios of Islamic banks to cope with developments of Islamic banking system based on decisions of Basel Committee III and Islamic Financial Services Board (IFSB).

- Financial soundness indicators (FSI) have been developed to keep pace with changes in banking system structure because of some new domestic banks and the exit of some foreign banks as well as successive global changes. FSI provide a major set of information on financial institutions, adopted by the International Monetary Fund (IMF) for the purpose of identifying potential weaknesses of the financial system and ensuring its stability. The calculation mechanism for the adopted indicators has been developed to increase comparability and consistency of the financial sector. Banks that have developed their financial lists have been identified according to the international methodology and the constraints faced by banks during the development process and ways to resolve them.
- Emphasis on monitoring transboundary risks that represent risks which occur in different countries with which we combine business transactions and directly or indirectly affect the reality of CBI's operation and cause disruption of political and economic realities, as they require quick strategic decisions to protect threatened interests and avoidance of uncontrolled situation, since the choice of an alternative is a difficult and important process in decision-making.
- Completion of a project to pay salaries of state's employees through cards issued by banks in Iraq. The project aims to reduce the total cost of paying salaries and hold cash within the banking system. It consists of state employees obtaining a bank account that enables them to interact with all ATMs and POSs in the country and abroad, as well as all other banking services offered by banks such as access to loans and others. In addition to the security offered by using cards instead of holding cash. The Bank tries to create a safe competitive environment for banks to present bids, as the employee has the right to choose the bank according to the best financial and banking services and the most appropriate prices.
- To cope with the developments, technology, rationalization, and cost reduction by switching from paper to electronic system to make progress in modern financial transactions, the financial transactions of a specific number of expenditure units were automated based on the General Secretariat of the Council of Ministers letter No. 3614 dated (8/2/2021). Workshops were held with the Ministry of Water Resources, Ministry of Transportation, and Ministry of Finance. Automated Clearing House system (ACH) was installed in the Treasury Directorates in Baghdad and the governorates to automate its financial transfers and several expenditure units such as the Journalists' Pension Fund and Oil Project Company. The project started operation by Ministry of Oil formations and some of Ministry of Transportation formations.
- Sub-accounts of e-payment service providers were opened from the CBI's main account at JPMorgan, as they were fed for electronic card settlements purposes. CBI also opened sub-accounts of banks in Iraq from its account with Citibank for Western Union and MoneyGram settlements.

Executive Summary of the Second Strategic Plan (2021-2023): -**First Strategic Objective: Support and Achieve Monetary and Financial Stability**

Based on Bank's policy and its essential role in supporting and achieving monetary and financial stability, imposing better control over money supply, establish and save a sound financial position, and consolidating the financial inclusion objectives as a main pillar to support financial sector and citizen to promote electronic payment tools, CBI has proven its role by adopting solid tools (effective and influential).

CBI has Made Several Achievements to Support This Policy:

- Participate in preparing the national assessment report of risk with the Anti-Money Laundering and countering Financing of Terrorism Office, which risks of money laundering and terrorist financing were identified, analyzed, and understood. It relied on a wide range of quantitative and qualitative information in risk assessment of money laundering and terrorist financing. The council of ministers approved in its session held on the third of January 2023 what was stated in the national assessment report of money laundering risk and terrorist financing in Iraq and the action plan. Ministries, institutions, and government agencies were obligated each according to its competence, to implement the action plan to enhance the commitment of the Republic of Iraq in applying international standards in this field and facing domestic challenges to combat money laundering and terrorist financing crimes, through implementation of procedures mentioned in the report.
- CBI has taken several measures to enhance financial inclusion, including cooperation with the Arab Monetary Fund, strategic partners, the global Alliance for Financial Inclusion (AFI), the German Agency for International Development (GIZ) and the International Finance Corporation (IFC), by holding workshops to build and implement the national strategy for financial inclusion, which focuses on limiting cash dealing and reducing dependence on it in paying financial obligations and activating electronic collection that aims to provide a service for supply and paying bills electronically from cards to banks directly and the ability to access financial services for various segments of society.
- To promote economic development, job creation and prosperity in Iraq, the necessary financing has been provided to small, medium, and large enterprises to increase their contribution to GDP and reduce unemployment. CBI issued instructions for mechanisms of granting finance within the one Trillion initiatives to finance small, medium, and large enterprises and housing loans based on the Central Bank Law No. (56) of 2004 and raising the ceiling of the initiative to reach IQD (4) trillion and oversight the mechanism for granting it , A group of teams were formed to follow up and ensure knowledge with all instructions and conditions.

Second: Challenges

1- Imbalances in the Iraqi economy

Iraqi economy is largely based on oil power, as oil exports are a major source of national revenues, which puts the Iraqi economy under many challenges, including the limited exploitation of manufacturing and global industrial opportunities, low investments, high unemployment, and the accumulation of public debt, which leads to large financial burdens on the state, and thus affects economic policies and development, as well as the lack of economic infrastructure, which requires the development of effective economic policies and incentive measures to enhance economic stability and stimulate sustainable growth.

Focusing on monetary policy and on the state's monetary power and legal authority that enables it to issue many legislations and decisions that would determine the monetary manifestations of the national economy and make it more effective on economic variables, as it is one of the economic policy tools that deal with the management of monetary quantity and interest rate to achieve certain economic goals.

2- Cybersecurity threats:

The Cybersecurity at CBI , as it's happening in counterpart central banks, is witnessing increasingly challenges ,as a result of, the rapid technological development and expansion of internet use, which makes the Bank to take effective actions such as improving cybersecurity infrastructure, developing security policies, promoting cyber awareness and taking *precautionary* measures such as regularly updating programs and systems regularly and assessing potential security vulnerabilities, and improving capabilities to respond for cyber emergencies such as (electronic attacks, electronic fraud and phishing), main structuring threats, Advanced Cyber Attacks (APT), digital extremism, data leak and privacy violation, lack of cyber awareness and attacks lead to illegal access to Data or Disrupt Digital Processes or Damage Information.

Opportunities And Challenges Facing the Bank's Work

First: - Opportunities

1- Decrease in Public Budget Deficit

The decrease of the deficit in the public budget is an opportunity that CBI is working to utilize it by directing monetary and fiscal policies in a way that enhance economic growth and financial stability of country in the long term, as interest rates can be reduced to stimulate economic growth and maintain price stability, which leads to enhancing confidence in economy and banking sector and encourages investment and sustainable economic growth, and structural reforms can also be implemented in the economy to enhance efficiency and reduce the consequences of future deficits and increase the level of financial transparency, as well as investment in various sectors, which achieve economic balance and promote sustainable development.

2- Improving the International Business Environment

The improvement of international business environment is a strategic opportunity that the CBI deals with seriously, as the Bank seeks to improve the domestic and international levels of economic and financial environment by building strong relations with international institutions and organizations concerned with the financial and economic field, as this Bank works to adopt an effective policy to enhance international cooperation and exchange knowledge and experiences in order to improve the legal and regulatory framework for financial business and enhance transparency and financial accountability, in addition to that, CBI employs its resources and expertise to support the financial sector in developing and implementing of effective policies and reforms. These efforts are an integral part of the Central Bank's mission to promote economic and financial stability and achieve sustainable and balanced development.

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Introduction

Central Bank of Iraq is one of the oldest institutions in the Iraq State and the region, which was established in 1947 as it had an effective contribution to face many of crises that Iraq faced, the most important of which was the crisis of the war with terrorism in coincides with the decline in oil prices and then the Corona pandemic. As it succeeded in managing the country's monetary policy and achieved integration between monetary and financial policies, as well as its success in providing advanced and effective payment systems in accordance with international best practices. As well as its responsibility in the management of the national and foreign currency and its supervisory role on financial and banking institutions and other responsibilities entrusted to CBI in accordance with its Law No. (56) of (2004) and believing in the importance of the strategic planning of the institution. CBI began preparing the third strategic plan for the years (2024-2026), as it focused on setting the main objectives based on the vision and mission of the institution and the common values of employees after analysing internal and external environment , stakeholders and understanding their needs to identify internal strengths and weaknesses points, opportunities and potential challenges of the external environment and reviewing the experiences of international institutions in the field of strategic planning through an exploratory study conducted by the Bank's strategic planning team, as well as results of the Bank's previous plans.

Seven main objectives have been set for the strategic plan to years (2024-2026), as follows:

- First Strategic Objective: Support and enhance monetary stability.
- Second Strategic Objective: Enhance digital transformation, activate electronic payment, and strengthen cybersecurity in the CBI and banking sector.
- Third Strategic Objective: Enhance financial inclusion.
- Fourth Strategic Objective: Maintain a solid financial system that guarantees the rights of its customers.
- Fifth Strategic Objective: Develop the organizational structure and human resources capabilities of CBI.
- Sixth Strategic Objective: Enhance the Bank's status domestically and internationally.
- Seventh Strategic Objective: Enhance the compliance of the banking sector and the non-banking financial institutions sector in line with the development of international standards.

Governor Speech

Believing in institutional work, and to complement the strategies of the Central Bank of Iraq (CBI) for previous years, CBI is pleased to present the third strategic plan for the years (2024-2026) to achieve the Bank's vision and its mission through a set of general and sub-objectives, and initiatives set specifically to achieve the aspirations of this Bank.

The plan derived its main and sub-objectives, which represent the programs of the strategic plan from the public policy of the State, and from the CBI's Law to achieve prices stability in the country, maintaining its stability and consistency, and work to provide a financial system based on the market and competition to be stable, as well as enhance sustainable development and achieve welfare in Iraq.

The plan also paid special attention to the control and supervision of the banking sector to build a solid banking sector that guarantees the rights of its customers.

The plan focused on the non-banking financial institutions sector, which has become one of the main elements that contribute to stability of Iraqi financial sector, as well as the plan focused on information technology and continuous development of payment systems in CBI to achieve a qualitative leap in the field of financial inclusion in Iraq.

In this Bank, management and employees seeks to achieve the Bank's objectives by implementing its strategy and make exceptional efforts to address the problems and obstacles facing our initiatives, to move steadily towards achieving our vision, Allah willing. Allah is the Granter of Success



Ali Mohsen Ismail
Governor Central Bank of Iraq



البنك المركزي العراقي
CENTRAL BANK OF IRAQ

The third strategic plan of the Central Bank of Iraq



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