

The Second Strategic Plan

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In continuation of the strategy of the central bank of Iraq for the years (2016-2020), we are pleased to present our new strategy for the years (2021-2023) as it expresses the vision of the bank and its future aspirations through a set of primary and subsidiary objectives according to specific programs and initiatives that have been prepared for that.

Previous experience has been benefited in the formulation of the current strategy, as the strengths and weaknesses as well as opportunities and challenges were diagnosed according to the interactive participation of all the departments of the Central Bank and its senior management in the preparation stages.

The objectives of the current strategy were inspired by the general frameworks outlined in the constitution in general and the central bank of Iraq law which is based on building a free market an economy based on competition and enabling the private sector to play a fundamental role in economic development as well as achieving price stability, enhancing the durability of the financial system and achieving economic prosperity.

The administration of the central bank of Iraq will work at various levels in implementing the new strategy. In this regard, we would like to express praise for the efforts of the employees of the central bank, including those working in the department of total quality management and institutional development, who had an important role in following up on the implementation of previous goals and setting current goals.



Mustafa Ghalib Mukhif

Governor

The central bank of Iraq, which was established in (1947), is one of the most important institutions of the Iraqi state, as it managed the monetary policy in Iraq and succeeded in achieving integration between the monetary and financial policies as well as its responsibility for managing the national and foreign currency, setting controls for the work of local banks and monitoring them, and providing an effective payment system according to the best international methods and practices other duties and responsibilities entrusted to him in accordance with Bank Law No. (56) of (2004). Realizing the importance of strategic planning for institutions, the central bank began to develop its strategic plans, starting with its first plan for the years (2016-2020), whose results were successful through the accomplishment of many of the goals set by the plan despite the political, economic, and epidemiological obstacles.

In continuation of the series of these successes, the central bank developed its second strategic plan for the years (2021-2023), as its objectives were designed based on the vision and mission of this bank after identifying the strengths, weaknesses, opportunities, and threats by analyzing the internal and external environment of the central bank, analyzing the stakeholders and examining the experiences of the strategic plans of other banks. In addition to the results of the previous plan and the current conditions of Iraq.

Five strategic goals have been set for years (2021-2023) as follows:

- The first strategic objective: Support and achieve monetary and financial stability.
- The second strategic objective: Reinforcement and strengthen the banking sector and financial institutions.
- The third strategic objective: Promote digital transformation in the central bank and the banking sector.
- The fourth strategic objective: Developing the organizational structure and human resources of the central bank.
- The fifth strategic objective: Activating and integrating the internal and external relations of the central bank.

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The summary presents the most important sub-objectives accomplished in the first strategic plan of the Central Bank of Iraq, which lasted for five years (2016-2020) and included five strategic objectives

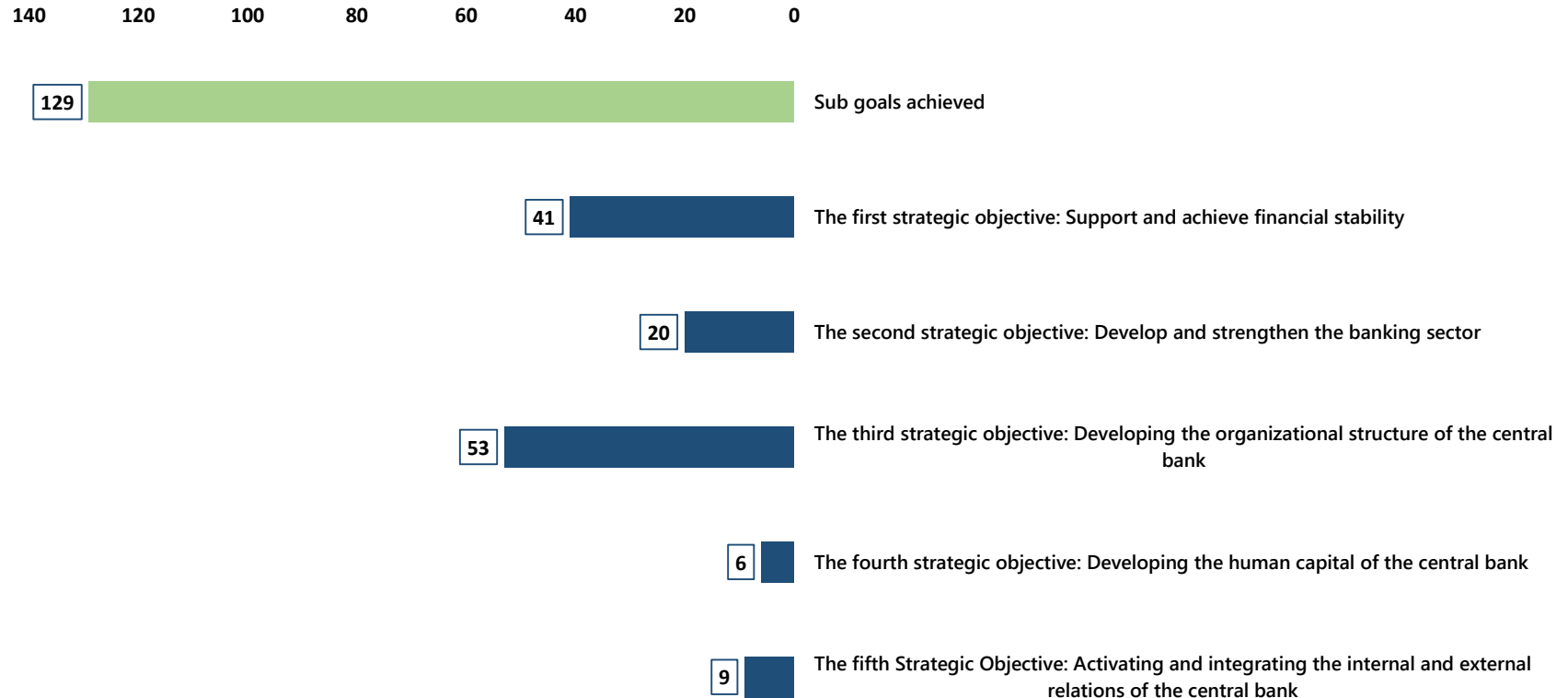


Figure (1): Distribution of the achieved sub-goals for each strategic goal

The first strategic objective: Support and achieve financial stability In implementation of this goal and for the purpose of achieving financial stability, proactively strengthening the role of the central bank in reducing systemic risks and taking precautionary measures at the macro and micro levels supported by appropriate early warning systems compatible with the variables of the economic environment, and for the purpose of confronting various crises, the bank has been keen in its strategy to establish a department for monetary and financial stability. It assesses weaknesses that affect the financial system, identifies and monitors the necessary actions to confront them, as it adopted common strategic views of the roles of these bodies in drawing up policies, developing directives, and formulating contingency plans to manage crises and overcome financial turmoil, as the annual report on monetary and financial stability published in The bank's website includes new topics for measuring the composite index of banking stability, potential banking risks, the size of banking concentrations of the banking system, and financial soundness, measuring a composite index of financial inclusion, and measuring the depth and resilience of financial markets. The Central Bank developed mathematical models to determine the ability of the financial system to absorb the repercussions of crises and design and implement stress testing periodically by reviewing international experiences and identifying the elements to be selected and determining capital adequacy according to Basel III requirements.

With the aim of ensuring the stability and integrity of the financial system in it and ensuring its efficiency in line with the evolving and renewable environmental changes and developments, and for there to be a sound financial and banking system, healthy and far from crises, operating and monitoring according to the best international standards and practices issued by the Basel (III) Committee for Banking Supervision.

The international requirements for risk-based supervision frameworks and some experiences in place in global central banks were reviewed, as well as the evaluation of the framework, methodologies and work procedures applied in the bank and the development of the general framework for risk-based security control, and for strengthening risk-based regulation in the central bank and developing programs. The Central Bank put a risk-based audit plan for years (2020-2023) to determine the audit activity's priorities for the operations subject to auditing in line with the bank's strategic objectives as they have been approved.

In order to spare the banking sector in particular and the Iraqi economy in general from the negative effects of money laundering and terrorist financing crimes, the Anti-Money Laundering and Terrorism Financing Law was issued in light of developments in banking in the international arena and the deterrent measures it requires to combat money laundering crimes that threaten the financial stability of countries and the collapse of their banking apparatus, Which is aimed at achieving the strategic goal, as the Central Bank of Iraq has set its standards inconsistent with the Anti-Money Laundering and Terrorism Financing Law No. (39) of (2015) for compliance with it by banks and financial institutions in Iraq for the purpose of participating in the window of selling foreign currency as a basic measure for the purpose of controlling Transfers of foreign currency in exchange for imported goods. And since the protection of the financial system is one of the most important goals in support of achieving financial stability, the Central Bank worked to get Iraq out of the list of countries -

subject to the monitoring and follow-up process, as the Middle East and North Africa Financial Action Task Force (MENAFATF) announced at its twenty-seventh meeting that Iraq had moved from the follow-up phase.

Every two years, a regional review team of the financial action task force (FATF) conducted a field visit to Iraq for the purpose of ascertaining the essential matters that were handled by the anti-money laundering and terrorism financing office in cooperation with the central bank and other regulatory bodies and law enforcement agencies, and based on this visit issued the financial action task force (FATF) at the joint meeting of the financial action task force (FATF) and the financial action task force for the middle east and north Africa (MENAFATF) held in Paris, Iraq's exit from the list of high-risk countries, which will lead to a stronger presence of the Iraqi financial and banking sector around the world, and to attract foreign investments to Iraq.

The bank has promoted financial inclusion because financial services are a fundamental pillar for achieving shared prosperity and a catalyst for reducing poverty. the aim of enhancing financial inclusion in Iraq is to enable all social strata to access banking services. Given the importance of financial inclusion in achieving economic stability and awareness of the risks of financial exclusion, the bank's management worked to achieve basic requirements to achieve the goal as follows:

- Iraq joined the arab regional financial inclusion team.

- And based on enhancing financial inclusion in Iraq, which includes the generalization of banking services to all segments of society, and to protect the rights of consumers of financial services and encourage them to properly manage their money and savings, the bank has been keen to enhance the access of all segments of society, including marginalized and poor groups, for financial services and products that are commensurate with their needs.

As it is provided to them in a fair and transparent manner and at reasonable costs, for the purpose of preparing the national financial inclusion strategy, the central bank has taken a number of measures as follows:

- *The formation of the supreme committee for Financial Inclusion on (30/5/2018) headed by the governor of the central bank and the membership of a number of bodies from the public and private sector, which handles the preparation of the long-term national strategy for financial inclusion, and the sub-committees emerged from the supreme committee (the committee for medium, small and micro enterprises, committee digital financial services, financial education committee, financial infrastructure committee, consumerp committee, survey and data committee, coordinating committee).

- *Join the regional work team to promote financial inclusion in the arab countries under the auspices of the arab monetary Fund.

- *Join the international financial inclusion alliance (AFI) as a key member who will, in turn, contribute to the preparation of the national financial inclusion strategy to benefit from the services provided by the organization to implement strategies and systems to improve the quality of access and use of financial services.

- Increasing financial inclusion indicators, which amounted to (30/9/2020) as follows:

| The number of E-wallets | Number of ports | Number of points of sale | Number of (ATM's) | The number of cards | Number of accounts | Duration |
|-------------------------|-----------------|--------------------------|-------------------|---------------------|--------------------|-------------------|
| 4,381,816 | 61,691 | 11,219,367 | 1,170 | 3,918 | 12940 | UP TO (30/9/2020) |

The central bank of Iraq was keen to meet all requirements to implement the process of resettlement of salaries in banks and to implement an electronic collection system in the implementation of the directives of the general secretariat of the council of ministers according to resolution (313) for the year 2016 and (281) for the year 2017 towards switching from cash to electronic payment with all its tools. salaries (2,076) spending units (self-financed and central) and a branched account unit in accordance with the instructions and controls issued.

- Resettlement of salaries of (867,589) government employees in the year (2020), bringing the total number (1,861,129) employees up to the month of (December/2020), in addition to resettlement of benefits (608,955) beneficiaries of the national general pension authority according to resolution (270) issued by the general secretariat of the council of ministers for the year (2018).

The central bank of Iraq pays great attention to microfinance for its pivotal role in achieving economic and social development and achieving balanced growth. A special unit has been established to develop the microfinance sector in the implementation of the strategic plan of the central bank of Iraq. It is currently financing banks within the (6) trillion initiative as it grants loans after auditing the statements received from banks and following up on the entitlements and payments of banks with the aim of ensuring a good level of protection for consumers of financial services. In Iraq, setting up the legal framework, control procedures, and monitoring compliance with consumer protection requirements, the central bank has established a special department concerned with consumer protection that works to protect customers and set the foundations, controls, and standards necessary to protect clients of financial institutions from fraud, exploitation, and discrimination, and to ensure the quality of the financial services provided. In order for work to be done to receive complaints and prepare brochures for banking awareness, public protection and financial inclusion, the bank participated in the Baghdad International Fair, and introduce the importance of consumer protection and banking awareness, a consumer protection guide was prepared in addition to preparing a website and a Facebook page for banking awareness and public protection.

The second strategic objective: Develop and strengthen the banking sector For the purpose of contributing to the diversification of banking services and expanding the base of banking activity, starting from supporting the activity of Islamic banking and establishing and supporting comprehensive banks in order to enable them to grant long-term loans that suit the financing requirements of development projects in various economic sectors up to the privatization of banks Governmental commercial nature, the central bank has made several achievements to develop the banking sector, including:

- Strengthening risk-based regulation the central bank has applied the camel system (standardized evaluation criteria for banks) for the purpose of evaluating and organizing important domestic banks, by compiling the financial data of the assessed banks (sample), analyzing these data and evaluating them, extracting ratios, preparing reports, reviewing them and approving the degree of the evaluation is according to this system and then published on the website of the central bank of Iraq.

- Due to the importance of strengthening governance systems in the banking sector and keeping abreast of international developments in the application of best practices in this field, the first strategic plan (2016-2020) focused on applying the principles of good governance by introducing structural, legislative and supervisory developments aimed at achieving banking safety and reducing risks that The banking sector may be exposed to it by benefiting from the practice of corporate governance, which is represented in monitoring the performance of the board of directors and the senior management of the bank, protecting the rights of shareholders and depositors, in addition to caring for their relationship with external parties. As governance aims to define the nature of the relationship between the bank's board of directors and the executive management in a way that leads to protecting the funds of depositors, shareholders and stakeholders, as well as focusing on disclosure and transparency. from this standpoint, the Central Bank of Iraq has prepared a guide to institutional governance based on the relevant Iraqi laws and international standards issued by international institutions and bodies, the International finance corporation (IFC), organization for economic cooperation and development (OECD), Basel committee on banking supervision, accounting and auditing organization for islamic and financial institutions (AAOIFI) Islamic. financial services board (IFSB) to help banks strengthen the general frameworks for good governance and management.

- In the context of enhancing disclosure and transparency in the banking system, the bank has worked to oblige banks to apply the international accounting standard (9) and financial disclosure. banks are also required to provide all information related to the services and products they provide to their customers, provided that this information is clear, easy to understand, simple and accurate, to ensure informing customers about the benefits and risks, without leading to any kind of misleading, and that customers should not bear the trouble of obtaining these services, and banks must take into account that the information provided to customers includes an explanation of the rights and responsibilities of these customers and details of prices, commissions and fees charged by each bank in exchange for Each service or product, as well as an explanation of the benefits and risks associated with it, the mechanism of terminating the relationship and the consequences thereof, in order to make it easier for customers to make their decisions, and the advice provided to the customer must be commensurate with his capabilities, and financial goals, and in light of his experiences regarding those products and services and taking into account that they enjoy this credibility advice that encourages customers to provide correct and accurate information about their situation to banks.

- The Islamic banking industry witnessed a widespread that extended to many international financial centers that invested in this field. this spread reflects the increase in interest in Islamic financial products and services. Islamic banks have imposed a new reality on the global banking market and invaded the terms "participation" and "Sukuk" and "Takaful" is the dictionaries of Western banks, and Islamic banks were able to introduce a new concept in banking dealings. Therefore, the goal of building and developing the Islamic banking industry in Iraq is an essential part of the axes of his plan, due to the importance of the products and services resulting from them in developing capital markets and moving the monetary policy that is not based on interest that contributes to achieving real social and economic development through its direct investment in related fields. The relationship with the real economy, such as the production of goods and services and trade in addition to their contribution to financial stability, since the Islamic financing system is characterized by safety against market vibrations resulting from illusory capital and has a high capacity for productivity and the revitalization of the local market, including (the participation of Islamic banks to buy goods through the auctions it issues. the central bank that implements the islamic certificates of Deposit (ICD) system, issuance of risk management controls in islamic banks, the merger and the Union of Islamic Banks and the supreme sharia advisory committee in the central Bank, certificates of deposit, investment certificates for Islamic banking, a guide to Islamic banking services, executive controls and guidelines for the pooled Islamic financing program (SIFP) and its annexes are (SIFP ACCOUNT and ESCROW ACCOUNT) controls and are considered one of the important strategies of this bank, through which it seeks to achieve partnership between the Islamic and commercial banking sector to enter the real sector by financing important strategic projects aimed at achieving economic growth as one of the goals of monetary policy and issuing a report. Sharia compliance, compliance monitoring, issuance and approval of the Islamic liquidity list form, which takes the privacy of Islamic banks in terms of time deposits and in terms of Islamic financial instruments. In order to protect small depositors and enhance banking stability, the bank's goal is within its strategy to contribute to the establishment of a deposit insurance institution, as the establishment of this institution represents a fundamental pillar of the financial safety network, and with the aim of benefiting from international experiences in this field to form a solid institution capable of reassuring depositors, especially the young ones, on The safety of their money, as the establishment of the Iraqi Deposit Guarantee Company was completed according to the license granted on (11/22/2020).

The third strategic objective: Developing the organizational structure of the central bank Given the acceleration of developments in the systems related to the infrastructure of the financial sector, in its previous strategic plan, the central bank embarked on the development of payment and settlement systems in line with these developments and in line with the development requirements for the development and supervision of these systems, not to mention what they derive. Payment systems are of the importance of being one of the three basic pillars upon which the functions of central banks are based, and these pillars are "monetary policy, banking supervision, and payment systems" due to the contribution of this infrastructure to achieving financial stability based on the principles of safety and efficiency of various payment systems. In addition to providing appropriate payment services and systems that meet the needs of its users, with an emphasis on the necessity of continuing these services and ensuring their availability in a manner that satisfies all users.

To keep pace with changes in the functions of central banks in all countries of the world, the Central Bank has adopted a project to develop organization and operations by developing a sound organizational structure and an operating model that takes into account Regulatory requirements, which are governed by clear policies covering the activities and functions of the bank These policies are detailed, simplified work procedures that define the bank's needs for human resources and other equipment, in number and type, with a clear definition of powers, in addition to preparing and documenting work policies and procedures, following up on their updating, and studying their impact on the service and the degree to which it meets the requirements of customers.

We highlight the most important achievements of the first strategy for the years (2016-2020) to develop the organizational structure.

- Establishing and developing personnel selection controls that are a complementary process to achieving optimal organization and efficient operational processes for existing and new programs, in addition to preparing the appropriate infrastructure to work accordingly.
- Restructuring the bank's departments, divisions and branches by forming a supreme committee to implement this task.
- Adopting a system for exchanging credit information in accordance with international standards in line with the banking environment and facilitating banking supervision and control operations.
- Developing the Central Bank's website and enhancing it with a statistical site to activate disclosure and make the required information available to researchers in the economic and financial fields.
- Establishing and managing the National Switch that supports the interbank clearing of transfers made by customers and transactions that take place by using automatic teller machines and points of sale through credit cards that are linked to the bank account.
- Payments via mobile phone. Funds are transferred via e-wallets without the need for a bank account. Also, transfers can be made for paying bills and shopping. The system was actually launched with banks and companies, and (9) banks were linked, as the number of banks participating in the retail payment system reached (39) banks. As for companies, the (International Network) company was linked, and the number of participating companies reached (8) companies after completion. From all administrative, technical and organizational procedures.

-Unifying the security specifications of the cheques. The security specifications of the cheques withdrawn have been unified on all banks by choosing several security specifications when printing the checks to avoid the lack of clarity of the image of the instrument when sending it through the electronic check-off system.

-The adoption of the International Banking Account Number (IBAN). for the purpose of unifying the numbers of bank accounts in all banks operating in Iraq, which contributed to improving the level of financial and banking services, clearing services, and settlement of payments locally and internationally . This is achieved through unifying the composition and specifications of the account number within the sector. The banker, as the formula for the unified bank number for Iraq was chosen, where the (IBAN) number consists of (23) orders, and Iraq has been registered with (SWIFT) International in the list of countries that use the unified account number.

Establishing a department concerned with risk management as this section contributes to achieving the bank's objectives related to maintaining a stable financial system based on competition in the market, promoting sustainable development and achieving economic prosperity for Iraq, building sound foundations for risk management in the bank and spreading the risk management culture among all employees of the bank. The financial system and the opening of channels of cooperation and coordination with some banks in the region to transfer and practice the best international experiences and standards in risk management, prepare a register of potential risks and build a risk matrix for this bank with a working methodology in accordance with international standards (ISO73) for terms and definitions and (ISO31310) for evaluation techniques Risks and (ISO31000) for risk management, and with the aim of supporting business continuity in banks, the bank has prepared comprehensive supervisory instructions in accordance with international standards (ISO22301), a business continuity management system and the recommendations of the Basel Committee.

- The formation of the Iraqi National Payments Board, which began its work on (17/5/2018), as the Council acts as an advisory link to support the Central Bank of Iraq in defining the objectives of payment systems, clarifying the strategic direction for them, developing strategies for the development of payment and settlement systems, and following up on their implementation.

- The aim of automating the work of ministries and government institutions, the bank automated financial transfers between departments and state institutions and collecting receivables through the Iraqi payment system through the electronic clearing system (C-ACH) using a payment orders (CT) instead of checks or cash.

-Conducting an assessment of the extent to which the Iraqi payment system is in compliance with international standards: The assessment of the Iraqi payment system and its compliance with international standards for financial market infrastructure was completed in cooperation with the World Bank, as part of the work on assessing the readiness of the Iraqi payment system in line with international standards (PFMIs) (Principles for Financial Market Infrastructures) to improve the payment and settlement systems in Iraq according to the agreement with them, which deals with electronic payment systems in Iraq.

-Linking comprehensive banking systems: For the purpose of facilitating the flow of work and updating data electronically and without human intervention, the project of linking comprehensive banking systems for banks with the two systems of the Real-Time Gross Settlement System (RTGS) and the Automated Clearing System (ACHC) has been implemented.

-Providing guarantees for transfers through the payments system: The day-to-day lending mechanism was activated on (May 28, 2018), as the bank can use the guarantee to finance or cover its suspended operations due to insufficient balance in its settlement accounts to guarantee the mortgaged bonds with this bank.

The central bank obtained a certificate of quality management system in the field of cash management from the British grants (certification limited LMS) after meeting the requirements of the international standard (ISO9001: 2015), as the international standard (ISO9001) is the most widespread in the world for quality management systems. It is essential to develop and control the quality of the performance of its operations in various fields. The bank also renewed its license to obtain a certificate of requirements of the International Standard for Quality Management System (ISO9001: 2015) in the field of cash management after successfully passing the external audit process.

-Protection of central bank servers and systems from the risks of breaches and threats coming from using the Internet.

Securing all internal and external communication channels with the data center (VLAN) in order to ensure maximum protection against cyber threats and intrusions.

-The bank set a development plan for its two branches (Basra and Erbil), which included developing the infrastructure for information technology and electronic systems by establishing an advanced wired and wireless network for the Basra branch and developing its organizational structure through contracting with the Iraqi Banking Services Company and electronic payment service providers to work in accordance with it.

-Adopting virtual computing technologies for data centers to improve performance and increase efficiency for the physical and software infrastructure.

- In strengthening the methodology of this bank in adopting and using the licensed software and systems for operating systems for server levels, end-user devices, and office software, this bank declares that it is free from any unlicensed programs.

-Developing the technical and informational infrastructure of the Central Bank and its branches to keep pace with informational progress in terms of using modern technologies to manage communication systems, networks, support systems, and local band systems.

-Strengthening cybersecurity in the central bank and the banking sector by developing systems for data security, protection and cybersecurity.

- With the aim of developing the infrastructure for banking communications, obtaining secure communication channels, maintaining the levels of reliability and availability of the banking network, and providing new technologies that ensure the highest level of availability, compatibility and backup, a banking network has been established that works with high-speed optical cable technologies and with the implementation of the Ministry of Communications. The main branches of all banks (government, private and branches of foreign banks) and the Ministry of Finance with the central bank locations in its two branches (Al-Rasheed - Al-Jadriya) via optical cable.

- Establishing a system for a letter of guarantee platform to automate the work and statement of letters issued through the banking sector, and to identify and know the balances of letters by banks.
- Establishing a scorecard system for the institutional governance guide for banks (Phase One). the scorecard system provides a benchmark for banks by identifying information on the performance of the banking sector by presenting performance averages and their details, as well as identifying the challenges and problems faced by the banking sector.
 - In order to activate the electronic transformation process in the central bank and the general banking sector, the bank is working on introducing the (BSRS)System, which provides an electronic platform between the central bank and the banks to ensure the exchange, circulation and auditing of data to ensure safe and fast.
 - Credit Information System This system allows the possibility of exchanging credit information electronically between all banks, in a safe and fast manner, and in a way, that enhances the supervisory and supervisory role of the central bank.The system offers multiple advantages represented by statistical reports that contribute to knowing the size of credit facilities for banking dealings and measuring the credit concentration and the financial position of the bank As well as credit risk and prediction of the customer's ability to pay.
- Establishing an advanced video system, providing the ability to hold videoconferencing, equipped with the latest communication protocols. This project contributed to the use of time, avoiding routine procedures, and obtaining the best performance; being one of the latest technologies in the world of networks and communications.

The fourth strategic objective: Developing the human capital of the central bank Based on the vision of the central bank in achieving distinguished performance. the first strategic plan for the years (2016-2020) focused on developing human resources working in the central bank and local financial sector institutions in view of what investment in human capital represents. In this regard, the bank adopted in the previous plan a policy of continuous education for the bank's employees and employees of governmental and non-governmental financial sector institutions in a dynamic manner that responds to all developments in banking activity and takes into account technological developments, and within the framework of The bank's interest in keeping abreast of global developments in the banking field.

It was keen on upgrading the training axis and implementing specialized programs in all banking fields for workers in the banking sector to reduce the gap between academic knowledge and professional qualification according to the requirements of the banking labor market and with the aim of developing the performance of employees and building leadership figures capable of innovation, so his plan focused on activating the role of the Studies Center And banking research in the establishment of courses and training programs for employees of the central bank, local banks, financial investment companies and banking companies according to a well thought out training plan that meets the most important training needs with the latest technologies and global practices in the financial sector in a way that raises the efficiency of workers in those financial institutions in a way that reflects positively on the quality of services. The financial services provided to the public and the quality of financial disclosure that enhances market confidence in these institutions and raises the efficiency of the financing process.

The central bank, in accordance with its tagged plan, has strengthened the bonds of cooperation and coordination with banking and financial institutions and academies transfer of knowledge, exchange of expertise and providing banking and financial advice based on the competencies and skills of specialized professors through the Center for Banking Studies.

Professional certificates have had a large share in developing and qualifying human capital in the Central Bank of Iraq and the banking sector by holding educational and awareness courses in coordination with international and local bodies specialized in the field of training, and among the professional certificates granted are the following:

- Certified specialist in combating money laundering and terrorism financing (ACAMS).
- Lead auditor of the international standard for quality management system (ISO9001: 2015).
- Lead auditor of the international standard for information security management system (ISO / IEC 27001: 2013).
- Lead auditor of the international standard for business continuity management system (ISO 22301: 2012).
- Lead auditor of the international standard for information systems management system (ISO 20000: 2011).
- Certified internal auditor (CIA).
- English for all levels.
- English / business Language.

The qualifying courses that the bank has achieved during the past years for the first strategic plan for the years (2016-2020) as follows:

- International standards for financial reporting.
- Banking risk management.
- Economic policies to achieve financial stability.
- VIP consulting for administrative leaderships.
- Monitor financial policies.
- Analyzing and evaluating the performance of local and foreign banks and branches.
- Building optimum portfolios for foreign reserves.
- Analysis of the performance of economic indicators / the level of performance of financial markets.
- Analyzing and evaluating bank performance for borrowing purposes.
- Anti-money laundering, US tax compliance act, electronic banking transactions, and banking information security crimes act.
- Information systems audit (CISA).

The fifth strategic objective: Activating and integrating the internal and external relations of the central bank The central bank sought to strengthen relations and cooperation with international institutions and government institutions and to identify the functional areas in which progress needed to be made in order to reach a level consistent with the world central banks. This cooperation included a wide range of activities and events, as the bank worked to provide joint training programs with training centers of international organizations and central banks, and to participate in specialized and advanced programs that ensured the development of the job performance and the raising of the bank's capabilities and the active participation in many seminars and conferences held in those entities, the bank also concluded twinning agreements for the purpose of building links Strong with international organizations and institutions, and in order to achieve achievements at the level of economic reform requires taking a set of measures and establishing strategic partnerships with all concerned and influential parties in the reform process at the official levels in the government sector from ministries and government agencies in the private sector from professional organizations, civil society institutions and institutions In addition to the partnerships at the level of the International with international bodies and counterpart banks.

During the past years, the bank carried out the following for the first strategic plan for the years (2016-2020):-

- The application of a set of international decisions represented by the application of international standards and some decisions of Basel (III) and all instructions and directives issued by the Basel committee on Banking Supervision.
- The bank supported, through the coordination committee between the fiscal and monetary policies, the project of establishing a unified account for the Ministry of Finance with all departments and institutions in order to improve the performance of public finances and the unit of spending and collection.
- The bank joined the membership of the International Islamic Financial Services Board (IFBS) based in Malaysia, which is the highest council that issues standards and technical matters for international Islamic institutions. The bank also joined the membership of the Executive Board of the Arab Monetary Fund.
- The bank participated in many regional, Arab and international meetings, such as the Islamic Bank, the Arab Monetary Fund, Islamic financial institutions, the International Monetary Fund, the World Bank, the Financial Action Organization, and the specialized committees shared with these institutions, including the Financial Stability Committee and the Arab Committee for Banking Supervision.
- The bank exchanged experiences with the Turkish Audit and Review Authority responsible for implementing Basel (III) decisions in liquidity and capital adequacy to measure the proactive liquidity of Turkish banks, and a workshop was held in Istanbul in this regard.
- Discussions with the Saudi Monetary Agency, headed by a high-ranking delegation, and discussed the possibility of developing relations and opening banking branches in both countries.
- The central bank joined the membership of the accounting and auditing organization for islamic financial institutions (AAOIF), the Islamic Financial Services Council, and the Islamic Corporation for the Development of the Private Sector, the Islamic Corporation for Investment Insurance and Export Credit, the International Islamic Trade Finance Corporation, the Islamic Solidarity Fund for Development, the Union of Arab Banks and the International Union of Arab Bankers.
- Holding consultative meetings and meetings for the purpose of exchanging information with foreign embassies and representatives of foreign organizations and companies such as (USAID), (KPMG), (E&Y) periodically as needed.
- Represented the Central Bank in the Steering Committee of the Regional Center for Technical Assistance in the Middle East (METAC) of the International Monetary Fund.
- Discussing and cooperating with central banks and signing cooperation agreements with central banks in Lebanon, Jordan and Egypt in the field of banking supervision.

- Signing joint cooperation agreements with the World Bank (World Bank), International Monetary Fund (IMF), and International Finance Corporation (IFC) to evaluate and develop the financial and banking sector in Iraq.
- Establishing a national division to settle mutual payments between banks and increasing electronic financial operations between banks, companies and citizens.
- Supporting the electronic collection process for government departments and facilitating payment methods for citizens.
- Contracting with the consulting company (Oliverwyman) to develop the structure of the payments system and to develop plans and projects that contribute to enhancing the use of electronic payment tools in addition to developing the capabilities and skills of the department's employees.
- Signing a memorandum of understanding with visa International, MasterCard international, and union-B international, Inc. to support the financial inclusion strategy and provide electronic payment cards to citizens.
- Signing a joint cooperation agreement with the Arab monetary fund to draw up a financial inclusion strategy.
- Signing a joint agreement with the Association of Iraqi private banks to increase interaction with banks, with the participation of an expert in banking affairs in the board of directors of the central bank of Iraq.
- Lifting the sanctions imposed by the European union on the central bank since (1994), which will restore communication between the Iraqi banking system and financial institutions and commercial companies in Europe.
- The central bank signed banking arrangements with (JPMorgan) Bank for the purpose of investing in securities, preserving government bonds, and establishing subsidiary accounts for banks.
- The central bank agreed with the Chinese Bank (Critic bank) within the framework agreement signed between Iraq and China.
- The central bank agreed with (Citibank) for the purpose of signing banking arrangements after opening a bank account with them for the purpose of investing in time deposits as well as the possibility of investing in securities as well.
- The guidelines for managing and investing foreign reserves were amended twice during the year (2019), as amendments were made to the credit rating of international commercial banks' risks and investment in financial instruments issued by international commercial banks, as well as investing in externally managed portfolios from international financial institutions or investment management companies. International, and these amendments came in response to the bank's business plan to invest that have good returns and acceptable risks.
- The central bank signed an agreement with the Arab monetary fund to manage an investment portfolio in government bonds issued by Arab countries that have a good rate of return and acceptable risks.

- The bank has established a relationship with the (OMFIF) institution, which is an international financial institution mainly concerned with researching monetary and financial issues and providing financial and monetary solutions and consultations, as well as providing the bank with economic reports and studies that serve the bank's activity, as central banks and major financial institutions in the world contribute to the activities of this institution .
- An agreement was made with the world bank - reserves management advisory program (RAMP) for the purpose of investing by them for the benefit of the Central Bank of Iraq in central treasury bonds, and investment was initiated in (2020), as this program provides integrated financial and advisory services that contribute to raising the efficiency of foreign reserves management. .
- Adding the confirmation on documentary credits for Iraqi crude oil shipments, as the formula for documentary credits for crude oil shipments was modified and the request to the banks issuing these documentary credits, in addition to the confirmation for the banks accepted by the Central Bank.
- Participating in the Arab regional payment system (Buna), as several meetings were held to lay down the necessary steps to work on the system and discuss its design from the (technical, organizational, and legal) point of view. I culminated in signing an agreement and completing the technical requirements from the Central Bank of Iraq and a number of local banks to participate in the platform, which works to provide real-time clearing and settlement services for cross-border money transfers and in arab and international currencies by sending and receiving payments between them in a safe and reliable manner and reducing recourse to global centers from Correspondent banks in the clearing and settlement of Arab payments, which contributes to reducing the time and costs associated with banks and their customers. The central bank of Iraq has also issued circulars to banks and financial financing companies operating in Iraq for the purpose of filling out a questionnaire that contains information on aspects related to payment flows in the Arab countries.

The Second Strategic Plan (2021-2023)

The central bank of Iraq launched its second strategic plan for a period of three years (2021-2023) represented by five strategic objectives consistent with article (3) of the central bank of Iraq law, which states (Achieving stability in domestic prices and working to maintain a stable financial system based on Competition in the market, promoting sustainable development, providing job opportunities and achieving prosperity in Iraq).

Based on the importance of strategic planning in drawing the direction of the institution, advancing it and achieving its objectives, total quality management and Institutional development department has developed a methodology for preparing the framework of the second strategy of the central bank for the years (2021-2023) through:

- Obtaining the approval of the Governor of the Central Bank to set the general framework for the second strategic plan(2021-2023).
- Forming a committee to develop the framework for the second strategic plan(2021-2023).
- Make a draft of the general framework for the second strategic plan (2021-2023).
- Conducting an analytical study of the goals and initiatives contained in the strategic plans of counterpart central banks and distributing them to the bank's departments for the purpose of informing and reviewing them in setting the sub-objectives of the second strategy plan(2021-2023).
- Conducting a comprehensive study on the analysis of stakeholders, analyzing the internal and external environment of the departments of the central bank and its branches, and making reports of the results of the analysis and distributing it to the senior management of the central bank.
- Creating special forms for setting standards for each sub-goal and distributing them to the departments of the central bank and its branches for the purpose of verifying the reliability of the sub-goal in accordance with scientific principles and standards, and determining the time line for implementation and performance indicators for each sub-goal.
- Holding workshops by the strategic planning Division for the departments of the central bank related to setting the sub-objectives of the second strategic plan(2021-2023).
- The approval of the Governor and senior management to launch the second strategic plan (2021-2023).

The Vision

Striving to achieve sustainable economic development and prosperity for citizens.

The Mission

Building an efficient monetary policy through general price stability to achieve sustainable growth, building financial sector governance and operating advanced payment systems, applying a prudential control policy by analyzing and evaluating risks, and then improving the performance of the Central Bank using the best administrative and technical practices that contribute to achieving the goals.

Shared Value

Achieving justice and equality, integrity and transparency, teamwork, creativity with work and founding loyalty.

The first strategic objective: Support and achieve monetary and financial stability To support and achieve monetary and financial stability and to enhance the bank's role in taking precautionary measures at the macro and micro levels and to reduce systemic risks. The bank adopt a monetary policy represented by a set of measures and procedures and setting financial soundness indicators that enable the bank to achieve this goal By developing and collecting soundness, analyzing them, monitoring individual indebtedness, analyzing national and sustainable development indicators, preparing emergency reserve sites for local cash, preparing and developing the infrastructure for these sites, and it will also develop and improve methods for analyzing data on monetary policy in a way that enhances the efficiency of its decisions.

The second strategic objective: Reinforcement and strengthen the banking sector and financial institutions The development of regulation in the banking sector contributes in the diversifying of banking services and expanding the base of banking activity, starting with supporting Islamic banking activity establishing and supporting comprehensive banks in order to enable them to grant long-term loans that match the financing requirements of development projects in the economic sectors. And to verify the soundness of the financial conditions of banks and to supervise them in a way that guarantees the soundness of their financial positions and the protection of the rights of depositors and shareholders of the banks in accordance with the provisions of the legislation in force and the rules of governance that established by the Central Bank and works to lay down the necessary rules and controls for banks to deal with their customers in a fair and transparent manner in order to enhance their competitiveness and ensure their contribution Sustainable economic development.

The third strategic objective: Promoting digital transformation in the central bank and the banking sector In order to enhance the leading role that the central bank plays in lead to the process of financial inclusion and developing banking infrastructure and electronic payment systems, advanced methodologies must be developed that contribute to the progress towards achieving digital transformation in the Central Bank. And the banking sector, through the gradual transformation of the adoption of digitization and the adoption of concepts with a technical dimension based on electronic governance in order to organize work and manage tasks, jobs and events with quality, efficiency and speed, as well as provide infrastructure for information technology and raise the level of performance through the development and improvement of this structure continuously in addition to strengthening Information security and cybersecurity tools being the primary gateway to guarding the sector from attacks, threats and cyber risks, and embarking on the adoption of modern financial technologies and developing supervisory and supervisory technologies to contribute to raising the level of response and interaction with the bank's regulatory instructions and regulations in line with the approach of central banks by adopting the best standards and practices.

The fourth strategic objective: Developing the organizational structure and human resources of the central bank The achievement of the strategic objectives depends to a large extent on the development of the organizational, technical and human infrastructure in the Central Bank, as the bank continues as an extension of its previous and current plan to rehabilitate and update its formations in accordance with the best international practices to develop its operations and strengthen and complete its structure Infrastructure and development.

The fifth strategic objective: Activating and integrating the internal and external relations of the central bank The central bank is keen to activate joint cooperation with government institutions by taking a set of measures that include activating coordination with these bodies, strengthening external cooperation with international financial institutions, and identifying functional areas that need progress in order to reach a level consistent with the central banks. As well as active participation in conferences and seminars held by those bodies in addition to the conferences held by the Central Bank regarding the special axes in building institutions and policies, whether at the technical level or policy-making, and the conclusion of twinning agreements with the aim of building strong links with international organizations and institutions that perform similar tasks as well. In implementation of its strategic plans, the bank seeks to link the Iraqi banking system within the global system by joining and participating in international institutions in order to achieve an improvement in the level of banking services.

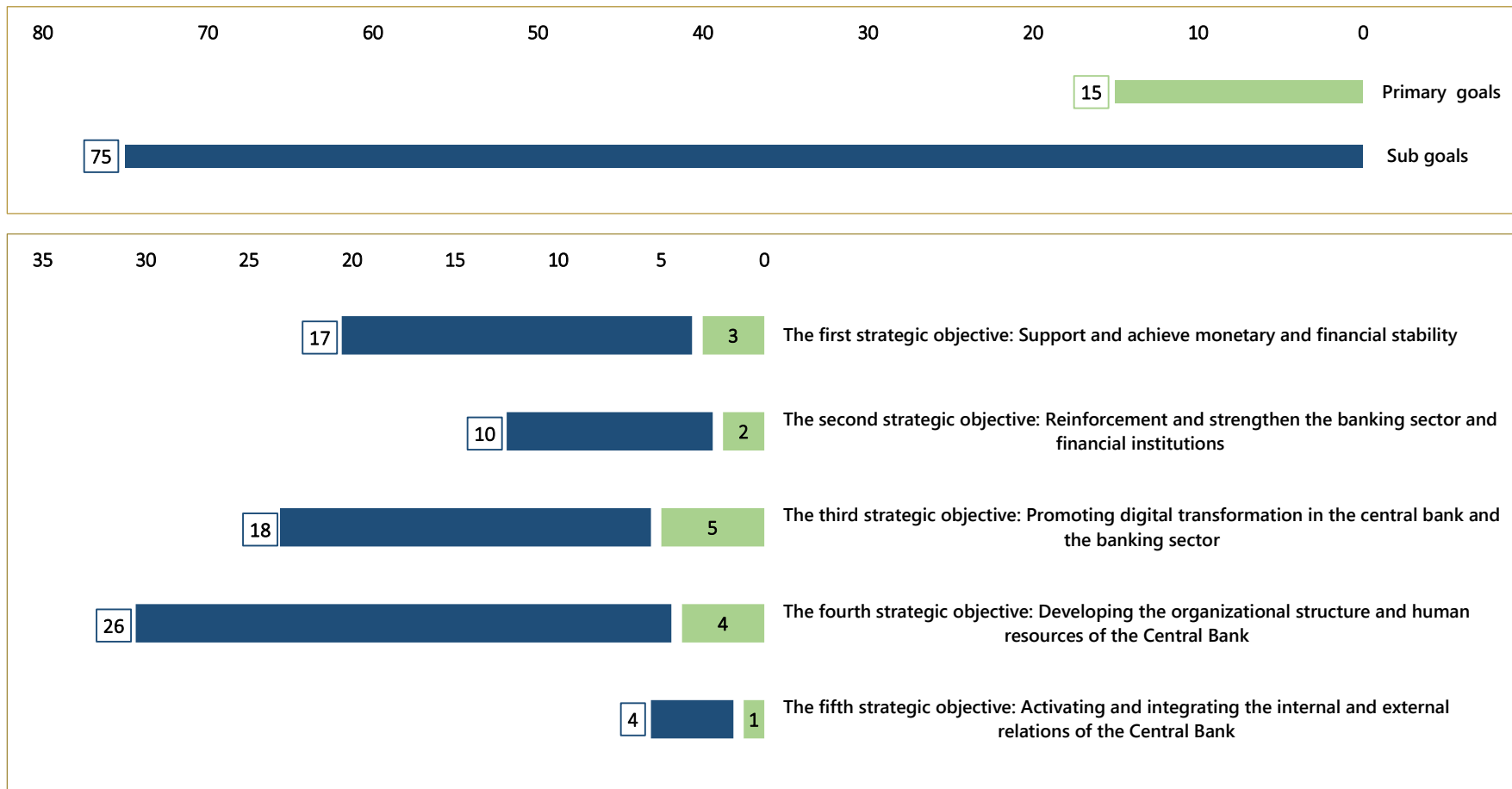


Figure (2): Distribution of primary and sub goals for each strategic goal

The first strategic objective: Support and achieve monetary and financial stability

Protecting the financial system

- Completion of the national risk assessment in accordance with a specific time plan.
- Promoting the use of technical anti-money laundering regulations.

Promoting financial inclusion

- The One Trillion Initiative to finance small, medium and large enterprises and housing loans.
- Preparing the national financial inclusion strategy.
- Payments digitization in the e-learning system.

Management of monetary and financial stability

- Develop financial soundness indicators in accordance with (IMF) requirements.
- Strengthening cross-border risk control.
- The addition of the Iraqi dinar currency in a (Buna) platform for arab payment.
- Linking the Iraqi Stock Exchange with (RTGS) systems.
- Salary settlement project.
- Automate the financial transactions of a specified number of spending of ministries and non-ministry-related entities.
- Finding a secure reserve position for the Bank's reserve the cash of (Iraq Dinar) that received from bank note printing house and the cash of foreign currencies, that can be used in the case of emergence situations.
- Building investment portfolios based in the benchmark and measuring their performance and risks according to modern models.
- Create sub-accounts for electronic payment service providers from our (JPMorgan) account.
- Ensuring a macroeconomic environment conducive to sustainable growth .
- Building an economic model that contributes to promoting economic growth.
- Issuing a report on the activity of government and private insurance companies and branches of foreign companies operating in Iraq, extracting, and analyzing financial indicators.

The second strategic objective: Reinforcement and strengthen the banking sector and financial institutions

Development of oversight and supervision

- Monitoring the indebtedness of individuals in the banking sector.
- Regular classification of important banks (D-sibs).

Development of regulation in the banking sector

- Achieving social development and financial sustainability goals (ESG), reducing environmental risks and achieving sustainable financing.
- Activating quality management in banks.
- Banking Quality Award.
- Guide to the selection of quality advisors in the banking sector.
- Preparing liquidity accountancy controls (LCR&NSFR) for Islamic banks.
- Preparing liquidity accountancy according to the maturity ladder for Islamic banks.
- Controls for the regulation of tontines.
- Preparing the regulations for financial leasing activity.

The third strategic objective: Promote digital transformation in the central bank and the banking sector

Completing the development of the technical infrastructure in the Central Bank and its branches, as well as developing the infrastructure in the banking sector by adopting international best practices and in line with the frameworks and standards of central banks

- Preparing and implementing the technical infrastructure and data center of the new central bank of Iraq building in Al-Jadriya.
- Completion of the development of technical infrastructure and the adoption of new technologies for key data centers, disaster recovery centers and branch data centers.
- Completion of the development of the optical communications network operating with optical cable technologies.

Promoting and developing information security, cybersecurity and data protection

- Moving to the advanced stage of securing the central bank's technical environment for information security and cybersecurity operational events
- Developing the tools and systems of the cybersecurity management Center (SOC) and adopting an advanced approach to enhancing cybersecurity in the Bank and the banking sector.

Electronic transformation of the bank's business and reliance on digitization to implement the functions, events and operations by obtaining the systems required to cover all the institution's operations in accordance with the best international practices and experiences

- Access to a sophisticated (CBS) electronic central banking system covering activates and tasks managed at the inside the central bank.
- Expanding the automation of financial, accounting and operational processes, jobs, and procedures in accordance with business requirements.
- Adoption of electronic trading tools for transactions and correspondence.
- The transition to automating the supervisory and regulatory work of the institutions subject to the supervision of the Central Bank.
- Adopting regulations and applications involved in working in the areas of governance and risk management.
- Building a sophisticated and centralized electronic system to follow up on the objectives of managing the central bank's strategic plan (2021-2023).
- Owning and allocating the enterprise resource management and planning system.

Planning, strategy development and implementation of (Fintech) projects in response to the great acceleration in financial technology around the world

- Developing a strategy for digital identity, know your customers (KYC) electronically and the adoption of digital on-boarding.
- Establishing innovation (Hup/Sandbox).
- Developing a road map for adopting central banks' digital currencies

Strengthen governance procedures and adopt relevant frameworks and standards to ensure that the level of maturity required for information and accompanying technology processes is reached

- Implementation of governance controls and institutional management of (ICT) within the Central Bank and monitoring its implementation throughout the banking sector.
- Analysis of gaps, comprehensive evaluation of banks infrastructure, payment service providers, enterprise compliance with frameworks, governance controls and IT-related standards and security.
- Launching the adoption of cyber resilience controls in the banking sector in accordance with global frameworks.

The forth strategic objective: Developing the organizational structure and human resources of the central bank.

Central Bank Branch's Development

- Increase the level of satisfaction customers with the bank's branches.

Central bank human resources development

- Application of (ISO30405:2016) international standard clauses for human resources management recruitment/guideline.
- Preparing a functional analysis guide for general, departments and branches of this bank.
- Continued professional practice development in accordance with the international standard of professional practice of internal auditing (1230).

Central bank operations development

- updating evaluate and modernizing local legislation in line with the development of international standards.
- Preparing a guide to anti-money laundering, terrorist financing and compliance with international sanctions at the Central Bank of Iraq.
- The transition of oversight work in compliance to a risk-based approach.
- Improving financial and economic performance by applying international standard (ISO10014:2006).
- Evaluation of the purchase process at the Central Bank of Iraq guided by the international standard (ISO20400:2017).
- Developing a payment strategy and developing the structure of the payment system .
- Applying best practices to ensure the health and safety of employees guided by international specification (ISO 45001:2018).
- Add value to the bank's business by focusing on the Bank's strategic and operational objectives by achieving audit objectives.
- Adopting electronic inclusion in performing the activities of the –accounting general department for the purpose of reducing paper usage.
- Digitalization the functions of the Oil Department (documentary credit reporting mechanisms).

Reinforcement and completing infrastructure

- Building an institutional performance evaluation system in accordance with the (CBI's) total quality management standards.
- Develop a plan for the continuity of the work of technical systems at the central bank of Iraq.
- The establishment of an accredited exam center.
- Applying the International Standard (ISO 17024:2012) for the rehabilitation of the Center for Banking Studies.
- Use of modern techniques related to audit activity (electronic audit).
- Establishing and equipping a laboratory to examine local and foreign currencies.
- Automation all financial operations on bank accounts.
- Activating trading system for trading bonds and remittances.
- Development of (RTGS) system to operate within (24) hours and (7) days of the week.
- The establishment of (Faster Payment).
- Linking the Iraqi payment system to the bank's. basic operation.
- The establishment of the national payments company and the development of its organizational and technical structure.

The fifth strategic objective: Activating and integrating the internal and external relations of the central bank.

Strengthening the bank's relations and representing it locally and internationally

- The Bank's contribution to women's empowerment.
- Strengthening domestic and international cooperation and coordination in the fight anti-money laundering and terrorist financing.
- Strengthening institutional relations.
- Revitalization of external cooperation.

Strategic planning team Implementation Mechanisms

Team members

- Staff of strategic planning division/department of total quality management.
- Strategic plan framework building committee.

Implementation mechanisms

- Developing a strategic framework and formulating strategic plans.
- Update strategic and annual plans with the possibility of adding, deleting or modifying strategic objectives, programs and options.
- Obtain the approval of the. Governor when modifying strategic objectives.
- Preparing a model for the drafting of the strategic and operational plan and follow-up reports.
- Preparing a guide to model procedures for the drafting of the annual plan.
- Preparing comparing studies with the international and regional central banks.

The responsibility

- Coordination of all inputs from the department part of the preparation process for quarterly and annual reports to senior management.
- Quarterly reports to senior management and presented to the Board of Directors.
- Distribution of quarterly and annual reports to third parties.

Strategic plan coordinators

Team member

- Member of each of the bank's departments and is connected with the strategic planning team

Implementation mechanisms

- Update annual plans, programs and options after obtaining departments approval and in coordination with the primary strategic planning team.

The responsibility

- Submit a quarterly report to the departments officer who oversees it.
- Following up the annual plans and the level of implementation with updating them.
- Follow-up the implementation of sub-objectives in their departments and provide the planning team with results quarterly.

The Second Strategic Plan

2021-2023