

Fourth

# Strategic Plan

2022-2026



Nepal Rastra Bank

# Strategic Plan

(2022-2026)



**Nepal Rastra Bank**

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## Message from the Governor



I am delighted to share the Strategic Plan, 2022-2026 of Nepal Rastra Bank (NRB), the Central Bank of Federal Democratic Republic of Nepal. NRB's first strategic plan was prepared in 2006, and this fourth plan sets the road map of the NRB for the next five years.

In the years that have elapsed since the first strategic plan, the Nepali economy has witnessed several structural shifts in trade, finance, and investment in tandem with the changes taking place both regionally and globally. Also, advancements in information and communication technologies have fostered increased globalization and integration of economies.

The NRB Act 2002, has mandated the NRB to formulate monetary, foreign exchange and financial sector related policies so as to maintain price stability, external sector stability and stability of entire financial system. This plan is guided by the mandate.

Both year 2020 and 2021 have been disrupted by the outbreak of Covid-19 Pandemic. In addition to the public health impacts, the pandemic led to lockdowns and travel restrictions across the globe and Nepal was no exception. The economic impact of the virus was massive. For the first time in four decades, in 2020, Nepal's economy experienced a negative growth of 2.1 percent requiring the central bank to formulate exceptional policy measures to support recovery.

Central banks around the world have been working to cope with the effects of the pandemic and emerging global issues by redefining their roles and responsibilities and restructuring their activities.



They have been working on restoring confidence in households and businesses, economic revival and recovery, safeguarding financial and economic stability, ensuring ease of access to financing and liquidity, maintaining stability of prices and the financial system, and building resilient systems for facing possible future shocks. In the “new normal” that has resulted from the pandemic, central banks have remained watchful to ensure continued public confidence on the banking system with flexible and sometimes even unconventional monetary policy tools.

This strategic plan is mindful of the exceptional and innovative measures the Central Bank needs to adopt to restore public confidence in the banking system and the need to embrace more effective coordination with the fiscal authority, international community and development partners to bring the economy back on the growth trajectory - the nation has always aspired to, along with maintaining stability in banking, financial and external sector, among others.

The vision of this strategic plan is to be, "A modern, dynamic, credible and effective Central Bank". Its mission is "Maintaining macroeconomic and financial stability for sustainable and inclusive economic development through effective monetary, foreign exchange, financial sector, and payment system policies." The strategic directions that are expected to assist in attaining the plan vision are "Macroeconomic stability, resilient and inclusive financial system, digitalized financial ecosystem, recovery and crisis management, organizational effectiveness, and harmonized relations." The plan has seven Strategic Pillars and 183 strategic actions.

In the next five years, the NRB aims to attain major milestones in the Strategic Plan including: completion of construction of the bank's buildings that were damaged by the 2015 earthquake, modernization of currency management through introduction



of an automated currency sorting and verification system, and introduction of shredding and briquetting of banknotes as an alternative to incineration. The NRB also looks forward to a global breakthrough in Central Bank Digital Currency (CBDC), a sandbox in the local context; implementation of national payment switch and integration with Real Time Gross Settlement (RTGS) system; several institutional set ups along with formulation and amendment of legal provisions; and facilitating noticeable growth in digital payments, financial literacy, access, inclusion and consumer protection.

This plan has been prepared in consultation with a wide range of stakeholders. I would like to express my gratitude to the Board of Directors of the Bank for its guidance and deliberation on draft. I am particularly indebted to Mr. Ramjee Regmi, NRB Board Member and Coordinator of the Strategic Plan Formulation Committee (SPFC), Deputy Governors Dr. Neelam Dhungana Timsina, Mr. Bam Bahadur Mishra, and Executive Director and Member Secretary of the SPFC, Mr. Dayaram Sharma Pangeni for their efforts towards finalizing the plan. I also thank all members of Strategic Plan Task Force for their efforts towards preparing this plan and all Executive Directors, Directors, and other staff of the Bank for their inputs and contributions.

Finally, I look forward to the same type of enthusiasm and support from all staff and stakeholders of the Bank for effective implementation for fulfilling our mandate and progressing towards attaining the vision of this Strategic Plan.

Maha Prasad Adhikari  
Governor  
February 2022



## Acknowledgement

**N**epal Rastra Bank had prepared its first five-year strategic plan in 2006 and has two plans thereafter to guide its efforts to stabilize and facilitate optimal growth of the country's banking and financial sector. Successful implementation of the previous plans has resulted in a robust banking and financial industry that is credible and has been continuously growing to support the national economic development aspirations. The Fourth Strategic Plan 2022-2026 takes into account the social and economic disruptions caused by the Covid-19 Pandemic globally and attempts to support economic recovery by steering the financial sector as a catalyst revival and progress in line with global financial interdependencies and FinTech innovations. The Bank has prepared this plan to capitalize on the emerging opportunities by leveraging its strengths, while continuously working to mitigate weaknesses for effective response to the challenges and future shocks.

This plan reaffirms the vision of the previous strategic plans and has reviewed the mission and core values. It has specified five strategic directions and seven strategic pillars to drive the actions for progressing towards the attainment of the vision. The plan was prepared in a highly participatory and consultative approach and is backed by thorough analysis of both the internal and external environments.

We would like to express our gratitude to Mr. Maha Prasad Adhikari, Governor for the continuous guidance, advice and support for the preparation of the plan. We thank Mr. Madhu Kumar Marasini, Secretary, Ministry of Finance and member of the NRB Board for his support and guidance throughout the process. We are also grateful for the support and guidance provided by the Board of Directors. Our



sincere thanks go to all Executive Directors, Directors and other officials of NRB, who provided inputs, comments and suggestions throughout the planning process. Each member of the Strategic Plan Formulation Task Force took on their responsibilities with full dedication and a large number of stakeholders who were directly and indirectly involved in the planning process contributed towards enriching the strategic plan. The Task Force drafted the plan that was discussed among staff and stakeholders before it was given a final shape. We specially mention the engagement of all officials of Corporate Planning and Risk Management Department (CPRMD) throughout the process of preparing the plan. We are thankful for their best endeavors.

### **Strategic Plan Formulation Committee**

Mr. Ramjee Regmi, NRB Board Member	Coordinator
Dr. Neelam Dhungana Timsina, Deputy Governor	Member
Mr. Bam Bahadur Mishra, Deputy Governor	Member
Mr. Dayaram Sharma Pangei, Executive Director, CPRMD	Member Secretary



## Board of Directors



Mr. Maha Prasad Adhikari  
Chairman and Governor



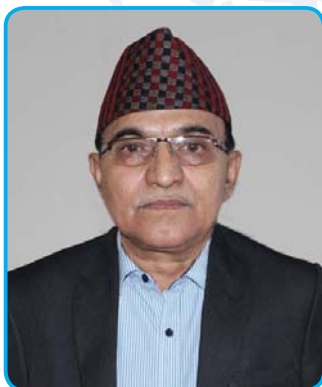
Mr. Madhu Kumar Marasini  
Member and Finance Secretary



Dr. Neelam Dhungana Timsina  
Member and Deputy Governor



Mr. Bam Bahadur Mishra  
Member and Deputy Governor



Dr. Sri Ram Poudyal  
Member



Mr. Ramjee Regmi  
Member



Dr. Suvod Kumar Karn  
Member

# Fourth Strategic Plan Formulation Committee (Steering Committee)



Mr. Ramjee Regmi  
Coordinator



Dr. Neelam Dhungana Timsina  
Member and Deputy Governor



Mr. Bam Bahadur Mishra  
Member and Deputy Governor



Mr. Dayaram Sharma Pageni  
Executive Director  
Member Secretary

# Abbreviations

AFI	Alliance for Financial Inclusion
AI	Artificial Intelligence
AML	Anti-Money Laundering
ASMD	Assets and Service Management Department
BAFIA	Bank and Financial Institutions Act, 2017
BCBS	Basel Committee on Banking Supervision
BCP	Business Continuity Plan
BD	Banking Department
BFI	Banks and Financial Institutions
BFIRD	Banks and Financial Institutions Regulation Department
BMIS	Budget Management Information System
BoP	Balance of Payment
BPM	Balance of Payment Manual
BSBS	Banknote Shredding and Briquetting System
BSD	Bank Supervision Department
BTC	Bankers' Training Center
CBDC	Central Bank Digital Currency
CFT	Combating the Financing of Terrorism
CICL	Credit Information Center Limited
CMD	Currency Management Department
CPI	Consumer Price Index
CPRMD	Corporate Planning and Risk Management Department
CSR	Corporate Social Responsibility
CVPS	Currency Verification and Processing System
DDMS	Digital Document Management System



DFL	Digital Financial Literacy
DR	Disaster Recovery
DSIB	Domestic Systemically Important Bank
ECB	External Commercial Borrowing
ERD	Economic Research Department
FCY	Foreign Currency
FDI	Foreign Direct Investment
FEMD	Foreign Exchange Management Department
FERA	Foreign Exchange Regulation Act, 2019
FinCERT	Financial Sector Computer Emergency Response Team
FISD	Financial Institutions Supervision Department
FIU	Financial Information Unit
FMD	Financial Management Department
FOREX	Foreign Exchange
FSDS	Financial Sector Development Strategy
GBO	Government Budgetary Operation
GL	General Ledger
GoN	Government of Nepal
HR	Human Resources
HRIS	Human Resource Information System
HRM	Human Resources Management
HRMD	Human Resources Management Department
IAD	Internal Audit Department
ICT	Information and Communication Technology
IRD	International Relations Division
IRMF	Integrated Risk Management Framework
IT	Information and Technology
ITD	Information Technology Department



LCR	Liquidity Coverage Ratio
LD	Legal Division
LEAs	Law Enforcement Agencies
MEP	Mutual Evaluation Process
MFI	Microfinance Financial Institutions
MFISD	Microfinance Institutions Supervision Department
MIS	Management Information System
MMD	Monetary Management Department
MoF	Ministry of Finance
MoU	Memorandum of Understanding
MoV	Means of Verification
MST	Macro-Stress Testing
NBFISD	Non-Bank Financial Institutions Supervision Department
NMEM	Nepal Macroeconomic Model
NRA	National Risk Assessment
NRB	Nepal Rastra Bank
NER	Nominal Exchange Rate
NSFR	Net Stable Funding Ratio
O&M	Organization and Management
OFG	Office of the Governor
OMO	Open Market Operation
OVI	Objectively Verifiable Indicator
PCP	Privileged Credit Policy
PFMI	Principles for Financial Market Infrastructure
PO	Provincial Office
PSD	Payment Systems Department
PSO	Payment Service Operator
PSP	Payment Service Provider



QR	Quick Response
RBIA	Risk Based Internal Audit
RBS	Risk Based Supervision
RER	Real Exchange Rate
RMD	Risk Management Directives
RTGS	Real Time Gross Settlement
SAARC	South Asian Association for Regional Cooperation
SEACEN	South East Asian Central Banks
SEANZA	South East Asia, New Zealand, Australia
SIEM	System Information Event Management
SIPS	Systemically Important Payment System
SIS	Supervisory Information System
SME	Small and Medium Enterprise
SOC	Security Operation Center
SOP	Standard Operating Procedures
SPFC	Strategic Plan Formulation Committee
SPFTF	Strategic Plan Formulation Task Force
SPMEC	Strategic Plan Monitoring and Evaluation Committee
SWIFT	Society for Worldwide Interbank Financial Telecommunication
SWOT	Strengths, Weaknesses, Opportunities and Threats
TA	Technical Assistance
TCU	Technical Cooperation Unit
TSA	Treasury Single Account
USSD	Unstructured Supplementary Service Data
WPI	Wholesale Price Index

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# CHAPTER 1

## INTRODUCTION

### 1.1 Background

Nepal Rastra Bank (NRB) was established as the Central Bank of Nepal on April 26, 1956, in accordance with the provisions of Nepal Rastra Bank Act 1955, which was replaced by the new Act in 2002. The preamble of the Act has entrusted the NRB to maintain stability of price and balance of payment and stability of the entire financial sector to support sustainable development of Nepal. Likewise, the Section (4) of the Act has mandated the NRB with the objectives of formulating monetary and foreign exchange policies in order to maintain price and BoP stability, increase the access of financial services, increase public trust towards banking and financial system and develop secured, healthy and efficient system of payments. In order to attain these objectives, the Act has clearly defined the functions, duties and power of the bank.

NRB is committed towards the attainment of aforementioned objectives. To cope with the ever-growing challenges, in the complex financial system, the NRB has prioritized research and effective monetary management, external sector management, prudent regulation and supervision, capacity building, good governance, risk management, adoption of advanced technologies, promotion of digitalization and financial inclusion, among others. This strategic plan is primarily guided by the objectives, functions, duties, and power as enshrined in the Act.



## 1.2 Strategic Planning in Nepal Rastra Bank

The first five-year strategic plan of the NRB was formulated in 2006 for the period of 2006 to 2010, followed by the second strategic plan for the period of 2012 to 2016 and the third strategic plan for the period of 2017 to 2021. The first strategic plan was broadly organized under Functional and Management Strategies, accompanying with strategic objectives and actions.

The Second Strategic Plan moved from broader strategies of the first plan to specific strategies defined into strategic pillars and priorities.

**Strategic Plan (2012-2016)**

**Strategic Pillars**

1. Macroeconomic Stability
2. Financial Sector Stability
3. Foreign Exchange Management
4. Payment Systems and Mechanisms
5. Human Resources Management and Capacity Development
6. Infrastructure Development, Corporate Governance and Customer Services
7. Information and Communications Technology

The plan defined seven strategic pillars and specified them into twenty-two priorities with each priority having their own set of objectives.

The third strategic plan has categorized pillars as four core pillars and seven supporting pillars. Each pillar has its own set of objectives, specific strategies and action plans.

**Strategic Plan (2006-2010)**

**Functional Strategies**

1. Monetary Management
2. Domestic Debt Management
3. Financial Sector Management
4. Foreign Exchange Management
5. Currency Management

**Management Strategies**

1. Human Resources Management
2. Research and Statistics Management
3. Financial Management
4. Information and Communication Technology Management
5. Legal Affairs Management

**Third Strategic Plan (2017-2021)**

**Core Pillars**

1. Macroeconomic Stability
2. Financial Stability and Financial Sector Development
3. External Sector Stability
4. Sound and Effective Payment System

**Supporting Pillars**

1. Human Resources Development and Management
2. Organizational Management and Development
3. Infrastructure Development
4. Information and Communication Technology Management
5. Strengthen National and International Relations
6. Legal Compliance and Good Governance
7. Social Responsibility

### 1.3 Progress of Previous Strategic Plans

The progress of the previous strategic plans is summarized and presented below.

**Table 1: Progress of Previous Strategic Plans**

Strategic Plan	Total Tasks	Dropped Tasks	Completed (%)	Under Progress (%)	Not Started/ Dropped (%)
Strategic Plan (2006-2010)	204	2	85	-	15
Strategic Plan (2012-2016)	201	27	78	22	-
Third Strategic Plan (2017-2021)*	194	16	71	24	5

\* upto mid July 2021

### 1.4 Strategic Planning Process

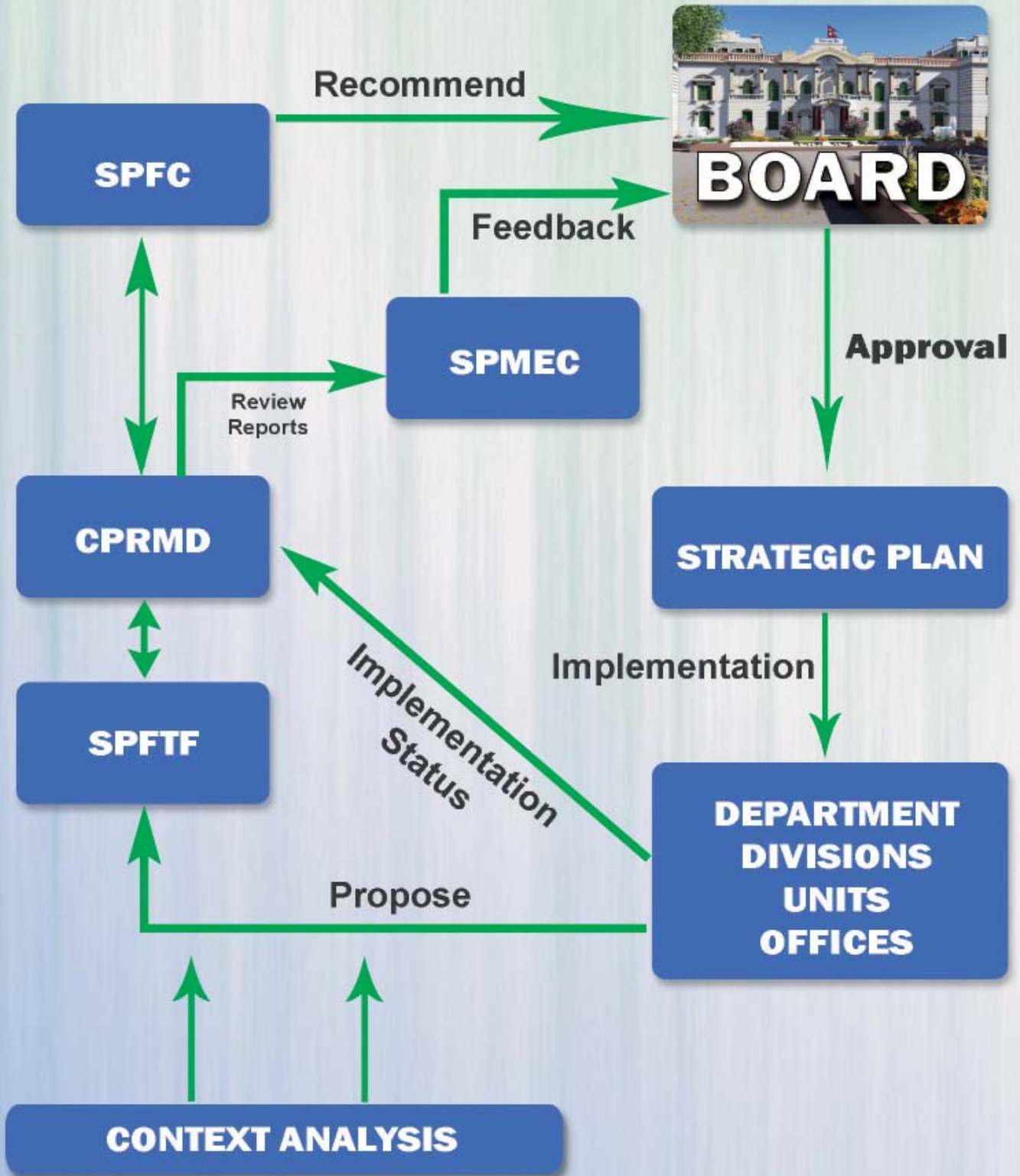
NRB formed the Strategic Plan Formulation Committee (SPFC) under the convenorship of a member of the NRB Board of Directors to formally commence the plan formulation process. Further, the Strategic Plan Formulation Taskforce (SPFTF) was formed, headed by the Executive Director of Corporate Planning and Risk Management Department (CPRMD), which was responsible for preparing and recommending the draft of the plan to the SPFC.

The process started with the context analysis, which was done through a series of brainstorming and discussion sessions among principal officials. The context analysis provided the insight for reaffirming the Vision and redefining the Mission and Core Values of the Bank and, to ensure the achievement of the mission, five strategic directions and seven strategic pillars were identified.

Departments, Divisions and Offices of the NRB were requested to propose objectives, strategies, and actions, which were further discussed in the SPFTF. SPFC reviewed the draft submitted by the SPFTF and forwarded it to the NRB Board for approval. NRB Board approved this strategic plan thereof.



# Chart 1: Strategic Planning Process

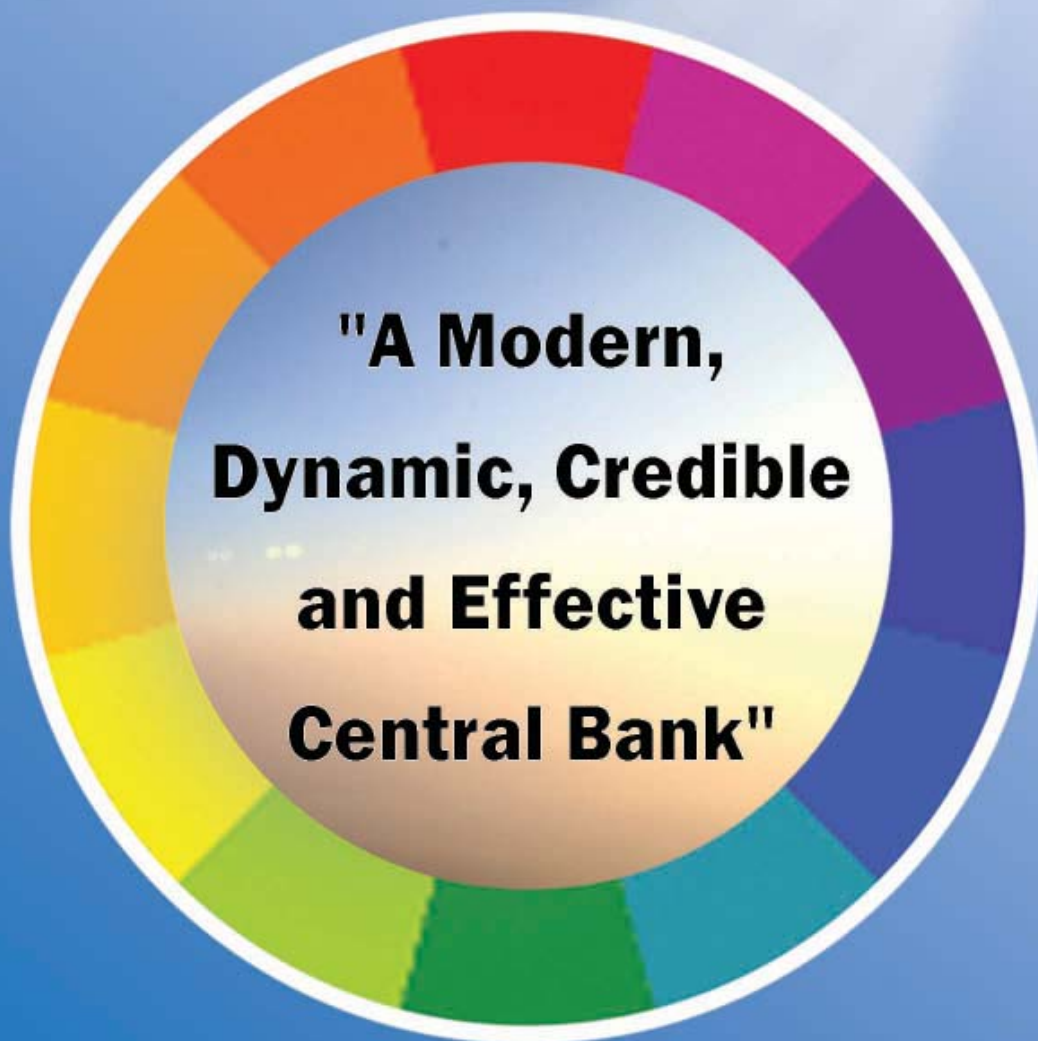


CPRMD was responsible for the coordination of the entire plan formulation process and is responsible to submit the implementation and monitoring report to the SPMEC for further review and forwarding it to the Governor and the NRB Board.

## 1.5 Need for the Strategic Plan

Complex and dynamic environment emerging mainly from rapid technological changes and deepening cross-border economic and financial linkages caused the NRB to follow forward looking approaches in its actions and adopt the strategic planning process. This strategic plan builds on the reviews and experiences of the previous plans and incorporates actions based on the context analysis. NRB aims to discharge its responsibilities more effectively with a medium-term perspective in planning process, especially with a strategic approach. This strategic plan emphasizes on resiliency of the financial system in respect to the changed context of the Covid-19 Pandemic with due focus on the macro-economic stability. This strategic plan is also coherent with the Financial Sector Development Strategy (FSDS) regarding the actions assigned to the NRB. Additionally, the need of strategic plan is also felt to guide annual actions and budgetary process of all implementing units of the bank.

# VISION

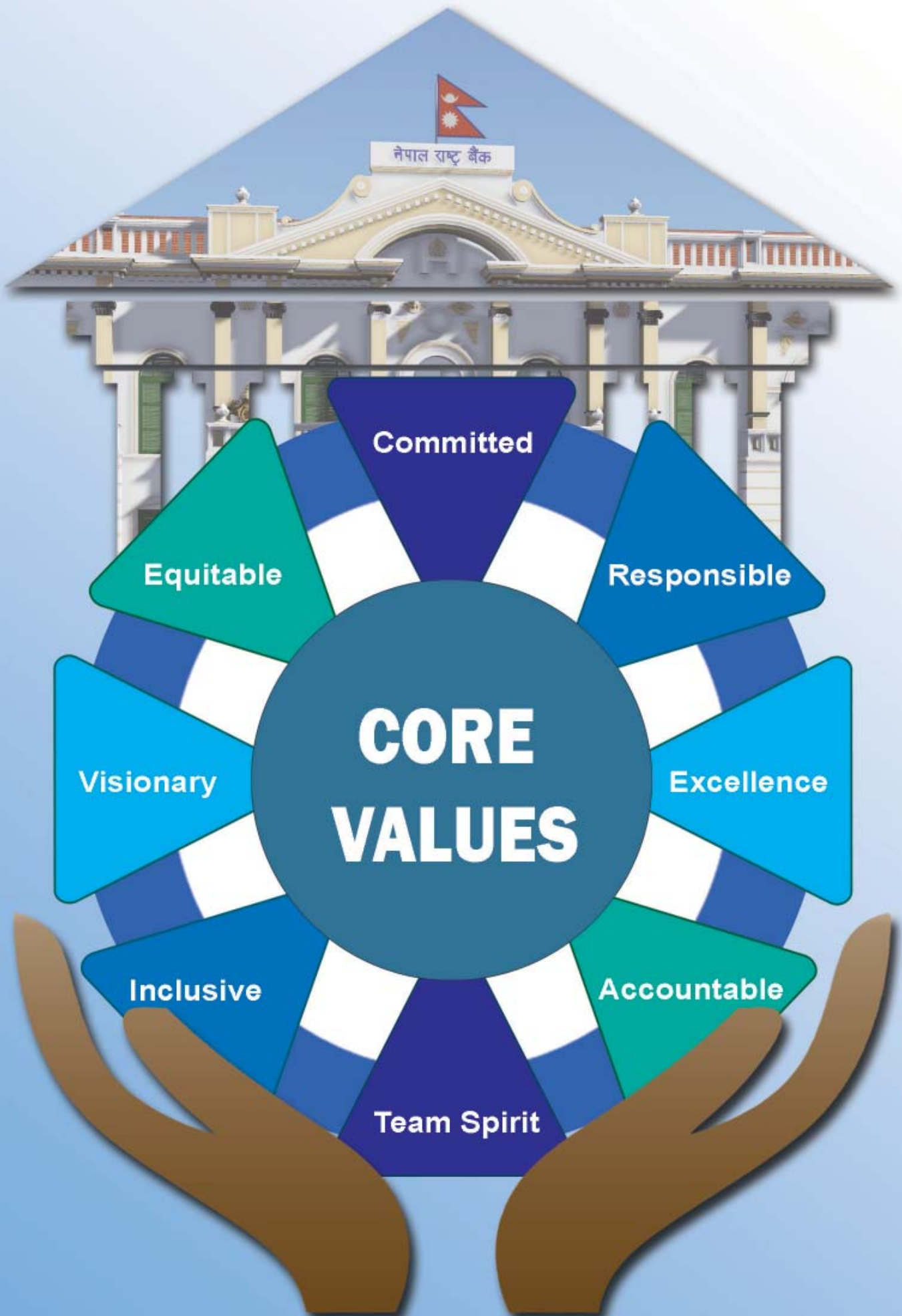


# MISSION

"Maintaining Macroeconomic and Financial Stability for Sustainable and Inclusive Economic Development through Effective Monetary, Foreign Exchange, Financial Sector and Payment System Policies"







## CHAPTER 2

# VISION, MISSION AND CORE VALUES

### 2.1 Vision

“A Modern, Dynamic, Credible and Effective Central Bank.”

### 2.2 Mission

"Maintaining Macroeconomic and Financial Stability for Sustainable and Inclusive Economic Development through Effective Monetary, Foreign Exchange, Financial Sector and Payment System Policies."

### 2.3 Core Values

NRB's functioning is guided by certain beliefs and norms. Every individual in the Bank treasures these ideals which firmly build the foundation for the Bank's activities. NRB has been constantly reframing these principles while spelling its strategic plans to depict how it embraces the change in organizational behavior with the change in the complexity of the context where it operates.

NRB's Fourth Strategic Plan stands on these core values:

***CREATIVE***

***C-Committed***

NRB is committed to achieve the institutional objectives and goals by delivering quality services to its stakeholders.



### *R- Responsible*

NRB is dedicated to discharge its roles and responsibilities with best efforts and capabilities through continually upgrading skills and knowledge, maintaining effective system of communication and consultation for being responsible for effective service delivery.

### *E-Excellence*

NRB is committed to foster excellence through its genuine efforts towards achieving its objectives. Every individual believes in striving to put highest efforts to discharge responsibilities in the best possible way.

### *A-Accountable*

NRB is committed to ensuring accountability and transparency in its activities through good governance and public dissemination of information. The Bank maintains integrity in its actions and decisions.

### *T-Team Spirit*

NRB believes in team spirit to foster interdepartmental trust and coordination by adopting participative and collaborative approach in decision making and service delivery process.

### *I-Inclusive*

NRB endeavors to adopt innovative ideas and inclusive policies to cater to the financial needs of the different sectors of the economy. Such policies ensure improved financial access, widened financial literacy and greater consumer protection in order to facilitate sustainable and equitable economic growth.



### ***V-Visionary***

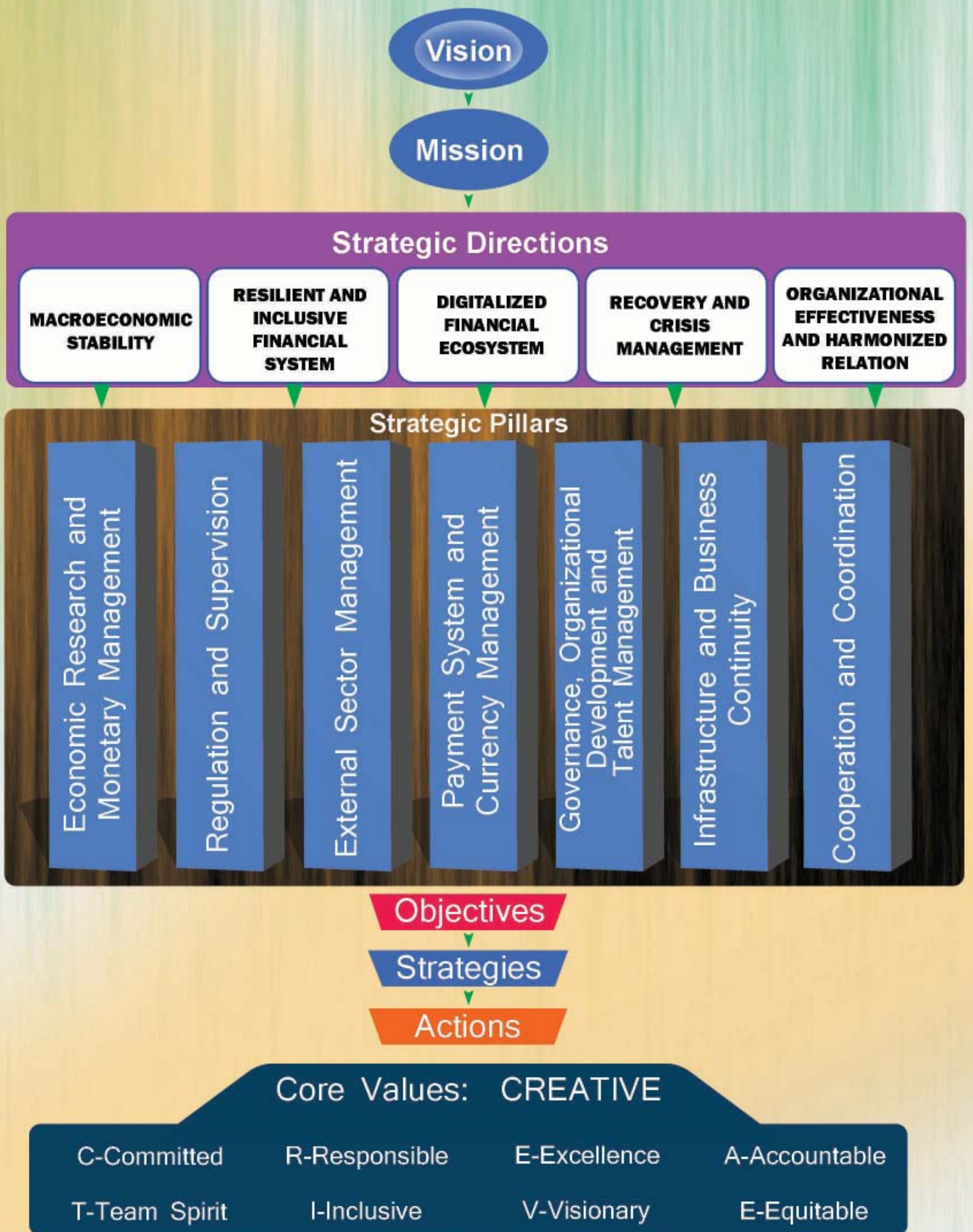
NRB believes in visionary and proactive policies to attain macroeconomic and financial stability. For this purpose, NRB shall formulate appropriate policies to address current issues and problems and suitable strategies to mitigate the potential threats.

### ***E-Equitable***

NRB is committed to provide fair treatment to all its stakeholders. It ensures integrity and honesty by assuring impartiality in its policies, functions and services.



# Chart 2: Framework of Fourth Strategic Plan





## CHAPTER 3

# STRATEGIC PLAN FORMULATION APPROACH

### 3.1 Framework of Fourth Strategic Plan

This Strategic Plan guides the strategies and actions of the NRB for the period 2022 to 2026. The framework of the plan is presented below.

### 3.2 Environmental Analysis

NRB rigorously conducted environmental analysis and developed Strength, Weakness, Opportunity and Threat (SWOT) profile of the bank. SWOT analysis considered environmental components such as organizational set-up, human resource inventory, physical and technological infrastructures, the growth and direction of credit, the trend of international trade and reserve, legal infrastructures, financial market infrastructures and its status, asset quality of financial system, advancement in payment infrastructures, status of financial access, impact of the COVID-19, and so on and so forth.

Vision, Mission, Core Values, Directions, Pillars, Objectives, Strategies and Actions are developed on the basis of the context analysis. Crucial components in the form of strengths and weaknesses, opportunities and threats are identified, and accordingly strategic actions are determined to mitigate the weaknesses and leverage the strengths of the bank in order to capitalize opportunities and overcome the threats.



In this plan period, NRB aims to grab the opportunities created by technological innovations, emerging best practices, global initiations for sustainable financing, and so on, utilizing the organizational strengths of clear legal mandate, well-established institutional set-up, competent workforce, and social harmony, among others.

# STRATEGIC DIRECTIONS



## STRATEGIC DIRECTIONS

Strategic directions are the priorities of the NRB for this plan period. This plan contains a set of five strategic directions which will guide the bank's overall efforts and endeavors. This plan aims to drive the bank towards following strategic directions.

### 4.1 Macroeconomic Stability

Macroeconomic stability refers to a situation of low and stable inflation, low long-term interest rates, stable exchange rates, low debt burden, low deficits, among others. It is a necessary requirement for encouraging investment and aligning resources to the right direction and sectors, attaining high and sustained growth, reducing inequality and ensuring equitable distribution. Empirical research manifests positive correlation of growth and productivity with macroeconomic stability and significant negative correlation of private investment with uncertainty and macroeconomic instability.

NRB contributes to economic development by ensuring macroeconomic stability, aligning financial resources to productive sectors and thereby promoting production and productivity of the overall economy. Monetary management, among others, plays a prominent role in ensuring macroeconomic stability. Regulation of money supply and credit is key to reduce short-term fluctuation and pin down the level of inflation. NRB can perform monetary



management function effectively with appropriate monetary policy framework, sound liquidity management, robust database and oversight mechanism, forecasting capability and continuous research.

## 4.2 Resilient and Inclusive Financial System

A resilient financial system has ability to adapt and evolve in response to endogenous and exogenous shocks. NRB needs to focus on prudential regulation to limit the impact of possible shocks when they do occur. The financial system resilience depends on various factors such as diversity of actors of the system, interconnectedness, size, composition of assets and liabilities, complexity, transparency, and leverage of the banks. NRB strives to continuously formulate, amend and implement the appropriate policies and guidelines to ensure financial system stability and resilience. Resilient financial system will enhance public confidence and promote a conducive environment for various stakeholders.

Financial inclusion goes hand in hand with financial literacy and financial consumer protection. NRB has set strategic actions to achieve deepened financial inclusion, in multiple dimensions, removing all sorts of barriers present in the form of geography, gender, income, literacy, among others. Along with this, NRB aims to strongly build the foundation for the protection of the interest of every financial consumer and to enhance the quality of financial conduct through effective grievance redressal.

## 4.3 Digitalized Financial Ecosystem

Digital financial ecosystem consists of users, service providers, infrastructure and technology providers, policies, laws and



regulations. The ecosystem facilitates to attain national goals of financial inclusion, promote economic health, and ensure stability and integrity of the financial systems.

Digitalization implies that every financial service is provided with the help of information and communication technology. It increases efficiency, speed and safety of financial transactions and reduces transaction cost. NRB has introduced Real Time Gross Settlement (RTGS) and overseen many payment digitalization initiatives such as operationalization of National Payment Switch, promotion of Quick Response (QR) code and new modes of payment. NRB aims to motivate innovation and foster competition through interoperability of payment system.

#### **4.4 Recovery and Crisis Management**

The COVID-19 pandemic has posed serious challenges to the global economy. The health crisis and ensuing restrictions severely disrupted economic activities specially related to Small and Medium Enterprises (SMEs), manufacturing and tourism leading to business closures and job losses. NRB introduced several policy measures to ensure stable financial system however, the future course, the duration and direction of this pandemic still remains unknown and the path to recovery remains still uncertain.

The COVID-19 pandemic and the associated distress has highlighted the need for crisis preparedness. This induces NRB to adopt a strategic direction that will enable it to better handle crisis, execute resolution, and support recovery. Policies of NRB, for the days to come, aims towards the revival of economic activities. Furthermore, NRB aims full-fledged implementation of its Business Continuity Plan (BCP) for crisis preparedness. NRB prioritizes

legal, physical and Information and Communication Technology (ICT) infrastructure development to cope with the crisis effectively.

#### **4.5 Organizational Effectiveness and Harmonized Relations**

Appropriate organizational setup ensures institutional effectiveness through strategic fit between the organizational structure and the functions to be carried out by the bank. The bank strives to strengthen institutional governance through effective human resource management and authority-responsibility structure.

NRB aims to further strengthen quality work life and employee satisfactions through focused human resource (HR) development activities, participative decision making processes and adoption of best HR practices. In addition, the NRB has wide range of responsibilities to bear, which demands a very robust and advanced system to maintain smooth co-operation with all kinds of stakeholders. Information sharing and collaboration among national and international agencies is believed to maintain harmonized relationship with them.

# STRATEGIC PILLARS, OBJECTIVES, STRATEGIES AND ACTION PLANS

The Fourth Strategic plan is built upon the following seven strategic pillars:

1. Economic Research and Monetary Management
2. Regulation and Supervision
3. External Sector Management
4. Payment System and Currency Management
5. Governance, Organizational Development and Talent Management
6. Infrastructure and Business Continuity
7. Cooperation and Coordination

# ECONOMIC RESEARCH AND MONETARY MANAGEMENT





## **Strategic Pillar 1 : Economic Research and Monetary Management**

This pillar supports the NRB to attain its legal mandate for maintaining macroeconomic stability, among others. Effective monetary management is a key to stabilize aggregate demand, anchor agents' expectations about prices, interest and exchange rates, and reduce distress arising from short-term fluctuations. NRB strives to strengthen its monetary management function through reviewing its monetary strategies on an ongoing basis, enhancing research and statistics, modeling and forecasting capacity, disseminating information timely, and building database system. NRB's strong foundation of economic research and statistics enables it to provide evidence-based-policies and strengthens regulatory and supervisory roles.

**Objective 1: Strengthen Macroeconomic Modeling and Forecasting Capability**

**Objective 2 : Effective Monetary Management**

**Objective 3: Strengthen Function of Research and Advisory Role**



# REGULATION AND SUPERVISION



## Strategic Pillar 2 : Regulation and Supervision

This pillar sturdily supports the NRB's objective to develop a resilient financial sector so as to achieve the stability in financial system. NRB aims to adopt international best practices of regulation and supervision with needful customization to address idiosyncratic behavior of local financial landscape. Prudential regulation is always complemented by effective supervision. Dynamism and proactiveness have always guided NRB's prudential regulatory and supervisory actions to achieve safe, sound and credible financial system.

NRB aims its actions to deepen financial inclusion through better financial literacy and awareness. Besides, it will continue to incorporate and improve its regulatory and supervisory mechanisms to ensure the proper financial conduct and protection of financial consumers' rights.

**Objective 1 : Ensure Resiliency and Systemic Risk Management of Financial System**

**Objective 2 : Strengthen Regulatory Frameworks**

**Objective 3 : Strengthen Supervisory Function**

**Objective 4: Strengthen Anti Money Laundering (AML)/ Combatting Financing of Terrorism (CFT) Regulation and Supervision Function**

**Objective 5 : Strengthen Regulation and Supervision of Micro Finance Institutions**

**Objective 6 : Ensure Financial Conduct and Grievance Management**

**Objective 7 : Enhance Financial Literacy, Inclusion and Access to Finance**



# EXTERNAL SECTOR MANAGEMENT



## Strategic Pillar 3 : External Sector Management

This pillar supports one of the NRB's legal mandates of maintaining external sector stability through strengthening external sector oversight, reforming foreign exchange regulatory framework and managing foreign exchange reserves. NRB endeavors to manage foreign exchange reserve effectively to meet international payments requirement and regularly monitors international competitiveness. For this purpose, NRB facilitates Foreign Direct Investment (FDI), External Commercial Borrowings (ECB), repatriations/repayments, buy and sale of foreign exchange, and foreign currency risk management through conducive regulatory provisions.

**Objective 1 : External Sector Oversight**

**Objective 2 : Manage Foreign Exchange Reserve Effectively and Efficiently**

**Objective 3 : Reform Foreign Exchange Bylaws and Directives**



# PAYMENT SYSTEM AND CURRENCY MANAGEMENT





## Strategic Pillar 4 : Payment System and Currency Management

This pillar supports the NRB's priority to develop robust payment system and ensure sound currency management. NRB's initiative in payment system encompasses strengthening regulatory and oversight mechanism and promotes digital payment and innovation. Regulations related to interoperability, agent network and new modes of digital payment will deepen financial inclusion, foster innovation and competition. Effective oversight of payment system will ensure its soundness.

NRB focuses primarily on adequate supply of banknotes and coins through the maintenance of optimal level of stock based on medium-term currency demand forecasting, use of modern infrastructures and effective monitoring system. NRB also emphasizes circulation of clean bank notes, and is committed to eco-friendly disposal of soiled banknotes with the use of advanced technologies in currency verification and processing.

**Objective 1 : Strengthen Regulatory and Oversight Mechanism of Payment System**

**Objective 2 : Promote Digital Payments and Drive Innovations**

**Objective 3 : Implement Efficient Currency Demand Forecasting and Monitoring System**

**Objective 4 : Ensure Supply of Quality Banknotes**

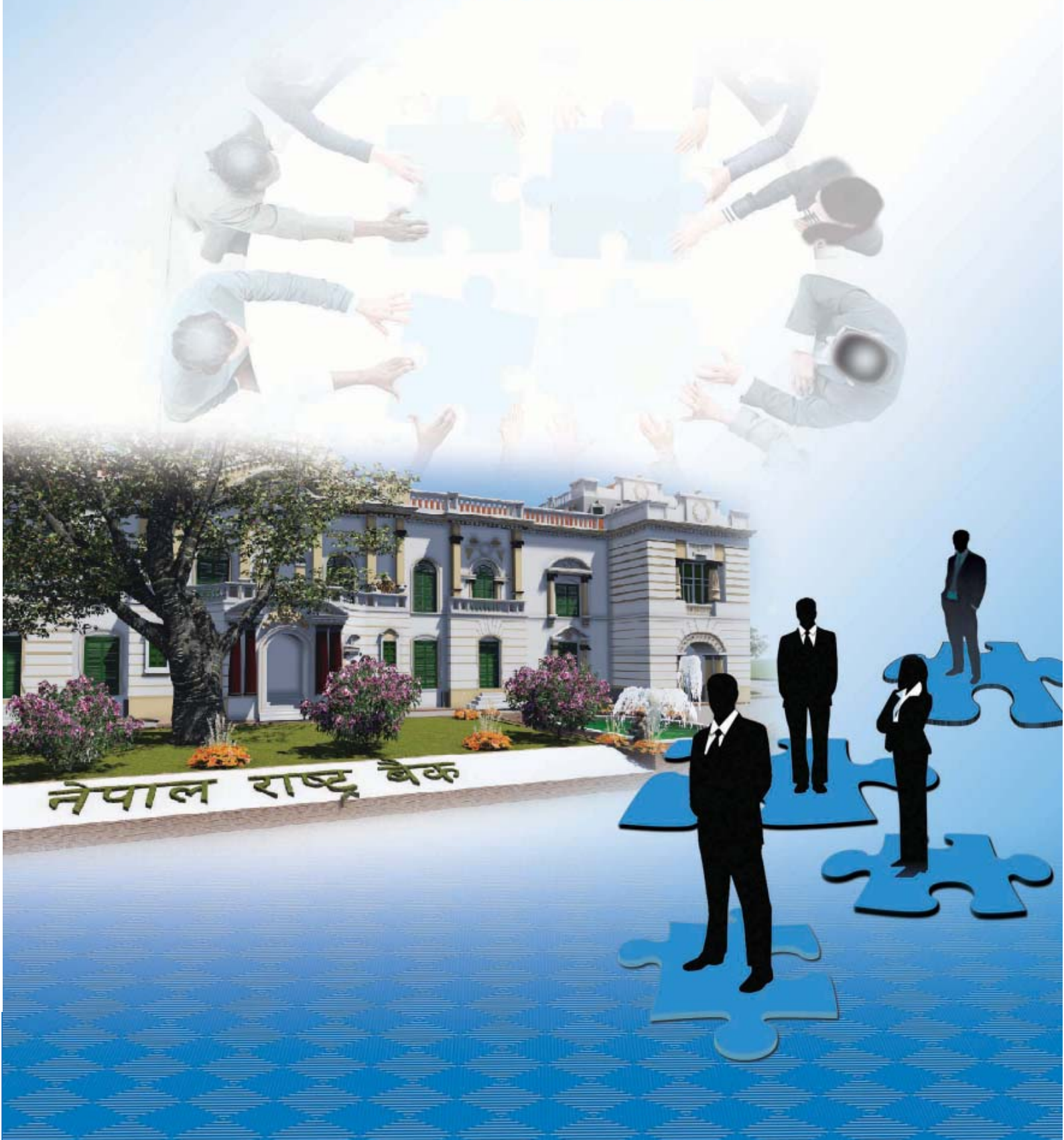
**Objective 5 : Develop Eco-Friendly Banknote Destruction Mechanism**

**Objective 6 : Improve Currency Management Infrastructure**

**Objective 7 : Move Towards Digital Currency**

**Objective 8 : Modernize Banking Practices**

# GOVERNANCE, ORGANIZATIONAL DEVELOPMENT AND TALENT MANAGEMENT



## **Strategic Pillar 5 : Governance, Organizational Development and Talent Management**

This strategic pillar enables the NRB to direct its focus towards achieving organizational effectiveness through continuous development of required competencies and effective internal control mechanisms. Research studies, policy formulations and need based Organizational and Management (O&M) studies planned by the NRB show its commitment toward its human resources and overall organizational development. Furthermore, emphasis on Risk Based Internal Audit (RBIA), governance policy and budgetary control system enables the NRB to assure transparency, accountability and effective resource management.

**Objective 1 : Strengthen Governance and Internal Control Environment**

**Objective 2 : Restructuring Organizational Set Up**

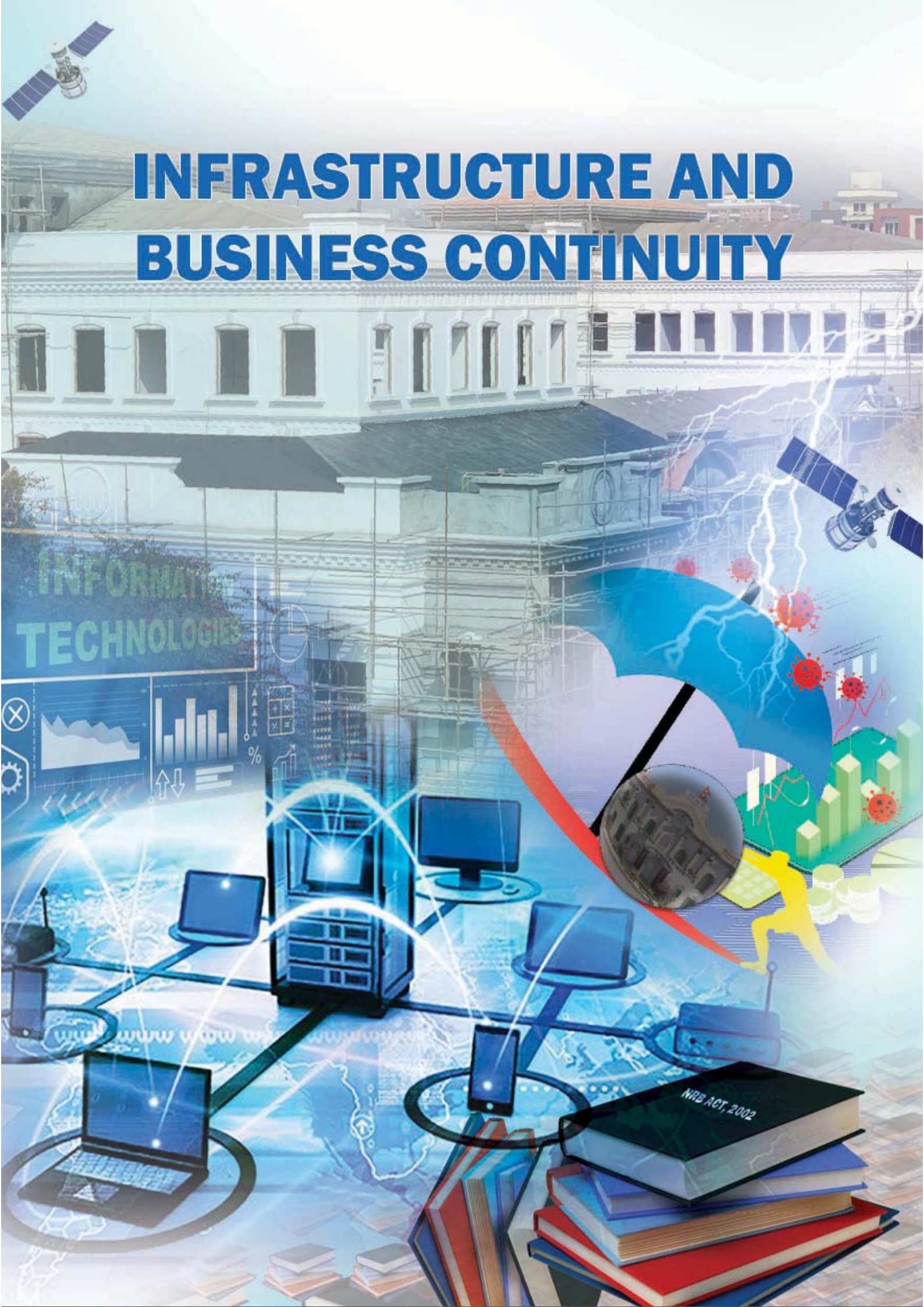
**Objective 3: Strengthen Human Resource Management Functions**

**Objective 4 : Effective Planning, Budgeting and Resource Control**

**Objective 5 : Effective Support Service Management**



# INFRASTRUCTURE AND BUSINESS CONTINUITY



## Strategic Pillar 6: Infrastructure and Business Continuity

This pillar focuses on creating conducive work environment for the delivery of quality services through modern physical infrastructure including ICT, and ensuring business continuity. NRB takes initiatives to develop adequate legal infrastructures to address the need of changing context and recommends required legislations to the Government of Nepal. Further, the bank plans to adopt advanced technologies, and implement full-fledged BCP and risk management policies to discharge its responsibilities effectively.

Objective 1 : Strengthen Legal Infrastructure

Objective 2 : Develop Modern Physical Infrastructure

Objective 3 : Adaptation of Advanced Information and Communication Technology (ICT)

Objective 4 : Ensure Resilient ICT Infrastructure

Objective 5: Ensure and Internalize Business Continuity and Risk Management



# COOPERATION AND COORDINATION



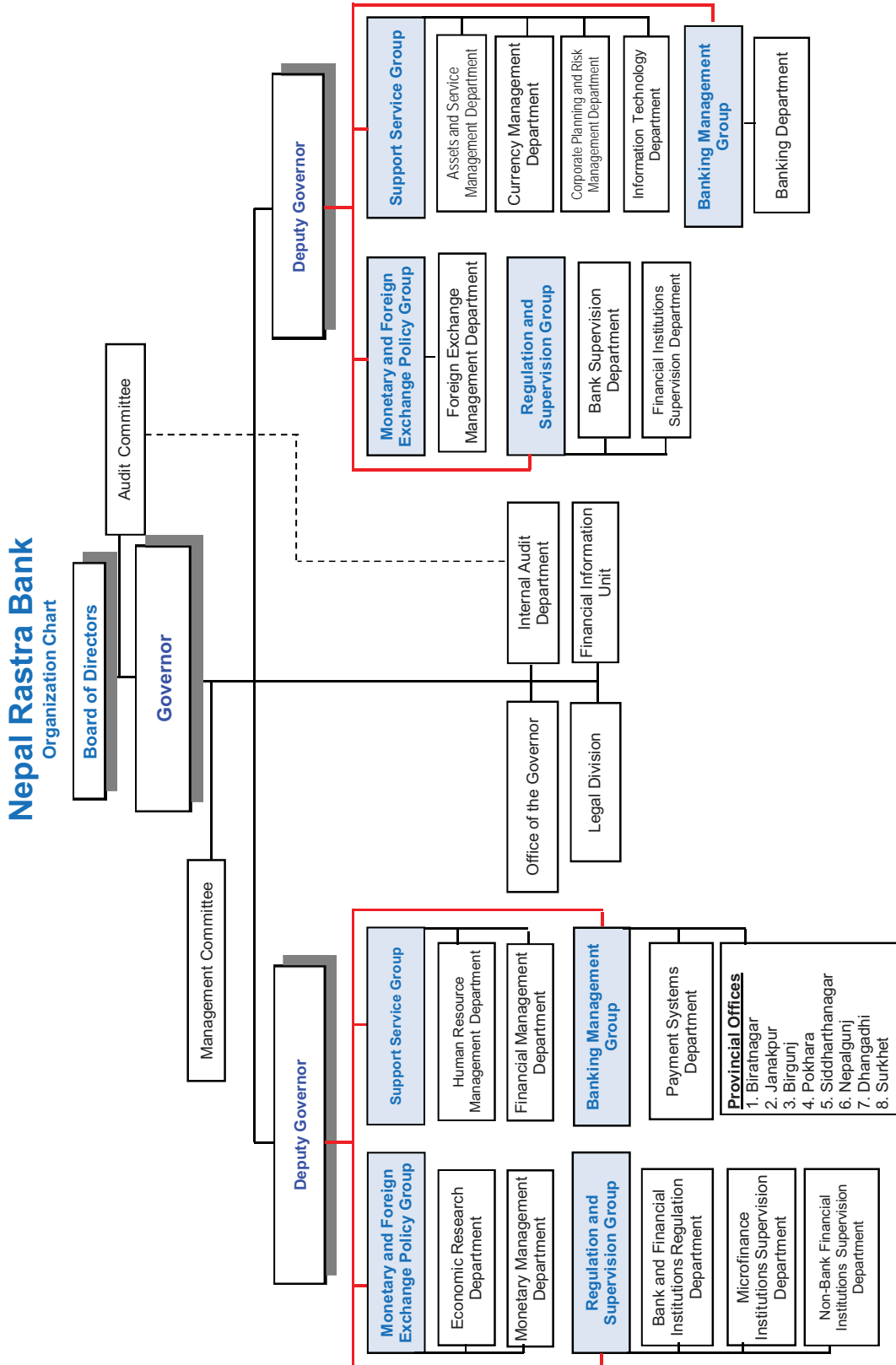
## Strategic Pillar 7: Cooperation and Coordination

This pillar builds and strengthens harmonized relations among national and international agencies to achieve shared goals effectively. NRB aims to develop peer learning platforms, information sharing avenues, effective mechanism for co-operation and co-ordination among related agencies.

**Objective 1 : Strengthen Coordination among National Agencies**

**Objective 2 : Strengthen Coordination among International Agencies**

# Annex - 1 Organizational Structure



## Annex - 2

### Fourth Strategic Plan Formulation Task Force



Mr. Dayaram Sharma Pangen  
Executive Director  
Coordinator



Mr. Guru Prasad Paudel  
Executive Director  
Member



Mr. Kiran Pandit  
Director  
Member



Mr. Nishchal Adhikari  
Director  
Member



Mr. Hem Prasad Neupane  
Director  
Member



Mr. Madhav Dungal  
Director  
Member



Dr. Sunita Bhandari  
Assistant Professor  
Tribhuvan University  
Member



Mr. Sharan Kumar Adhikari  
Director  
Member Secretary



## Annex - 3

### List of Principal Officers

#### Executive Directors

1	Dr. Nephil Matangi Maskay	Office of the Governor
2	Mr. Dev Kumar Dhakal	Banks and Financial Inst. Regulation Dept.
3	Mr. Mukunda Kumar Chhetri	Financial Management Department
4	Mr. Pitambar Bhandari	Financial Institutions Supervision Department
5	Mr. Rishikesh Bhatta	Assets and Service Management Department
6	Mr. Pradeep Raj Poudyal	Information Technology Department
7	Dr. Gunakar Bhatta	Bank Supervision Department
8	Mr. Naresh Shakya	Monetary Management Department
9	Mr. Suman Kumar Adhikari	Micro-Finance Institutions Supervision Department
10	Dr. Prakash Kumar Shrestha	Economic Research Department
11	Mr. Revati Prasad Nepal	Currency Management Department
12	Mr. Ramu Paudel	Foreign Exchange Management Department
13	Mr. Vishrut Thapa	Internal Audit Department
14	Mr. Ram Bahadur Manandhar	Banking Department
15	Mr. Dayaram Sharma Pangeni	Corporate Planning and Risk Management Department
16	Mr. Tulashi Prasad Ghimire	Human Resource Management Department
17	Mr. Guru Prasad Paudel	Payment Systems Department
Acting Executive Director		
1	Mr. Bimal Raj Khanal	Non-Bank Financial Institutions Supervision Department

## Directors

1	Mr. Binod Raj Acharya	Mint Division
2	Mr. Ram Prasad Gautam	Financial Management Department
3	Mr. Kiran Pandit	Banks and Financial Inst. Regulation Dept.
4	Mr. Satyendra Timilsina	Bank Supervision Department
5	Mr. Chet Prasad Uprety	Assets and Service Management Department
6	Mr. Roshan Kumar Shigdel	Bank Supervision Department
7	Dr. Ram Sharan Kharel	Nepal Rastra Bank, Pokhara Office
8	Dr. Dilliram Pokhrel	Economic Research Department
9	Mr. Dirgha Bahadur Rawal	Financial Information Unit
10	Mr. Nishchal Adhikari	Payment Systems Department
11	Mr. Anuj Dahal	Currency Management Department
12	Mr. Dipak Raj Lamichhane	Human Resource Management Department
13	Mr. Rajan Bikram Thapa	Financial Institutions Supervision Department
14	Mr. Rajendra Bhattarai	Assets and Service Management Department
15	Mr. Hem Prasad Neupane	Corporate Planning and Risk Management Department
16	Mr. Ananda Paudyal	Banking Department
17	Mr. Mukti Nath Sapkota	Office of the Governor
18	Mrs. Sushma Regmi	Internal Audit Department
19	Mr. Govinda Prasad Nagila	Foreign Exchange Management Department
20	Mrs. Meena Pandey	Nepal Rastra Bank, Biratnagar Office
21	Mr. Shubhash Chandra Ghimire	Bank Supervision Department

22	Mrs. Srijana Bastola	Microfinance Institutions Supervision Department
23	Mr. Buddha Raj Sharma	Banks and Financial Inst. Regulation Dept.
24	Mr. Sudip Phuyal	Financial Management Department
25	Mrs. Niva Shrestha	Nepal Rastra Bank, Nepalgunj Office
26	Mr. Dila Ram Subedi	Internal Audit Department
27	Mr. Keshab Bahadur K.C.	Micro-Finance Institutions Supervision Department
28	Mr. Shailendra Regmi	Monetary Management Department
29	Mr. Birendra Datta Awasthi	Non-Bank Financial Institutions Supervision Department
30	Mr. Devendra Gautam	Assets and Service Management Department
31	Mr. Ishwari Prasad Bhattarai	Banks and Financial Inst. Regulation Dept.
32	Mr. Rajan Dev Bhattarai	Nepal Rastra Bank, Birgunj Office
33	Mr. Laxmi Prasad Prasai	Economic Research Department
34	Mr. Ramesh Acharya	Financial Institutions Supervision Department
35	Dr. Rajan Krishna Pant	Economic Research Department
36	Mr. Durgesh Gopal Shrestha	Banking Department
37	Mrs. Indra Chamlagai (Mainali)	Foreign Exchange Management Department
38	Mrs. Ranjana Poudel Pandit	Nepal Rastra Bank, Sidharthanagar Office
39	Ms. Neera Talchabhadel	Nepal Rastra Bank, Janakpur Office
40	Mr. Bigyan Raj Subedi	Human Resource Management Department
41	Mr. Thaneshwor Acharya	Legal Division
42	Mr. Narayan Prasad Pokhrel	Office Of The Governor
43	Mr. Madhav Dangal	Economic Research Department

44	Mr. Satyendra Raj Subedi	Bank Supervision Department
45	Mrs. Arya Joshi	Currency Management Department
46	Mr. Bashu Dev Bhattarai	Foreign Exchange Management Department
47	Mr. Ashok Ghimire	Bankers Training Center
48	Mr. Binod Raj Lekhak	Nepal Rastra Bank, Dhangadi Office
49	Mr. Sharan Kumar Adhikari	Corporate Planning and Risk Management Department
50	Mr. Girija Prasad Koirala	Banking Department
<b>Directors (IT)</b>		
1	Mr. Shiva Ram Dawadi	Information Technology Department
2	Mr. Saurav Das Manandhar	Information Technology Department
3	Mr. Krishna Ram Dhunju	Information Technology Department
4	Mr. Tarun Kumar Jha	Information Technology Department





# Photo Gallery

## Interaction on Final Draft









# SWOT Analysis Interaction











# Screenshots of SPFC and SPFTF Virtual Meetings

