



# The central bank Strategy 25

# A well-functioning and stable economy

The central bank's mission ●

Preconditions for success ●

Focus areas ●

Norges Bank is the [central bank of Norway](#) and performs important tasks on behalf of the Norwegian people. Our aim is to promote a well-functioning and stable economy. Our mission is our guide in all we do, and the strategy is designed to ensure that we are best able to accomplish our mission.

Competent and engaged employees are a precondition for accomplishing our tasks. Together, we will ensure stable, secure and efficient operations. In preparing high-quality and relevant analyses, we will lay the groundwork for sound assessments and decisions. At the same time, we will be a transparent, clear and accessible central bank. While we continually strive to make improvements in these dimensions, there are a number of focus areas that require a special effort in the coming years:

- We will face important choices when designing the payment system of the future. Over the strategy period, Norges Bank will decide on the design of the next generation NOK settlement system and be ready, if appropriate, to issue a central bank digital currency (CBDC).
- Climate change and the energy transition are affecting the outlook for the Norwegian and global economy. With a deeper understanding of potential impacts, we will be better equipped to pursue the central bank's mission.
- The volume of data is growing, while technological advances are paving the way for new kinds of analyses. We will deepen our understanding of economic relationships by using data more effectively.



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## The central banks's mission

Price stability and  
high and stable  
employment

Financial stability  
and well-functioning  
markets

A secure and efficient  
payment system

## Preconditions for success

Competent  
and engaged  
employees

Stable, secure  
and efficient  
operations

High-quality  
and relevant  
analyses

Transparent,  
clear and  
accessible

## Focus areas

Researching and  
designing the payment  
system of the future

Understanding the  
impacts of climate change  
and energy transition

Using data more  
effectively with the aid  
of new technology

# The central bank's mission

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## Price stability and high and stable employment

Norges Bank is responsible for monetary policy in Norway. The primary objective of monetary policy is [to maintain monetary stability by keeping inflation low and stable](#). Inflation targeting shall be forward-looking and flexible so that it can contribute to high and stable output and employment and to countering the build-up of financial imbalances. Norges Bank's [monetary policy strategy](#) sets a framework for how different considerations are weighed against each other in response to various shocks.

The policy rate is the main instrument of monetary policy in Norway. By means of liquidity management, we seek to keep short-term money market rates close to the policy rate. This normally also ensures the transmission of the policy rate to the interest rates faced by households and firms.

## Financial stability and well-functioning financial markets

Norges Bank works to ensure that the financial system is able to absorb shocks so that it can function efficiently in both normal and turbulent times. A stable and well-functioning financial system is essential for making payments, for saving and borrowing and for insuring against financial risk. An effective financial system is also a precondition for the transmission of the policy rate to other interest rates.

Through our analyses, advice and actions, we seek to counter the build-up of vulnerabilities and help to ensure the solvency and liquidity of banks and other financial institutions. We monitor developments in financial markets closely and are prepared to provide assistance in times of market stress or in a financial crisis. Our actions may target individual banks or be implemented to improve market conditions more broadly.



The primary objective of monetary policy is to maintain monetary stability by keeping inflation low and stable.

## A secure and efficient payment system

Norges Bank will promote a secure and efficient payment system. An effective payment system is essential for a well-functioning economy, for financial stability and for the conduct of monetary policy.

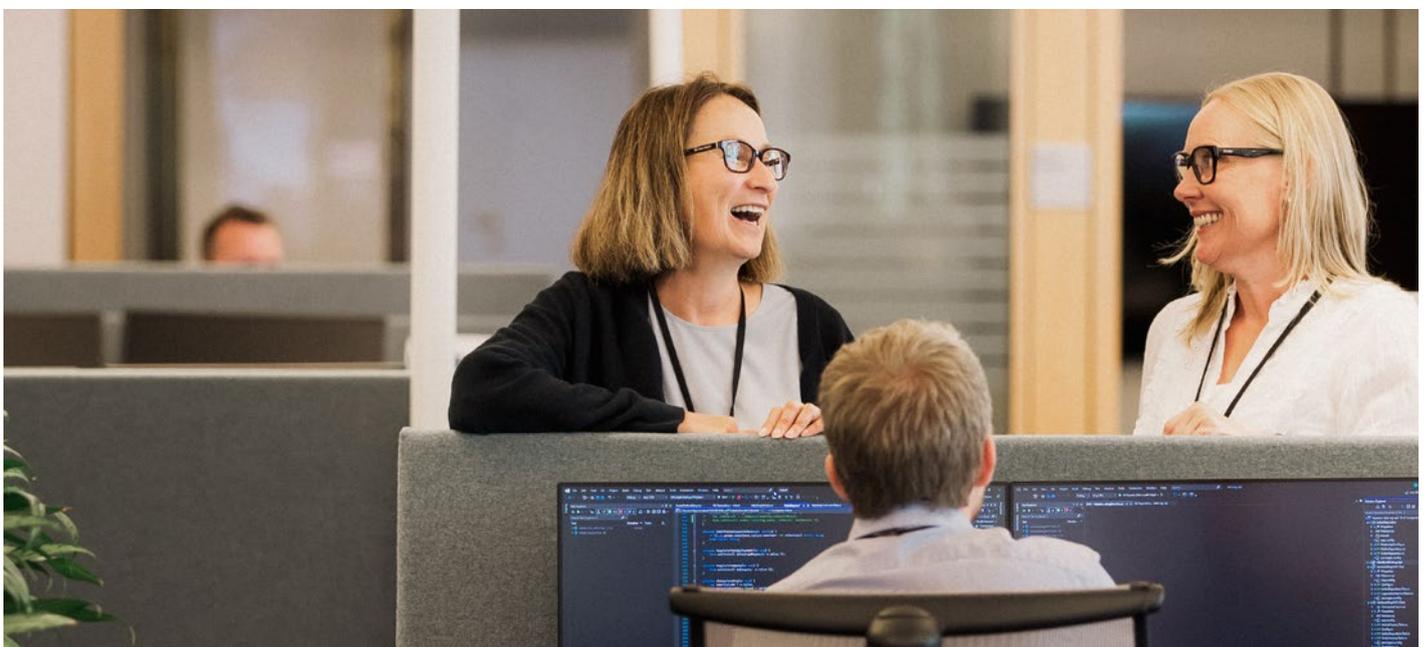
Norges Bank's settlement system is intended to ensure that interbank payments in Norway are processed swiftly and securely. We are also responsible for issuing banknotes and coins. Through supervision, oversight and our role as a promoter of change, we will contribute to a well-functioning payment system.

## Other tasks

Norges Bank is the government's bank and manages government debt. The Bank also administers Norway's rights and obligations ensuing from membership in the International Monetary Fund (IMF) and is the secretariat for Norway's work related to the IMF. In addition, Norges Bank owns and manages Norway's foreign exchange reserves. The foreign exchange reserves are to be available for use as part of the conduct of monetary policy or with a view to promoting financial stability and to meet Norges Bank's international commitments.



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# Preconditions for success

The central bank's mission ●

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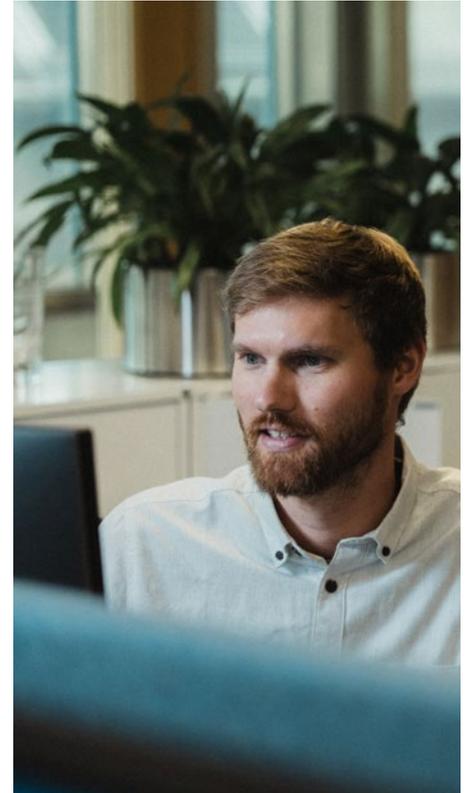
## Competent and engaged employees

Our most important resource is our staff, which is why we need to attract, develop and retain highly skilled and motivated employees. Realising the initiatives in the strategy requires in particular that we further develop our technological expertise, which is necessary to maintain a well-designed payment system, to truly reap the benefits of our data efforts and to streamline our work processes.

We will foster motivated and effective employees by offering them meaningful job tasks and providing ample opportunities for development. At the same time, we will promote a culture where we inspire one another to do our best and where work is enjoyable.

- We will create a clear sense of common purpose regarding the Bank's mission. Everyone working in the central bank should be aware that they are a part of a team working to promote a well-functioning and stable economy.
- We will foster an inclusive culture where different opinions and views are valued and innovation encouraged. This requires mutual respect and trust, curiosity and the ability to listen and to give and receive feedback. We will support and challenge one another and learn from our mistakes.
- We will strive for increased diversity and a more equitable gender balance both in recruitment and in human resource development and succession planning.
- Every employee will be given the opportunity to enhance and update their skills, through professional challenges, relevant courses and seminars and targeted development plans. We will also promote mobility within the organisation and postings to other relevant national and international institutions with which we collaborate.
- We will facilitate flexible working arrangements and promote a better work-life balance for employees.

A good working relationship between managers and staff is essential for enabling staff to realise their potential and for success in our common efforts.



We will foster motivated and effective employees by offering them meaningful job tasks and providing ample opportunities for development.

- We will engage in trust-based leadership, where managers provide development opportunities, encourage interaction, create an inclusive culture and promote a psychologically safe and welcoming work environment. Leadership development is crucial in this effort, and the Bank's managers will know what is expected of them.

## Stable, secure and efficient operations

Maintaining stable and efficient operations in both normal and turbulent times is essential for success in our mission. Effective corporate governance and risk management are an important element in this effort. Sound work processes lay the groundwork for secure operations. Internal control is strengthened by an organisation characterised by a high level of ethical awareness, accountability and integrity.

- Corporate governance and risk management at the Bank will be in line with best practice, and governance information will be relevant and clear.
- We will work to simplify and streamline our processes by automating them and utilising new technology.
- We will modernise business-critical systems and make the most of cloud technology for systems where this technology adds value.

Norges Bank is vulnerable to various threats, and the threat landscape is constantly evolving. A holistic understanding and management of risk, along with sound contingency planning, will enable us to deal with unforeseen events.

- An uncertain geopolitical situation requires further development of our security, contingency preparedness and crisis management work.
- Elevated cyber threats require increased attention to IT security, and our cyber resilience initiatives will continue.



Maintaining stable and efficient operations in both normal and turbulent times is essential for success in our mission.

## High-quality and relevant analyses

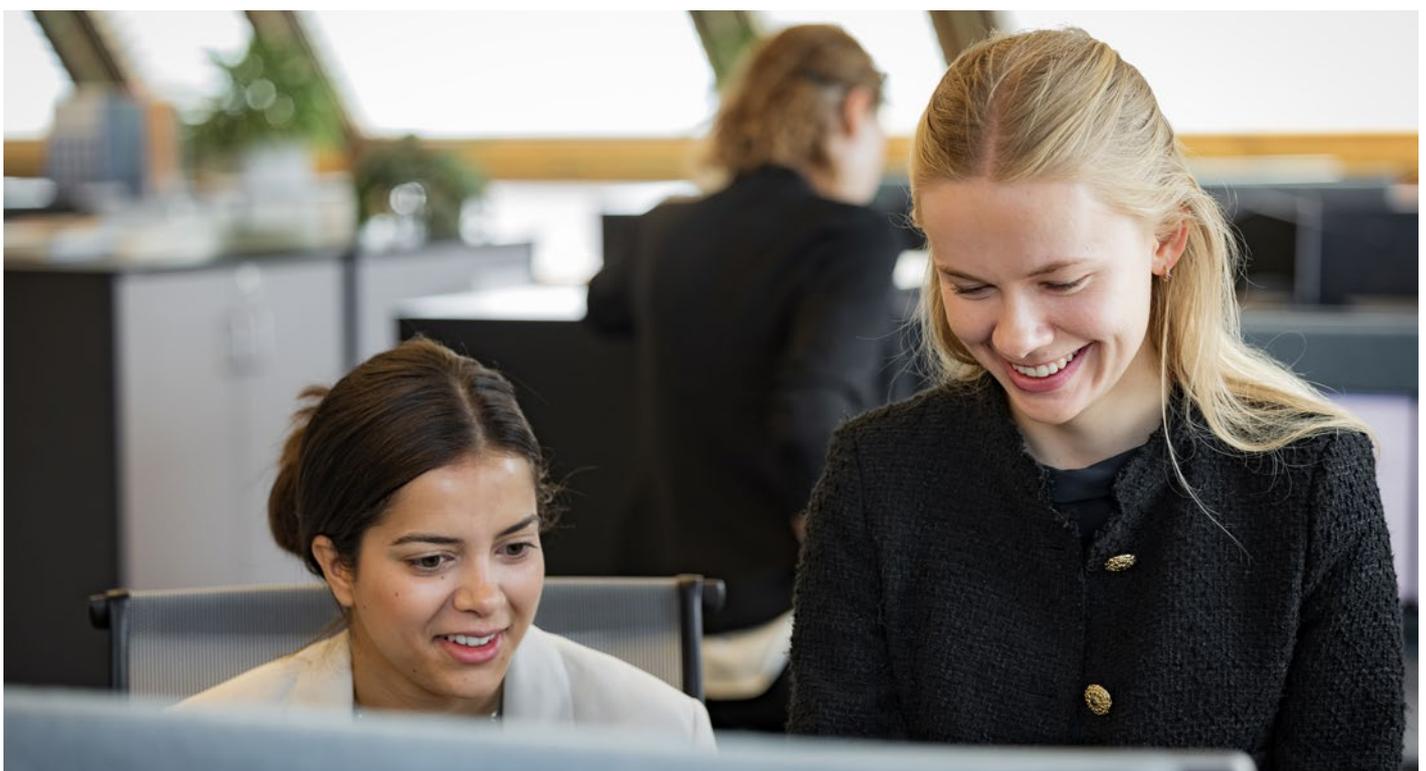
Norges Bank aims to be Norway's leading macroeconomics institution and base its assessments, advice and decisions on high-quality and relevant research-based analyses. With the aid of Norges Bank's own in-house research and close dialogue with relevant institutions outside the Bank, we will ensure that our analyses maintain world-class academic standards.

The complexity of the financial system is increasing, with a rising number of new entrants.

- We will increase our knowledge about the implications of new entrants for financial stability and follow an integrated approach when analysing financial agents and markets.

Because the world around us is constantly changing, we must be able to adapt quickly and update our analyses and use of instruments.

- We will simplify and increase the flexibility of our work processes by, among other things, streamlining the work related to our forecasts and reports.



## Transparent, clear and accessible

Norges Bank performs important tasks on behalf of the Norwegian people. To maintain the institution's legitimacy, we depend on the trust of the general public and the authorities. We build this trust by performing our mission well, and at the same time, by being transparent, clear and accessible. Close contact with the world around us is also a prerequisite for sound assessments and decisions over time.

- We will adapt our communication to our target audience. This means that at times our communication with financial institutions must be at a highly detailed level. Other times, when explaining an interest rate decision for example, our communication will be geared towards the general public.
- We will invite dialogue and listen to input.
- We will participate in the public debate in areas important to us by, among other things, explaining our views and responding to questions and criticism.
- Our aim is for more of our employees to represent Norges Bank externally and contribute to disseminating knowledge in their areas of speciality.

Good internal communication promotes understanding and collaboration and helps to build a common culture, a shared identity and a good working environment.

- Further development of social software, ie digital communication and interactive tools, will help to facilitate information sharing and the exchange of views across the organisation.



To maintain the institution's legitimacy, we depend on the trust of the general public and the authorities.

To succeed in our mission in the period ahead, there are some areas that require a special effort in the coming years.

## Researching and designing the payment system of the future

Recent years have witnessed considerable changes in the payment methods we use, with a steady stream of new payment technologies and payment providers. Most of the innovation is being driven by private agents, but it is Norges Bank's responsibility that the payment system's basic infrastructure permits innovation and international harmonisation, while safeguarding security and tailoring contingency arrangements to a more demanding risk landscape. We will continue to develop the basic infrastructure so that the Norwegian krone (NOK) will be a secure and efficient means of payment in the future too.

- Over the strategy period, Norges Bank will decide on the design of the next generation NOK settlement system. Technological advances and changes in the settlement systems of collaborating countries mean that it is appropriate to begin the process of overhauling the payment system. A key question is whether the next generation settlement system will build on the current model, with dedicated solutions for Norges Bank, or whether other solutions, such as participation in the settlement system of the European System of Central Banks, are more appropriate.
- Norges Bank will prepare the ground for the issue, if appropriate, of a central bank digital currency (CBDC). A CBDC may be necessary to ensure that NOK will continue to be a safe, efficient and attractive means of payment in the future too. During the strategy period, we will analyse the possibilities afforded by, and the consequences of, introducing a CBDC and test candidate solutions. To obtain knowledge and contribute to international standardisation and cooperation, we will work with other central banks and international organisations.
- Norges Bank will contribute to clarifying the future role of cash and appropriate rules to ensure that cash is available and easy to use.



It is Norges Bank's responsibility that the payment system's basic infrastructure permits innovation and international harmonisation.

- The use of crypto-assets, stablecoins and decentralised finance has steadily increased. We will deepen our understanding of possible benefits and risks associated with their use and contribute to regulation that promotes responsible innovation.

In our work on these measures, we will engage in a close dialogue and working relationship with relevant government bodies, industry organisations and other payment system participants.

The payment system initiative involves making important choices for the future and will require increased staffing and drawing on external resources.

## Understanding the impacts of climate change and energy transition

In the period ahead, the global economy will feel the increasing effects of climate change and the need to reduce emissions. The transition to a low-emission economy and energy transition also entail changes for the Norwegian economy.

- A better understanding of the impacts of climate change and energy transition will make us better equipped to accomplish our mission. We will increase staff expertise in this area and integrate factors related to climate change and energy transition into our analytical work. Active participation in national and international fora in this area, such as the Network for Greening the Financial System (NGFS), will be an important source of knowledge and inspiration. We will also engage in a close dialogue with leading academics in the field. In collaboration with others, we will contribute to the compilation of relevant climate-related data.
- We will actively share our knowledge about the impact of climate change and energy transition on the Norwegian economy, in our publications and speeches and by participating in and hosting seminars and conferences addressing climate change and energy transition.
- Norges Bank manages substantial assets. Climate-related assessments are increasingly influencing regulations, standards and classification of financial assets. We will implement sound practices for assessing and managing climate risks on our own balance sheet.



## Using data more effectively with the aid of new technology

The volume of data is growing, while technological advances make possible new kinds of analyses. We will enhance our understanding of economic relationships by using data more effectively.

- Over the strategy period, we will establish a new technical platform for analytics management. The current data solutions are fragmented and partly based on antiquated technology. A new data platform will make analysis work more effective and make it easier to use more advanced and more flexible analytical tools. This can promote innovation, improve our understanding of the economy and result in better decisions over time. A new data platform will also make it easier to publish in-house data.
- We will establish arrangements that give us access to more data than currently, and we will ensure effective compilation of new and old data. Making it easier to use microdata and other fresh high-frequency data will enable us to capture changes in economic developments more quickly. Analyses of detailed data also improve our understanding of economic relationships.
- We will pursue more effective management and control of the data we use.

These pursuits will require upskilling of our employees and bringing in external expertise and technical resources. Over time, this will generate gains in the form of enhanced efficiency and improved quality of our analytical work.



We will enhance our understanding of economic relationships by using data more effectively.