



BANCA D'ITALIA
EUROSISTEMA

Strategic Plan 2017-2019



July 2017



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Promote innovative, efficient and secure payment services. Strengthen the supervision of financial intermediaries and consumer protection. Offer broader information to the public. Progress on the managerial and organizational innovation path. These are the strategic objectives for 2017-2019 that have been determined through a structured process which has involved all the functions of the Bank of Italy.

These are ambitious objectives that we aim to achieve by following the lines of action set out in the following pages.

The Bank of Italy is an independent institution operating in Italy and Europe to preserve financial stability in the interest of the community. It is called upon to ensure quality services by performing its duties efficiently, responsibly and impartially. In order to best perform the functions that the legislation entrusts us with, in an environment that is increasingly complex and marked by profound changes, we will have to be proactive and prompt.

The Strategic Plan thus involves all of us: it is a guide, a point of reference to steer the efforts of each and every one of us, and an incentive to contribute to the improvement of our institution.

STRATEGIC OBJECTIVES AND ACTION PLANS

OVERVIEW

1. Promote innovative, efficient and secure payment services in Italy and Europe
 - 1.1 Actively participate in the new Eurosystem projects for payment and settlement systems (Vision 2020)
 - 1.2 Contribute to simplifying public sector payments and making them faster; improve the analysis of public financial flows
 - 1.3 Promote innovation and resilience in the Italian financial sector
2. Strengthen financial supervision and protection for consumers using banking, financial and payment services
 - 2.1 Strengthen supervision in relation to the development of the banking and financial system, including within the SSM framework
 - 2.2 Increase protection for consumers using banking, financial and payment services
3. Offer broader information to the public
 - 3.1 Expand and improve the information resources available to the public
 - 3.2 Increase public knowledge of the Bank's activities and achievements
4. Be more innovative and efficient
 - 4.1 Support a working environment that encourages cooperation and is result-oriented
 - 4.2 Work for a more flexible, open and innovative organization
 - 4.3 Strengthen management control by creating analytical tools and rationalization schemes
 - 4.4 Enhance the Bank's cyber security in relation to new risk scenarios

1. PROMOTE INNOVATIVE, EFFICIENT AND SECURE PAYMENT SERVICES IN ITALY AND EUROPE

The availability of robust and innovative payment services and financial market infrastructures is essential to allow the economic system to function smoothly, to safeguard financial stability and to ensure market efficiency and integration.

The Bank of Italy plays a central role in providing payment and settlement services at national and European level; it will continue to invest in order to improve the services offered, and encourage market players to aim for greater efficiency and security of payments.

This objective will be pursued by means of three action plans.

1.1 Actively participate in the new Eurosystem projects for payment and settlement systems (Vision 2020)

On the basis of the ECB Governing Council's decisions, the Bank of Italy will contribute to setting up and implementing initiatives to develop the Eurosystem's market infrastructures in order to:

- integrate and modernize the platforms for real-time gross payment settlement (TARGET2) and for securities settlement (TARGET2-Securities) as well as the services offered;
- develop and manage the new pan-European platform for the real time settlement of instant payments in central bank money (TARGET Instant Payment Settlement - TIPS), adapting the functionalities of the Italian BI-COMP system accordingly.

These initiatives are designed to reduce the operating cost of the platforms, to improve the services offered, including in response to market needs, and to encourage the growth and integration of the European market in the instant payments sector.

Person responsible for the action plan: Livio Tornetta – Deputy Director General for Markets and Payment Systems

1.2 Contribute to simplifying public sector payments and making them faster; improve the analysis of public financial flows

The Bank of Italy, in cooperation with the Ministry of Economy and Finance (MEF), has promoted technological innovations and the simplification of the rules governing the State Treasury service; the transition to electronic payments has improved their efficiency and speed, making controls more effective.

Having completed this process, the Bank continues to cooperate with the MEF to make the best possible use of information on collections and on public payments, in order to meet the demand for greater transparency in public spending and to help increase the

effectiveness and efficiency of administrative action through innovative collection and payment procedures.

Work has begun on developing the SIOPE+ platform which will make it possible to improve the monitoring of payment times for general government commercial debt by increasing the level of innovation in public payments.

After developing the platform, the Bank will provide support to those public entities and treasurers that use the platform and will monitor the quality and completeness of the information collected.

Person responsible for the action plan: Pasquale Ferro – Head of Treasury Services

1.3 Promote innovation and resilience in the Italian financial sector

Recent years have seen an increase in the digital transformation of the payments industry and of market infrastructures, partly driven by the European regulatory framework that promotes innovation and competition in the supply of payment services.

The Bank of Italy welcomes these developments, which contribute to lowering the cost of services offered by financial intermediaries to customers and facilitate access to the financial system on the part of households and firms. At the same time the Bank verifies that the risks linked to these innovations are properly monitored and do not undermine the reliability and efficiency of transactions and payment systems.

Action will be taken over the next three years to:

- improve the security and business continuity of the Italian financial sector by implementing – also in the context of the Computer Emergency Response Team for the financial sector (CERTFin) – a cyber-resilience strategy for Italy's financial market infrastructure;
- promote innovation in payment services by monitoring market initiatives, strengthening interaction with market players and assessing the need for regulatory changes;
- update the regulatory framework for payments by completing the transposition of European legislation.

These projects will also be underpinned by a commitment to making financial intermediaries and users aware of the opportunities and risks associated with the new digital paradigm.

Person responsible for the action plan: Domenico Gammaldi – Head of Market and Payment System Oversight

2. STRENGTHEN FINANCIAL SUPERVISION AND PROTECTION FOR CONSUMERS USING BANKING, FINANCIAL AND PAYMENT SERVICES

At international level, the banking and financial system has undergone profound changes over the last few years as regards: the macroeconomic context and rapid developments in technology; the gradual evolution of the financial system towards a configuration in which the market plays a bigger role in funding the economy; and a far-reaching revision of the rules and of controls that was begun in the aftermath of the crisis.

These factors have created new challenges for: the banks, which have had to change their business models; new operators, for whom there is new space in the market; but also for the supervisory authorities that need to update their knowledge, reference models and operational mechanisms.

Moreover, in Europe, the sweeping changes in the architecture of banking supervision and in crisis management have induced the national supervisory authorities to carry out a thorough review of their operational processes.

The Bank intends to continue with the work it has already begun to make supervision more effective, incisive and swift, and to raise the level of consumer protection.

2.1 Strengthen supervision in relation to the development of the banking and financial system, including within the SSM framework

The establishment of the Single Supervisory Mechanism has called for a strong commitment over the last three years to update internal processes with a view to achieving – under the new institutional arrangements – fast and reliable response times, a clear definition of priorities and responsibilities, and full cooperation between all parties involved.

The review of the regulatory framework carried out at national level over the last few years has established the conditions for strengthening the financial system. New initiatives will:

- complete the reform of mutual banking, paying special attention to the stage of transition to ECB supervision;
- ensure the effective introduction of supervision of the financial intermediaries listed on the single register, equivalent to that for banks;
- improve the internal organizational arrangements for supervision, work processes and interactions with other institutions, in light of the changes at national and European level.

Person responsible for the action plan: Andrea Pilati – Deputy Director General for Financial Supervision and Regulation

2.2 Increase protection for consumers using banking, financial and payment services

As a supervisory authority, the Bank of Italy has always had financial stability as an objective: the sound and prudent management of banks and the financial system also encourages attention to the customer rights. However, for some years now and partly owing to the change in the legislative framework, the Bank has given customers special consideration, resources, initiatives and dedicated instruments. Public authorities in the major countries are moving in the same direction.

Consumer protection is complemented by initiatives to raise the level of people's financial literacy. This topic is the focus of much attention and Italy is adopting a national strategy for financial education, according to international best practice.

The Bank will take further action in these areas in order to:

- improve the effectiveness of its enforcement instruments, with greater coordination with other authorities in the sector;
- encourage, in cooperation with other stakeholders, a simplification of the regulatory framework for consumer protection;
- boost activities aimed at raising the level of financial literacy in Italy, together with the other institutions involved in the national financial education strategy.

Person responsible for the action plan: Magda Bianco – Head of Consumer Protection and Anti-Money Laundering

3. OFFER BROADER INFORMATION TO THE PUBLIC

In carrying out its institutional functions, the Bank of Italy collects and produces an enormous amount of data and information that can be made available to the public in an increasingly far-reaching and timely way.

At a time of rapid change it is more and more important to provide the public and other institutions with clear information about the Bank's activities, initiatives and choices, stating reasons and objectives.

3.1 Expand and improve the information resources available to the public

As part of the Bank's information resources and as used by researchers, basic – or micro – data account for a large share, which is bound to increase with time; this kind of information could be made more extensively available to the public, in terms of both the range of the data and innovative ways to access and use them.

The granularity of some new harmonized surveys and the increasing size of the databases require new skills for non-conventional statistical methodologies.

The plan therefore envisages schemes to:

- set up a research data centre to manage the microdata files accessible by external users;
- develop and experiment with innovative statistical techniques (such as machine learning and big data), and set up assessments of their opportunities and risks.

Person responsible for the action plan: Luigi Cannari – Deputy Director General for Economics, Statistics and Research

3.2 Increase public knowledge of the Bank's activities and achievements

Over the last few years there has been a growth in the expectations on the part of the public, the institutions and the media concerning the role and the actions of central banks, including at international level.

The plan will boost communication by means of schemes to:

- implement a wide-ranging and structured information plan on sensitive topics of particular interest to the public, especially in the areas of supervision and consumer protection;
- increase the visibility of the Bank's scientific production and stance, in order to influence the external debate in a more timely and effective way;
- develop relationships with local communities through greater involvement of the branch network;
- work on internal mechanisms in order to better integrate the Bank's communication with its other functions.

Person responsible for the action plan: Corrado Baldinelli – Director General for Human Resources and Organization

4. BE MORE INNOVATIVE AND EFFICIENT

At a time when the functions it performs have become more complex, the Bank is pursuing a process of broad and radical innovation in the organization and rationalization in the use of its resources.

Over the next few years it will continue its commitment to creating a more flexible, resilient and efficient organization that is capable of responding swiftly.

4.1 Support a working environment that encourages cooperation and is result-oriented

People and their skills are our most important assets. Over the last few years extensive innovations in HR management have made it possible to support organizational changes, empower its senior managers, provide opportunities for rewarding merit and lay the foundations for improving the work environment.

The reforms under way require a further effort to make them effective and to introduce profound changes, including at the level of our corporate culture. The plan includes schemes to:

- reinforce the incentives to adopt behaviour oriented towards innovation and cooperation;
- support the decentralization of responsibility, a wider use of the management tools available and improve the management information system;
- invest in people's growth by encouraging the development of skills, internal mobility and a culture of continuous learning.

Person responsible for the action plan: Alberto Martiello – Deputy Director General for Human Resources and Organization

4.2 Work for a more flexible, open and innovative organization

Working on organizational development aims to create the best conditions for the Bank to be able to face future challenges, by encouraging effective, rapid and decisive decision-making and initiatives in a dynamic, modern and cooperative professional environment.

The plan envisages schemes to:

- improve the capacity for innovation based on a new framework for managing complex multi-sector projects;
- strengthen the quality of corporate organization by setting up a model for analysis and action involving structures, processes, decision-making, programming and control systems;
- improve organizational wellbeing, to promote a serene, inclusive, motivating and cohesive working environment.

Person responsible for the action plan: Alberto Martiello – Deputy Director General for Human Resources and Organization

4.3 Strengthen management control by creating analytical tools and rationalization schemes

The Bank of Italy pays great attention to using its resources responsibly; in the last few years it has achieved significant results in terms of reducing running costs.

It will continue to do so by enhancing the tools and methods for management control and applying them so as to identify ways to further improve internal efficiency. The plan focuses on:

- producing a three-year budget and a model for analysing cost trends and the effects that specific decisions may have on them;
- expanding the system for measuring efficiency of its structures and activities and taking action to raise the efficiency standards;
- create a system that monitors input purchase prices and identify possible areas in which to intervene;
- matching resources to priorities, following the strategic guidelines.

Person responsible for the action plan: Piero Cipollone – Deputy Director General for Accounting and Controls

4.4 Enhance the Bank's cyber security in relation to new risk scenarios

The growth and pervasiveness of digitalization in all areas of activity provides important opportunities for economic growth and social development; this is particularly evident in the financial sector.

The Bank of Italy offers important services to banks, firms, institutions and the public and manages critical infrastructures, including payments systems. It is therefore essential to defend it against cyber attacks, which are evolving constantly and rapidly.

The plan contains initiatives to:

- set up and develop the activities of the Bank of Italy's Computer Emergency Response Team providing technical and operational support to the CERTFin;
- analyse the exposure of business processes to threats of cyber attacks and identify appropriate response procedures;
- create, adapt and manage resilient IT architecture in line with international frameworks.

Person responsible for the action plan: Ebe Bultrini – Director General for Information Technology