GOVERNOR’S STATEMENT

To dub the narrative of the Maldivian economy over the past few decades as a success story in regional economic development would by no means be an embellishment of the truth. From a nation comprised primarily of fishermen and farmers in the 1970’s; with virtually no economic infrastructure and no contact with the outside world apart from Morse code; it is remarkable to note that our GDP per capita today, is the highest amongst the eight member states of the SAARC.

The socio-economic landscape of the country has undergone a myriad of transformative changes over this period and there is no greater testament to the economic progress that we have made than the reclassification of our country from the Least Developed Countries (LDCs) category to the Middle Income Countries (MICs) category by the United Nations in 2011.

However, our journey in the pursuit of a more prosperous future has hardly been only smooth sailing. In recent years, our economy has had to contend with a number of challenges and shocks, both exogenous and domestic in nature. As we navigate the uncertain waters of the post financial crisis era, our economy is now faced with a new set of challenges that we must overcome. These challenges include; rising income inequality, fiscal and balance of payments imbalances, high dollarisation of the banking sector and a persistent shortage of foreign currency, exacerbated by the high demand for it.

Given the import dependent nature of the local economy, the interrelated problems of the shortage of foreign exchange and high dollarisation are the two most pressing issues, which epitomises the contemporary challenges we face in our bid to achieve inclusive and sustainable economic growth.

Ahmed Naseer
Governor
Consequently, it has become imperative for the Maldives Monetary Authority (MMA) to develop strategic measures to tackle the aforementioned issues, and further develop the capacity and resilience to contend with any further adversity and challenges that are likely to materialize in the future.

In light of the above, the focus of MMA’s Strategic Plan for the five-year period from 2018 to 2022 is aimed to adopt various policy measures to achieve the following broad strategic objectives:

• Maintaining exchange rate stability through the active implementation of monetary policy in tandem with regulatory reforms to the foreign exchange market.

• Formulating new strategies to develop the financial sector, with emphasis on striking the right balance between liberalisation policies to foster development and innovation on one hand and strengthening the regulatory and prudential framework on the other.

• Improving access to and costs of finance through measures aimed at diversifying the conventional financial sector and fostering the growth of the capital market and the Islamic Finance sector.

• Enhancing the efficiency and safety of the payments and settlements systems by developing a modern and state-of-the-art payments system.

• Reviewing and strengthening the governance structure of the MMA in a manner that would be most conducive to the attainment of the central bank’s core objectives.

During the implementation phase of the Strategic Plan, we will be working closely with all relevant stakeholders including the Government, other regulatory authorities, financial institutions, the private sector and our development partners across the globe.

I look forward to rising to these challenges and hope that the Strategic Plan 2018 – 2022 of the Maldives Monetary Authority will serve as a blueprint for a more prosperous future as we continue to take bold strides towards the fulfillment of our economic potential.

Ahmed Naseer
Governor
VISION

The Maldives Monetary Authority’s vision is to become a credible, independent and contemporary central bank committed to maintaining price stability and promoting inclusive, sustainable economic growth.

MISSION

Our mission is to promote the international value and stability of the Maldivian rufiyaa, develop a secure and efficient payments system in the Maldives and foster a sound financial sector conducive to the orderly and balanced economic development of the Maldives.

CORE VALUES

INTEGRITY
We will uphold the highest standards of probity and professionalism.

TRANSPARENCY
We will endeavour to carry out all our operations with transparency.

ACCOUNTABILITY
We will maintain accountability for our independence.

PROFESSIONALISM
We will maintain professionalism both in our attitude and actions.

INCLUSION
We will work as a team committed to success.

EFFICIENCY
We will endeavour to make our work more efficient by fostering a culture of creativity and innovation.
We are pleased to present to the public, the Strategic Plan 2018 – 2022 of the MMA. Although we have been conducting the strategic planning process as an internal exercise for a number of years, this represents the first time that we publish such a medium-term strategic plan, making this a milestone event in the history of the MMA. The current five-year strategic plan is the result of a more rigorous planning process, entailing widespread external consultation with technical experts from the International Monetary Fund (IMF) and various local stakeholders in the Maldivian financial sector.

OUR APPROACH

STEERED BY THE STRATEGIC PLANNING COMMITTEE
The concerted, organisation-wide effort was led and coordinated by the Strategic Planning Committee (SPC) formed by the Governor, and composed of 5 senior executives from the management of the MMA.

BOTTOM-UP APPROACH
Although the planning process was driven by the SPC, the input of the entire employee base was deemed of critical importance, right from the outset. The first drafts of strategies and action plans were formulated in close consultation with working groups of junior and middle management employees from each operational area of the MMA.

DISCUSSION FORUMS
To provide opportunities for employee contribution and collaboration, we conducted discussion forums which were attended by the Governor and the MMA’s Executive Committee. The purpose of these forums was to identify general strategic direction and the priority developmental areas.
WORKSHOPS
In order to stimulate constructive dialogue on the initial drafts prepared by the working groups, we also conducted several workshops at which technical staff from respective areas presented thematic papers on identified projects and strategies.

EXTERNAL EXPERT CONSULTATION
We enlisted the expertise of a technical assistance mission from the International Monetary Fund, who conducted a 2-week review of the plan and provided their recommendations.

LOCAL STAKEHOLDER CONSULTATION
We also held consultative meetings with the financial sector and other key relevant stakeholders to identify their views and concerns before finalising our plan.

We are confident that the plan for the upcoming five years, in its current form, is based on a shared and collective vision that is in line with the MMA’s statutory mandate and our vision for the future. We are eager to commence work to attain the goals and objectives identified in the subsequent pages, and look forward to rising to the challenges that we face in our quest to develop the financial sector in the Maldives.
CHALLENGES AND SOLUTIONS
During the planning process, we identified the key challenges that could prove detrimental to the attainment of our stated goals and objectives. The macroeconomic environment, characterised by high levels of dollarisation, limited transmission of monetary policy and a weak external position, is anticipated to be the biggest challenge to achieve the key statutory objectives of the MMA and the targets of the Strategic Plan.

**CHALLENGES AND SOLUTIONS**

**THE EXTERNAL ENVIRONMENT**

The adoption and implementation of policies to overcome the challenges posed by the macroeconomic environment require cooperation and commitment from stakeholders in the public and private sector. Formulating policies in an effective manner which addresses and reconciles the concerns of multiple stakeholders will prove to be extremely challenging, but will be an essential prerequisite to the successful implementation of policies.

**IMPROVE MEDIA COMMUNICATIONS STRATEGIES**

We plan to roll out our reform policies in tandem with proactive and finely calibrated media communications strategies; which will aim to reduce resistance to policies by building consensus among major stakeholders and the public at large.

**FINANCIAL LITERACY ISSUES**

Low levels of financial literacy among significant demographic groups limit our efforts to modernise and develop the financial sector in the Maldives and the establishment of a nation-wide electronic payments system.

**INITIATE NATIONWIDE FINANCIAL LITERACY PROGRAMME**

We plan to spearhead a nationwide financial literacy campaign in coordination with the government and other stakeholders to enhance financial literacy among the populace.
DATA ISSUES

Data quality issues and gaps in the availability of data are expected to be a major impediment to the MMA’s research and analytical work, affecting the quality of information used in the policy formulation process.

TAKE THE LEAD ROLE TO ADDRESS DATA GAPS

We plan to take a lead role in initiating a nationwide effort to enhance the coverage and quality of available statistics. In this regard, we will advocate for closer coordination between agencies. In the short term, we will use appropriate statistical techniques to work around the data gaps by providing adequate technical skills to our staff.

CAPACITY CONSTRAINTS

High staff turnover and capacity constraints could also prove to be detrimental to the attainment of policy objectives.

FORMULATE A FINANCIAL SECTOR CAPACITY DEVELOPMENT PLAN

Implementing a comprehensive long-term human capacity building strategy is one of the key priorities of the MMA’s Strategic Plan. Based on a well-planned and realistic human capacity needs assessment, we plan to develop and implement a medium-term financial sector capacity development programme.

STRIKING THE RIGHT BALANCE BETWEEN DEVELOPING AND REGULATING THE FINANCIAL SECTOR

While strengthening the regulatory and prudential framework is undoubtedly important, we also believe that innovation and competition in the financial sector can only be fostered through concessions for the liberalisation of the sector. Striking the right balance between prudential concerns and liberalisation is expected to be an arduous challenge.

ENHANCE COMPETITIVENESS IN THE FINANCIAL SECTOR

We plan to foster competition in the financial sector by encouraging new establishments while investing heavily in infrastructure developments required for the industry. This is expected to provide a more level playing field across financial services providers.
STRATEGIC GOALS
STRENGTHEN MONETARY POLICY TO MAINTAIN PRICE STABILITY

We will work to enhance our monetary policy transmission mechanism through de-dollarisation and by pursuing the most appropriate exchange rate regime for the Maldives to maintain price stability. In line with these changes, our monetary policy instruments will be redesigned by establishing added incentive mechanisms for local currency. Legislative and operational changes will be considered to develop a well-functioning foreign exchange market.
### STRATEGIC OBJECTIVES

<table>
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<tr>
<th>GOAL1: STRENGTHEN MONETARY POLICY TO MAINTAIN PRICE STABILITY</th>
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<tbody>
<tr>
<td><strong>Develop an Effective Monetary Policy Framework</strong></td>
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<tr>
<td>• Active management of domestic currency liquidity by enhancing the MMA’s market operations.</td>
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<tr>
<td>• Review the minimum reserves requirement to support monetary policy transmission mechanism.</td>
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<tr>
<td>• Develop an integrated macroeconomic forecasting model to facilitate better and informed policy decisions.</td>
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<tr>
<td><strong>Design and Implement Strategies for De-dollarisation and to Develop the Foreign Exchange Market</strong></td>
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<tr>
<td>• Provide incentives to banks and other economic agents by making monetary policy relatively more favourable to Maldivian rufiyaa.</td>
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<tr>
<td>• Develop a comprehensive legislative framework to strengthen foreign exchange market operations and supervision.</td>
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<tr>
<td>• Review the current exchange rate regime in order to maintain exchange rate stability.</td>
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<tr>
<td>• Design and implement other policy reforms to support de-dollarisation.</td>
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### POLICY MEASURES

<table>
<thead>
<tr>
<th>Policy Measures</th>
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<tbody>
<tr>
<td><strong>Design and Implement Measures to Accumulate Foreign Exchange Reserves</strong></td>
</tr>
<tr>
<td>• Develop an effective framework for intervention in the foreign exchange market.</td>
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<tr>
<td>• Review measures to accumulate reserves.</td>
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<tr>
<td>• Enhance reserve management activities.</td>
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<tr>
<td><strong>Increase Money Market Activities</strong></td>
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<tr>
<td>• Develop policies and strategies to promote interbank money market activities.</td>
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</table>
We will continue to regulate and supervise the financial sector with the objective of promoting financial stability and an efficient financial system, while maintaining public confidence.
## GOAL 2: FINANCIAL SECTOR STABILITY

<table>
<thead>
<tr>
<th>STRATEGIC OBJECTIVES</th>
<th>POLICY MEASURES</th>
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<tbody>
<tr>
<td>Improve the MMA’s Financial Sector Supervisory Framework</td>
<td>• Enhance the off-site supervisory function of financial institutions.</td>
</tr>
<tr>
<td></td>
<td>• Enhance the on-site supervisory function of financial institutions.</td>
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<tr>
<td>Improve and Establish the Necessary Supporting Infrastructure</td>
<td>• Strengthen the legislative framework for the Other Financial Institutions.</td>
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<td></td>
<td>• Strengthen the legislative framework for the Insurance Industry.</td>
</tr>
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<td></td>
<td>• Introduce a policy holder protection scheme.</td>
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<td>• Strengthen the liquidity framework for banks.</td>
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<td></td>
<td>• Establish a mechanism for recovery and resolution</td>
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<tr>
<td>Promote Good Governance Practices in the Financial Sector</td>
<td>• Strengthen the corporate governance requirements and risk management practices in the financial sector.</td>
</tr>
</tbody>
</table>
One of our foremost priorities over the coming five years is the development of a safe and robust payments system infrastructure that is conducive to the efficient and smooth functioning of economic activities while promoting innovation and economic growth. We will also continue to promote a safe and secure currency while also ensuring its management is in line with the best international practices and to the requirements of the economy.
### GOAL 3A: ENSURE SAFE AND EFFICIENT PAYMENTS SYSTEM

<table>
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<tr>
<th>STRATEGIC OBJECTIVES</th>
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</table>
| Develop Payments Infrastructure | • Develop a National Payments Plan which would facilitate fast, convenient, secure and affordable means of making payments across the nation.  
• Establish a National Payments Council. |
| Develop Legal and Governance Framework for the Payments System | • Establish a comprehensive legislative framework for the payments system. |
| Enhance Efficiency of Payments System | • Establish Straight Through Processing (STP) at MMA.  
• Enforce STP within banks to integrate their core banking system with the payments system. |
| Promote the Usage of Electronic Payments | • Develop a phased approach to reduce the usage of cash and cheques for government payments.  
• Implement a policy to review the charges imposed by banks for electronic payments. |

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| Improve Efficiency in Currency Management and Services | • Design and develop outreach and communication strategies to raise awareness and financial literacy, trust, and responsible usage of electronic payment services and e-money products.  
• Regular publications on the development of the payments system and related research. |
| Strengthen Currency to Combat Counterfeiting | • Enhance and strengthen banknote and coin processing and destruction mechanisms at the MMA.  
• Establish a nationwide efficient cash distribution and collection mechanism to cater for the demand.  
• Establish an ongoing research process for the development of the security features to combat counterfeiting threats. |
We will work towards increasing the efficiency of the banking services to the government, and developing the government securities market in line with the international best practices and the requirements of the economy.
**GOAL3b: TRANSFORM AND DEVELOP BANKING AND AGENCY SERVICES TO THE GOVERNMENT**

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<tr>
<th>STRATEGIC OBJECTIVES</th>
<th>POLICY MEASURES</th>
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<tbody>
<tr>
<td>Develop Banking Services to the Government</td>
<td>• Develop and establish the core banking infrastructure.</td>
</tr>
<tr>
<td></td>
<td>• Develop the institutional framework for processing government receipts and payments.</td>
</tr>
<tr>
<td>Develop the Government Securities Market</td>
<td>• Develop a legislative and supportive infrastructure for government securities.</td>
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<tr>
<td></td>
<td>• Develop the government securities secondary market and widen the investor base.</td>
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4

ENHANCE MMA’S OPERATIONAL EFFICIENCY AND GOVERNANCE

We will work to improve the operational efficiency of the MMA. To this end, we intend to focus on the automation of operational processes to enhance productivity, develop the human resources of the MMA, adhere to international best practices in governance and risk management, enhance the robustness and security of IT infrastructure, improve communication with the public and promote a conducive work environment for our staff.
GOAL 4: ENHANCE MMA’S OPERATIONAL EFFICIENCY AND GOVERNANCE

STRATEGIC OBJECTIVES

Enhance Work Efficiency Through Automation

• Implement process automation to streamline critical processes of human resource management, procurement operations and budgeting.
• Improve record keeping and retrieval through digital archive management software and implementation of institutional memory software.

Attract, Retain and Develop a Talented Workforce

• Streamline the recruitment process.
• Assimilate new staff to the organisation more efficiently and effectively.
• Provide an effective and competitive reward system.
• Develop the human capacity of staff.
• Develop a cross-functional and multi-skilled labour force.
• Retain the qualified and experienced staff.
• Improve work culture and promote staff welfare.

Improve the Effectiveness of MMA’s Governance, Controls and Risk Management

• Strengthen the MMA’s institutional framework to strengthen autonomy, transparency and accountability within the MMA by strengthening internal audit and enactment of a new MMA Act.

POLICY MEASURES

Enhance Efficiency, Robustness and Security of IT Infrastructure

• Implement an Enterprise Risk Management framework within MMA.
• Develop and implement a formal Business Continuity Plan and Disaster Recovery Plan.

• Enhance the overall security of IT systems & infrastructure to counter and combat cyber security threats.
• Improve system administration through remote device management, centralised network management and smart deployment of IT systems.
• Establish measures to provide uninterrupted internet services and improve overall redundancy and backup systems.

Improve IT Governance

• Formulate and enforce IT Governance Policy.

Improve Communication with Stakeholders and Public

• Develop and implement a communication plan.
• Capacity development in media and communication.
• Develop a studio in MMA for media purposes.
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<tr>
<th>STRATEGIC OBJECTIVES</th>
<th>POLICY MEASURES</th>
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</table>
| Implement an Effective Public Outreach Programme | • Dissemination of research findings effectively.  
• Conduct macroeconomic awareness sessions to the general public.  
• Develop and enhance external query database accessible to the general public through the MMA website.  
• Develop National Summary Data page in the website according to the IMF’s Special Data Dissemination Standard (SDDS).  
• Establish a money museum. |
| Promote a Conducive, Eco-friendly Work Environment | • Construct a new, eco-friendly MMA building to overcome the space and security limitations in the current MMA building.  
• Develop staff support areas.  
• Implement collaborative workspace to facilitate teamwork. |
| Enhance MMA Security | • Upgrade security system.  
• Review and upgrade the security Standard Operating Procedure. |
ENHANCE MACROECONOMIC RESEARCH AND STATISTICS

We will strive to enhance macroeconomic research and statistics by improving the coverage and quality of data, prioritising policy relevant research, and improving public outreach platforms to facilitate policy decisions, and undertake efforts to increase macroeconomic awareness among the public.
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<th>STRATEGIC OBJECTIVES</th>
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<tbody>
<tr>
<td>Establish and Implement a Research Agenda</td>
<td>• Develop a research agenda as a guideline to steer policy relevant and non-policy relevant research.</td>
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<td></td>
<td>• Establish and implement mechanisms to conduct inter-departmental and other relevant agency research.</td>
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<td></td>
<td>• Conduct research on prioritised areas.</td>
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<tr>
<td>Enhance Economic Analysis and Research</td>
<td>• Develop and enrich the Quarterly Business Survey (QBS) and use QBS data as a supplementary tool for economic analysis.</td>
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<td></td>
<td>• Establish a monitoring mechanism for reviewing international economic developments regularly.</td>
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<tr>
<td></td>
<td>• Improve the quality of the research output of the MMA.</td>
</tr>
<tr>
<td>Strengthen Data Quality and Data Dissemination</td>
<td>• Improve collection and coverage of macroeconomic and financial data.</td>
</tr>
<tr>
<td></td>
<td>• Establish an efficient data management system.</td>
</tr>
<tr>
<td></td>
<td>• Develop a comprehensive statistical system geared towards meeting the key dimensions and elements of the SDDS.</td>
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</tbody>
</table>
We will aim to provide all-inclusive access to affordable financial services, through innovative mechanisms to allow competition, efficiency and diversity in the financial sector. In our efforts to ensure a financially literate population capable of making informed decisions, we will be implementing a collaborative and comprehensive financial literacy programme. Furthermore, we will seek to establish a sound comprehensive legislative framework for both financial consumer protection and Islamic finance to strengthen the financial sector of the Maldives.
### Strategic Objectives

#### Improve Financial Inclusion and Enhancing Access to Finance
- Formulate a National Financial Inclusion Strategy.
- Explore innovative channels to enhance access to finance.
- Establishment of specialised financial institutions.
- Enhance the functions of the Credit Information System.
- Strengthen the legislative framework for the Credit Information System.
- Establish a Secured Transactions Registry for moveable properties, in order to enable lenders to easily obtain information on such properties.

#### Improve Financial Literacy
- Formulate a National Financial Literacy Plan.

#### Enhance Financial Consumer Protection
- Establish a comprehensive legislative framework for financial consumer protection and to establish a framework for market conduct and supervision.
- Promote financial consumer protection awareness in collaboration with financial institutions.

#### Promoting the Development of Islamic Finance
- Create an enabling policy environment for Islamic finance to ensure a level playing field vis-à-vis conventional finance.
- Establish a comprehensive Shari’ah governance and compliance framework.
- Develop a comprehensive liquidity management framework including the mechanisms and short-term liquidity management instruments to assist Islamic financial institutions with their liquidity management needs.
- Establish an effective collaboration mechanism among all key stakeholders to ensure continued engagement on the multi-faceted issues faced by the industry.

#### Develop Human Capacity in the Financial Sector
- Formulate a Financial Sector Capacity Development Plan.
MONITORING AND EVALUATION
MONITORING AND EVALUATION

The effectiveness and success of a plan centers on the degree to which it is properly coordinated and implemented. During the planning process, we deemed it a foremost priority to devise and establish a monitoring mechanism that would enable us to evaluate our progress over the five-year horizon, in terms of achieving the goals and objectives of the plan.

The most critical component of the monitoring and evaluation mechanism will be the introduction of a dedicated unit, mandated with overseeing the implementation of the plan over the five years. In addition to coordinating projects that require inter-departmental cooperation, the unit will also be tasked with overseeing and reviewing the effectiveness of new policy measures during and after the implementation process, working in conjunction with technical staff from other relevant divisions and sections.

Furthermore we plan to keep track of our progress by continuing to update the internal Strategic Plan website, which was used during the planning process to gather the feedback and input of the employee base. Lastly, the Strategic Plan will be complemented by the work plans for each operational area of the MMA, which will be evaluated and reviewed at the beginning and end of each calendar year.