



**FINANCIAL
REGULATORY
COMMISSION**

**FRC'S MEDIUM-TERM
STRATEGIC PLAN
2018-2021**

*Approved by the
FRC's Decree
No. 310 on 12 Sep 2018*



FOREWORD

Within the framework of its legal mandate, the Financial Regulatory Commission (FRC) is responsible for maintaining growth and sustainability of the financial markets, through policies and regulations. The FRC is also responsible for ensuring compliance with relevant laws and regulations, and protecting investors' and consumers' rights. In order to achieve these goals, it is imperative to develop and implement a strategic plan, that is sensitive to trends in global financial markets. The strategic plan must include a clear vision; with short, medium and long-term objectives, and targets with real and measurable results.

Since its establishment in 2006, the FRC adopted and implemented two Action Plans; for 2008–2010 and 2012–2016. The Action Plans

contained objectives, emphasizing:

- improvement of the legal and regulatory environment of the financial sector,
- empowerment of market participants,
- enhancement of financial literacy among the public, and
- protection of consumers and investors.

As a result, the legal environment for the securities market, insurance market, non-bank financial institutions, and savings and credit cooperatives, were established; and the activities of market participants are now being regulated with more than 160 rules and regulations.

Now, a new broad and comprehensive strategy, is required, to:

- expand the scope of the market,
- increase financial inclusion,
- institute regulatory and supervisory approaches in accord with international standards, and
- establish a financial framework with a sound infrastructure.

Therefore, after drafting and reviewing for the past year, the FRC finalized, and approved, a medium-term strategic plan; for the next three years, 2018 to 2021.

In developing FRC's strategic plan, the following principles served as guidance:

- research and analysis,
- alignment with finances and budgets,
- knowledge of monetary policy and trends,
- attention to internal and external factors, and
- utilization of strengths and capabilities in the organization's human resources.

The strategic plan was developed by more than 40 staff; including members of working groups. Comments and suggestions from employees were incorporated, and used to determine details of the implementation methods, outcomes and outcome indicators.

I am confident the Medium-term Strategic Plan will spur initiatives in the achievement of intended objectives; expand the scope of financial markets, and meet international standards in rapid development.

I would like to express my sincere gratitude to the team of financial experts – including national and international consultants – for their contribution to the development of the FRC's Medium-term Strategic Plan; 2018–2021. We are committed to achieve FRC's goals together.

I wish good luck, for the financial market's impact on the country's economy, and the development of a multi-pillar financial system.

Davaasuren Sodnomdarjaa

A handwritten signature in black ink, appearing to read 'Davaasuren Sodnomdarjaa', written over a horizontal line.

Chair, FRC

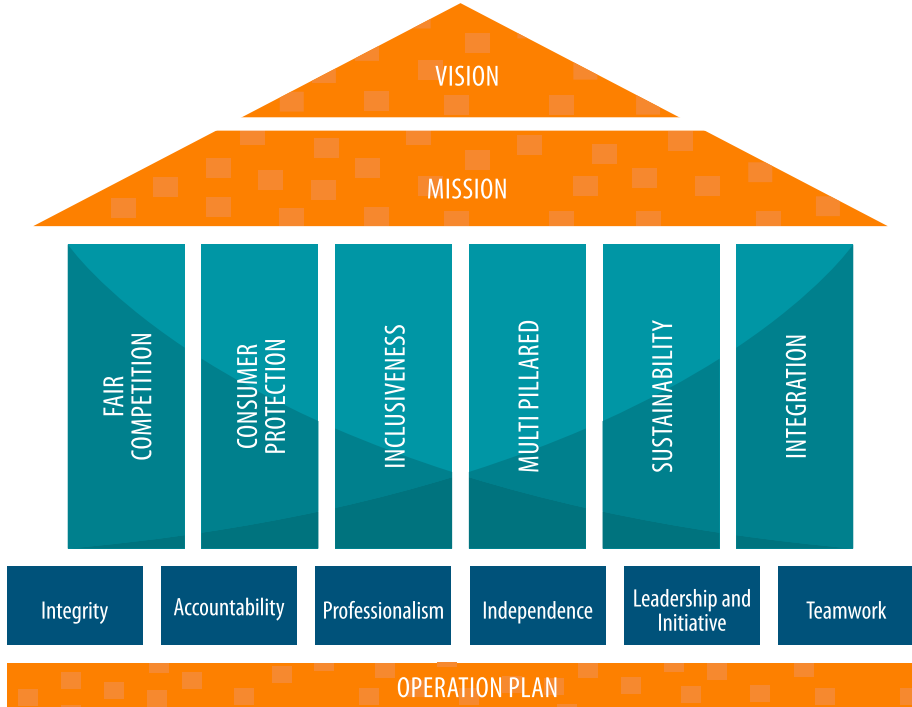
OBJECTIVE

The FRC's 'Medium-term Action Plan; 2008–2010' and 'Operational Strategy; 2012–2016' have each provided for the development of an improved legal and regulatory environment of the financial sector, and played an important role in strengthening structural reforms.

Assessment of the current financial situation, shows that international finance, business relationships, and capital flows, have shifted to a multinational system, that cannot be limited to one country. The activities of financial institutions in the country are covered by many sectors and markets; so financial services cannot be measured or regulated by one entity or one sector. There is no policy involving all market participants; to develop and regulate the market at all levels. Therefore, FRS's strategy was elaborated to accommodate the following:

- strengthening the competitiveness of the financial market economy,
- improving accessibility, efficiency and sustainability of the financial market,
- promoting international integration,
- diversifying accessible, technology-based, financial products and services for the market,
- ensuring inter-sectoral coordination, and improving the risk-bearing capacity,
- enhancing competitiveness, and
- supporting economic growth.

Graphic 1. Model of FRC's medium-term strategic plan





OUR VISION

Our vision is to create a diversified, sustainable and inclusive financial market – where fair competition is promoted and consumer protection is secured – for fostering economic growth and development.



OUR MISSION

Our mission is to develop a diversified and sustainable financial market that ensures the rights of consumers and builds trust in the marketplace; through implementation of sound financial policies and regulation, and an effective supervision system.



OUR VALUES ARE

- INTEGRITY** The quality of being compassionate, loyal, honest and trustworthy; and having high ethical and moral principles;
- ACCOUNTABILITY** The quality of being responsible, dutiful, dedicated and well-organized; with strong organizational skills;
- PROFESSIONALISM** The quality of being skilled, competent and having sound ethics and good judgment;
- INDEPENDENCE** To act lawfully, and free from conflicts of interest, and external control or influence;
- LEADERSHIP AND INITIATIVE** The quality of being creative, proactive and innovative;
- TEAMWORK** To share information and knowledge for a common purpose. Listen to colleagues – treating them with respect and trust – to support, help and cooperate, efficiently and effectively.

OBJECTIVES

STRATEGIC OBJECTIVE 1

DEVELOP FINANCIAL MARKETS WITH DIVERSIFICATION AND TRANSPARENCY, OPENNESS, EQUAL OPPORTUNITIES AND FREE COMPETITION

Objective 1.1 Reduce barriers and provide equal opportunities for market participants

Sub-objective 1.1.1. Establish a legal environment promoting competition in the financial sector;

Sub-objective 1.1.2. Lower requirements for market participants and promote their activities.

Objective 1.2. Increase trust in the market place by ensuring accuracy of information and transparency among financial market players

Sub-objective 1.2.1. Ensure transparency in financial and non-financial reporting, by enhancing corporate social responsibility of market players;

Sub-objective 1.2.2. Establish ethical standards that support the release of accurate financial information to consumers.

ENHANCE PUBLIC'S FINANCIAL LITERACY, DATA SECURITY, SAFETY, AND THE REGULATORY FRAMEWORK FOR CONSUMER RIGHTS PROTECTION

STRATEGIC OBJECTIVE 2

Objective 2.1. Establish a system targeted to protect the rights of investors and consumers, and ensure confidentiality, and security, of information

Sub-objective 2.1.1. Enhance the legal framework for the protection of investors and consumers;

Sub-objective 2.1.2. Enhance the legal framework for protecting consumer privacy and security of information;

Sub-objective 2.1.3. Digitalize the processing of consumer requests and complaints, and develop a database.

Objective 2.2. Enhance financial literacy of the public.

Sub-objective 2.2.1. Take effective measures to strengthen individuals' capacity to manage personal finance and protect themselves from fraudulent financial activity;

Sub-objective 2.2.2. Reinforce cooperation amongst stakeholders, so as to enhance financial literacy.

STRATEGIC OBJECTIVE 3

PROVIDE COST-EFFECTIVE, EFFICIENT AND ACCESSIBLE FINANCIAL PRODUCTS AND SERVICES

Objective 3.1. Strengthen the system of financial inclusion

Sub-objective 3.1.1. Develop and implement policy documents for improving financial inclusion;

Sub-objective 3.1.2. Strengthen the capacity of market players;

Sub-objective 3.1.3. Promote policies that support development of low-interest and long-term loans/ credit and other financial instruments.

Objective 3.2. Introduce technology-based financial products and services to the markets

Sub-objective 3.2.1. Establish a legal framework supporting the development of technology-based financial products and services;

Sub-objective 3.2.2. Establish a risk management system to prevent and mitigate the risks associated with the development of technology-based financial products and services.

PROMOTE A DIVERSIFIED FINANCIAL STRUCTURE THROUGH ENHANCED INTER-SECTORAL LINKAGES, FOSTERING THE DEVELOPMENT OF NEW FINANCIAL PRODUCTS AND SERVICES, AND DIVERSIFYING AND MITIGATING RISKS

STRATEGIC OBJECTIVE 4

Objective 4.1. Expand the financial market through the introduction of new products and services

Sub-objective 4.1.1. Improve the legal environment to maintain cooperation in financial markets;

Sub-objective 4.1.2. Support new products, services, and contrivances that meet the demands of investors, clients and consumers, through regulatory policy.

Objective 4.2. Improve the risk management systems of financial institutions

Sub-objective 4.2.1. Conduct risk-based supervision, to mitigate risks;

Sub-objective 4.2.2. Mature financial institutions through enhancement of regulated entities' governance.

STRATEGIC OBJECTIVE 5

DEVELOP A PROPER SYSTEM OF RISK MANAGEMENT AND CONTROL BETWEEN MARKET PARTICIPANTS TO MAINTAIN FINANCIAL MARKET STABILITY

Objective 5.1. Develop management systems for risks, that might happen in the financial markets

Sub-objective 5.1.1. Identify risks of the financial markets, and develop methods for their forecast and evaluation;

Sub-objective 5.1.2. Develop the regulatory environment, to minimize and prevent risks.

Objective 5.2. Develop resource management systems for financial markets

Sub-objective 5.2.1. Design regulations to promote participation of market professionals, who can effectively manage resource flows in financial markets;

Sub-objective 5.2.2. Develop an environment that encourages long-term investment.

ELABORATE A REGULATORY AUTHORITY THAT DEVELOPS FINANCIAL MARKETS, INDEPENDENCE, TRUST, AND TRANSPARENCY

STRATEGIC OBJECTIVE 6

Objective 6.1. Establish human resource that have one goal, and develop related human resource management and control systems

Sub-objective 6.1.1. Implement a human resource policy, with procedures to monitor performance and mechanisms for promotion;

Sub-objective 6.1.2. Settle internal auditing, in compliance with international standards.

Objective 6.2. Build an infrastructure for data management, and maintain transparency

Sub-objective 6.2.1. Develop a consolidated database that provides confidentiality and security;

Sub-objective 6.2.2. Report promptly to the public.

Objective 6.3. Expand and activate cooperation

Sub-objective 6.3.1. Maintain the Commission's status through collaboration with financial market authorities' activities; regionally and globally;

Sub-objective 6.3.2. Expand cooperation with state organizations, non-government organizations, and professional associations.



Government Premises IV, Baga Toiruu 3 Chingeltei District,
Ulaanbaatar 15160, Mongolia



+976-51-264444



www.frc.mn



Санхүүгийн зохицуулах хороо



Санхүүгийн зохицуулах хороо