



CLOSING OF STRATEGIC PLAN (2018-2022)

EVERYONE'S PROJECT





CLOSING OF STRATEGIC PLAN (2018 – 2022)

This document describes the fulfillment and outcome of the Strategic Plan for 2018-2022 of the Central Bank of Chile, which was prepared and launched by then Governor Mario Marcel and headed in its final phase by succeeding Chair Rosanna Costa.

This Plan's development was always supported by the effort and commitment of all the members of our organization, mobilized by the purpose of achievement its institutional mission for the stability of the national currency and the normal functioning of internal and external payments, which is the best contribution that the Bank can make to the welfare of society.



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1. Message from the Governor

After intense work carried out during 2017, the Central Bank of Chile, then presided over by Mario Marcel, implemented the 2018-2022 Strategic Plan under the name The Project of Us All, an initiative that gathered and integrated into the different lines of work, the perception of the institution's main reference groups. It also made it possible to continuously report on its progress and results.

Planning for a five-year horizon is a practice that the Central Bank has been doing since 2004 which has made it possible to clearly establish the priorities for performing its work and achieving the defined objectives in the most efficient manner possible and with good coordination among its teams.

Governors begin their term of office coinciding with the final year of the ongoing five-year plan. During this period, they manage its completion and lead the preparation of a new one. This formula enables continuity to be given to what has been done and, on that basis, to design a new navigation chart for the institution.

The Strategic Plan that is coming to an end, assumed from the outset the challenge of adapting to a rapidly changing environment in the economic, political and social spheres. It also took on the challenges of transparency, probity, and excellence in the performance of its functions, on the one hand, and the generation of trust in its work, on the other.

In the last stage of the Plan's second year, in 2019, there was the social outbreak, a crisis that had adverse impacts on the country's economic activity. And six months later, in March 2020, the Covid 19 pandemic struck, a global phenomenon that triggered massive quarantines being established in several countries, paralyzing large productive sectors and interrupting logistics chains around the world.





Thus, the ever-changing environment mentioned in the current Strategic Plan materialized abruptly. The Bank had to adapt its internal organization and logistics so that its workers could continue to perform their duties safely and protected from the risk of contagion. Many of the initiatives that gave shape to this Plan allowed the Central Bank to successfully overcome the challenges imposed and to maintain the confidence of economic agents and citizens in the institution.

In closing this 2018-2022 Strategic Plan, it is important to highlight some of the initiatives that have enabled the Central Bank to move forward in achieving the proposed objectives and to provide it with new capabilities that serve as a foundation for the times ahead.

Assuming the commitment to enhance intellectual leadership and responsiveness to fulfill its mandate, our capacity for evaluation and analysis was deepened with the incorporation of microdata and the modernization of models, both for monetary policy decisions and for monitoring and strengthening the stability of the financial system.

Today we have a more effective and broader interaction with the Bank's relevant stakeholders, and we have ensured that new audiences and the population at large have a better understanding and knowledge of our role and the rationale for our decisions.

At the same time, the Bank's corporate governance underwent an overhaul that has allowed us to respond more quickly to changes in the environment and strengthen our capacity to react. Transparency has been a focus of the Bank's interest, which was confirmed by a panel of international experts who evaluated the Bank's monetary and financial policy and gave us guidelines to continue strengthening it.

Regarding the disruptive technologies and their impact on both the Bank's business model and the financial system, there has been close monitoring, which has allowed us to beef up the regulatory system in order to maintain the strength of the financial system and mitigate the risks of negative effects that could arise from the possible massification of these technologies. The initiative of having a Technological Observatory was a key element for these developments.

In the personal aspect, the Bank deployed an intense program for building leadership skills and strengthened its supply of value for its staff, who were able to adapt quickly to the new working conditions imposed by the pandemic.

In hindsight, we can proudly say that the Bank has fully met its objectives, even in the difficult and complex times that our country and the entire world have had to endure.

Developing a new Strategic Plan, aligned with our mission, vision and values, opens the door to new challenges, without losing sight of our main objective: to bring inflation to its target range. We are about to announce its guidelines soon.

At the heart of this will continue to be our people and our credibility. This can only be nurtured by excellence, service vocation, ethical and transparent action and technical response at the service of the welfare of our country, all within the framework of the autonomy granted to us by society and remaining faithful to the fulfillment of our mandate.



2. Message from General Management

The Central Bank of Chile's defined mission is to safeguard the stability of the national currency and the normal functioning of internal and external payment systems. These are the objectives established by its governing Constitutional Organic Law and are the road for the country's citizens make decisions in a predictable environment and with no frequent alterations of business cycles.

Accordingly, it has established as its vision to be a reliable institution of technical nature and excellence in the achievement of these objectives.

To fulfill its mission and achieve its vision, the Bank is committed to perform its work guided by the values of commitment, respect, excellence, probity, and transparency. Based on these pillars, every five years the Bank draws up a navigation chart, called the Strategic Plan, which determines the focuses of its management and the initiatives to achieve them, always with a view to achieving its objectives efficiently while upholding the main asset of this autonomous institution: its credibility.

In this document, we outline the main advances of the 2018-2022 Strategic Plan, which was launched by Governor Mario Marcel and is being culminated by Governor Rosanna Costa, who has already headed the process of drafting the new Strategic Plan, which will cover the period spanning from 2023 to 2027.

One of the objectives set for the past five years was for the Bank to be prepared to respond to the opportunities and challenges that would arise in the macroeconomic and institutional spheres, on the understanding that, in today's world and society, the trust of the public and the markets must be earned on a day-to-day basis, irrespective of past achievements.

Precisely, the formulation and development of strategic plans since 2004 enabled the Bank to be prepared to respond to the critical challenges posed by the Covid-19 pandemic, which



opened up new challenges that were incorporated as initiatives into the current plan.

Our organization was able to respond in a timely and effective manner to a sudden and unprecedented crisis, while never neglecting its long-term tasks.

In evaluating results, I can say with particular satisfaction that the 2018-2022 Strategic Plan, which Alejandro Zurbuchen began to oversee as General Manager and which I have had the responsibility of taking over in its final phase, fully met its objectives.

- Improved communication of the Monetary Policy and Financial Stability Reports, complemented with more in-depth analysis of relevant issues and delivering messages more in-synch with different audiences.
- Enhanced and diversified quality of the Bank's communications, with new programs to support community education and implementing the Bank's active transparency agenda.
- New analytical capabilities developed on long-term macroeconomic and financial issues and challenges, including a more applied research agenda.
- Strengthened capacity to detect and assess risks to financial stability and progress made in the work plan for implementing the required legislation and financial policy actions, while adopting the best international practices.
- Greater flexibility, empowerment and responsibility of the Bank's Divisions and Areas generated.

- Creation of a technological observatory, which has been a catalyst for the development of knowledge and the adoption of more significant innovations for the Bank.

- Reinforced effectiveness in attracting, retaining and developing Bank staff, including diversity, inclusion and non-discrimination as an institutional value, as well as their adaptability to changing conditions.

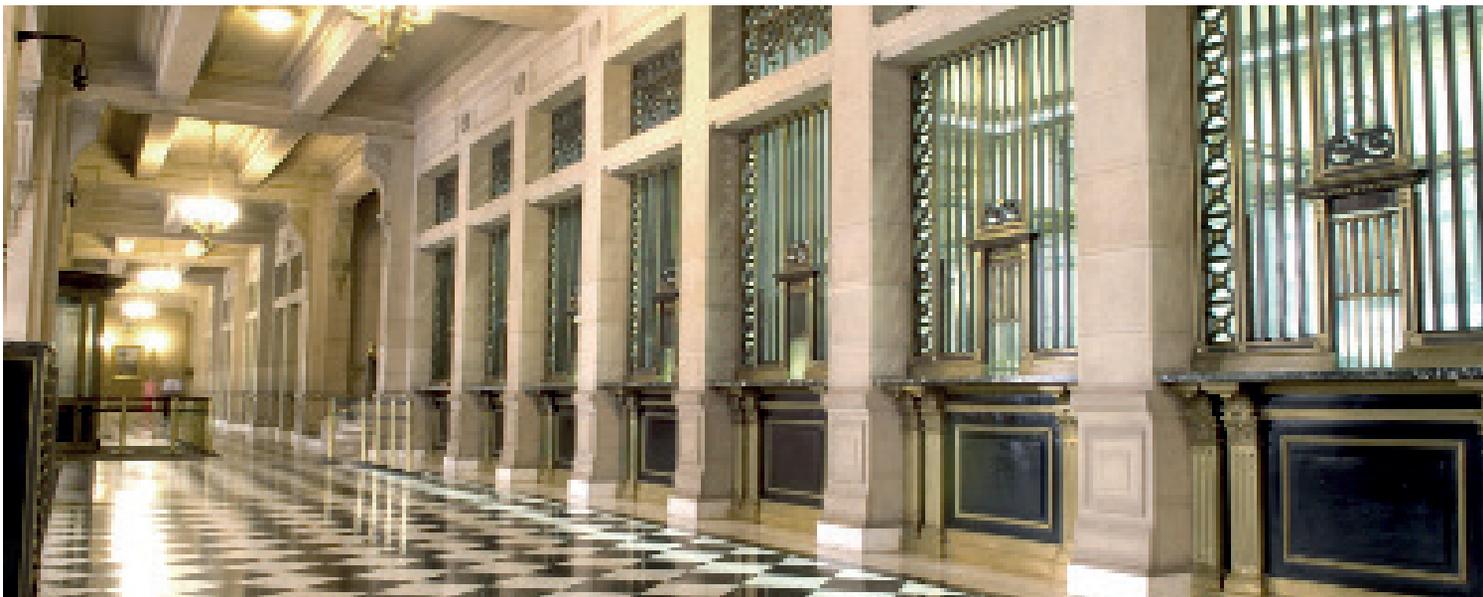
In 2022, we began working on the Strategic Plan 2023-2027 with a strong participatory approach and a line of co-creation, in which the doors have been opened so that each staff member, along with relevant stakeholders, can contribute to formulating the focuses and initiatives.

In eight in-house day-long sessions, four in person and four online, a total of 232 of our employees from different areas and positions participated in workshops to review our mission, vision and institutional values, deepen our sustainability strategy, and analyze the challenges posed by digital transformation.

Twenty-two technical workshops were held in which division and area managers discussed the challenges facing their respective units. The results of these discussions were analyzed and evaluated in another 10 in-depth workshops to define focuses and initiatives.

Externally, perception studies were conducted among stakeholders who are in some way related to the Bank and its employees, in addition to opinion surveys to the general public.

Special workshops were held in eight regions of the country to ascertain the opinion of relevant regional stakeholders on the Central Bank's activities and positioning.



The greatest challenge in the landing and prioritization exercise has been to capture all these contributions in the construction of the new Strategic Plan that will allow us to move as an organization with a navigation chart. Although not all the contributions have been considered, there is no doubt that the Bank's employees will assume it as their own, because ultimately they are the ones who have made and will continue to make this institution great.

Our institutional strategic plans are designed to provide continuity to the constant progress and management improvements made by the

Central Bank. The new Strategic Plan will take on the new challenges posed by a rapidly changing world, which requires having the necessary flexibility and resilience.

All of us who are part of this Central Bank are driven by an unwavering commitment to the fulfillment of our institutional objectives, because we are fully aware that in this way we are contributing to the wellbeing of Chilean citizens.



3. Plan update in context

The 2018-2022 Strategic Plan was always accompanied by an analysis of the internal and external conditions, with the purpose of detecting possible impacts on its development.

These analyses allowed the Bank's Board and senior management to introduce revisions that factored in the profound changes that occurred in the environment, providing the necessary flexibility to ensure compliance with the proposed objectives.

Said revisions were made at frequent meetings of the Board with senior management, during which working groups were created to deepen the focus in accordance with the changing conditions and new challenges that arose.

As part of this process, the Bank invited experts in areas such as society, technology, people management and other fields, and conducted surveys and workshops to garner the opinion and input of every person that is part of this institution.

The biggest change in the environment occurred in 2020, when the Strategic Plan was halfway through its development. The sanitary crisis caused by Covid-19 forced the Bank to deploy its adaptive capacity to provide effective measures in a timely manner to deal with the financial effects of the economic downturn, ensuring the continuity of its operations and, mainly, to care for its people and their families.





This analysis gave rise to new initiatives that were developed from 2021 onwards.

As part of the strengthening of the Bank's response capacity and intellectual leadership to meet its objectives, it developed a Comprehensive Model for Data Use and Management.

As part of the focus on strengthening the Bank's Corporate Governance, an initiative was introduced to develop a new way of working for the Bank, through the creation of a multi-disciplinary working group.

To improve our capacity to understand, manage and incorporate technological changes into the Bank's integral work, the Plan launched an initiative to develop a payments agenda, which covered both direct and cross-border payment systems and the evaluation of a digital currency (central bank digital currency, CBDC).

In its aim to be an employer of excellence, the Plan incorporated as an initiative to strengthen the skills of leadership and people management, aligned with the Bank's culture and values.

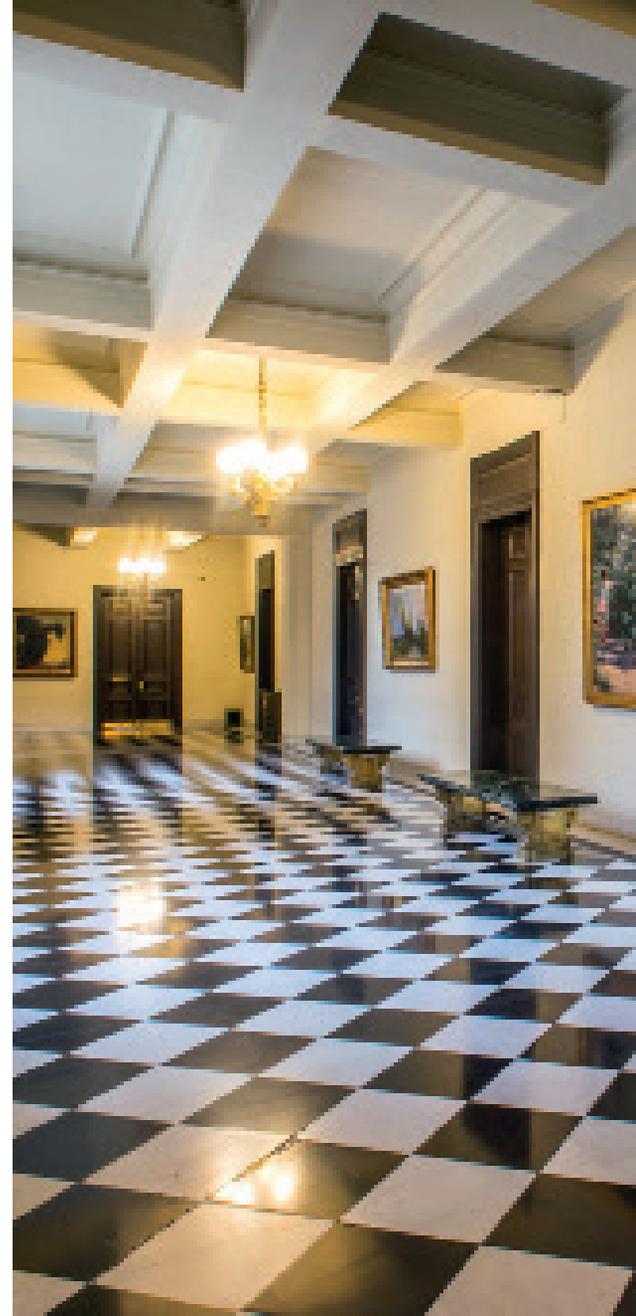


4. Main advances in each focus

The 2018-2022 Strategic Plan was prepared with five strategic focuses that have been the pillars of the institutional agenda during this five-year period. Each focus was broken down into initiatives and their respective lines of action, indicating expected results of compliance that were monitored and evaluated throughout the whole process.

At the end of its five years of existence, the Strategic Plan reached a total degree of compliance, in both its focuses and its initiatives, including those that were introduced in response to the major changes that took place in the external and internal scenarios and that brought new challenges into play.

Below are the main advances recorded for each of the five areas of focus:





FOCUS 1

To strengthen the Bank's responsiveness and intellectual leadership to meet the institutional objectives defined in its Constitutional Organic Law, taking into account the reality of an increasingly complex environment.



“To enhance the analytical capacity that underpins the Monetary Policy decision-making process, incorporating best international practices.” This initiative was structured around the following three lines of action:

This focus was expressed in three central initiatives:

- 1.1.a Modeling agenda.
- 1.1.b Strategy of communication for monetary policy analysis.
- 1.1.c Including microdata in monetary policy analysis.

Expected results:

To consolidate and deepen the development of macroeconomic modeling, incorporating frontier practices, with special focus on the interaction with financial areas; to enrich the economic analysis by systematizing, incorporating and generating information from micro bases, which will contribute to strengthen the international position of the Central Bank of Chile in the use of and contribution to frontier knowledge and practices.

Highlights:

- In order to achieve its goal of maintaining low and stable inflation over time, the Bank strengthened the depth of its analysis by incorporating the use of microdata in various areas, such as the labor market, the credit market and real-time tax databases. All this was done to provide greater depth to analyses and evaluations and to better calibrate the monitoring of activity, demand and prices that guide Monetary Policy decisions.



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- With this in mind, agreements were signed with the Internal Revenue Service (SII), the Financial Market Commission (CMF) and other public institutions to receive information on a regular basis, ensuring the security of this data, which is processed anonymously.
- The Monetary Policy Meetings were reformatted to improve the communication of the message, with a more comprehensive statement including how each Board member voted.
- The Monetary Policy Report underwent a corporate image overhaul and its dissemination was enhanced with graphic pieces and videos that explain its main messages in a much friendlier way to the general public.
- In 2020, the Bank published the book “Use of macroeconomic models at the Central Bank of Chile,” which documented and made public the codes of the main models used at the Bank, with the purpose of increasing transparency in the communication of monetary policy decisions.
- The General Equilibrium Model with Financial Frictions (MaFin) was defined and developed, which made it possible to

quantify the macroeconomic impact of some policies applied during the pandemic.

- The process of continuous improvement of the Bank’s structural models continued, seeking to improve the accuracy of the projections and broaden the spectrum of possible dimensions to be analyzed. General equilibrium models were developed with unemployment and search frictions, conditional exchange rate pass-through, migration flows, financial sector and financial frictions, learning and deviations from rational expectations, and overlapping generations. Other simpler models were also developed for the analysis of relevant topics such as the interaction between the pandemic and the economy, and the decision of establishing the optimal level of international reserves.
- In addition, progress was made in the structural modeling of informal labor markets; of agents with limited rationality and partial incorporation of future news; and of heterogeneous agents and the effects of asset distribution on the transmission of monetary policy and the business cycle.
- The National Markets Committee, a forum for formal interaction between the Bank and local market players, was created and consolidated.
- The use of data from digital invoicing, which receives daily data from more than two thousand companies, was consolidated. This has improved the quality of data analysis and new variables have been incorporated into the studies for the Monetary Policy Report.



2. “To develop analytical capabilities to identify, monitor and communicate financial risks.”

This initiative comprised three lines of action:

- 1.2.a Financial policy agenda
- 1.2.b Strategy of communication of financial stability analysis
- 1.2.c Including microdata in financial stability analysis
- 1.2.d Market intelligence
- 1.2.e Regulatory simplification.

Expected Results:

To define a financial policy agenda and a coherent research plan; to incorporate risk monitoring methodologies into the Financial Stability Report in a forward-looking manner; and to design communication products adapted to different audiences.

Highlights:

- In order to deepen our understanding of the behavior of markets and key agents, our six-monthly Financial Stability Report (FSR) incorporated new thematic chapters in areas such as technological innovation, real estate and climate change. These additions served to quantify the impact of the latest crisis.
- Work was also done on an FSR with more concrete and abridged content, prepared pursuant to the principles of a Style Guide, while seeking a closer approach to the public through the dissemination of its most relevant contents with graphic pieces and infographics, using various social networks.
- In 2020, we released the document “Financial Policy of the Central Bank of Chile,” to present the conceptual framework and institutional context in which the financial policy operates and the framework of analysis required for its conduct and implementation.
- In May 2022, the Board of the Central Bank held its first Financial Policy Meeting a semiannual instance which decides on the application of the countercyclical capital requirement, which corresponds to a capital charge to the banking system, within the framework of the new Basel III standards. This helps to reduce the impact of severe events on the financial system and the overall economy.



- The regulations to implement Basel III required the approval of a complete set of regulations, which was coordinated with the Financial Market Commission (CMF).
- During this period, the Central Bank of Chile modernized several regulatory bodies. It reformulated the Compendium of Foreign Exchange Regulations (CNCL) to make it clearer, reduce the burden on respondents and authorize the use of Chilean pesos in cross-border transactions, in line with the priorities established in the Financial Policy agenda.
- It also published a new chapter in the Compendium of Financial Regulations, which regulates the creation and operation of Low Value Payment Clearing Houses.
- Adjustments were made to the rules for Payment Card Operators and the regulation for savings & loans cooperatives was improved.
- The Bank established investment limits for Pension Funds in perpetual bonds and began the process of gradually derogating the market risk regulations applicable to banks.
- Research by the Financial Policy Division introduced the use of microdata, which made it possible to obtain even more in-

depth analyses of relevant topics. In particular, developments in this line supported the generation of several boxes in the Financial Stability Report. Forward-looking risk models in the area of financial stability were strengthened by increased access to microdata, which complemented stress exercises that calculate the debt-at-risk of credit users.

- The Bank's surveys were reformulated to better understand the environment. The Financial Traders Survey was divided into structured and unstructured, thus improving the quality of market information, and adjustments were made to adapt the Household Financial Survey to a hybrid format, which combines face-to-face and online data collection.
- We also published a modernization and update of the regulation of banks' liquidity management and launched the supplement "Financial Intermediation and Central Banking."



3. “To lead the Comprehensive Model of Data Use and Management”

This initiative was incorporated in 2021 and is structured around the following three lines of action:

- 1.3.a Implement Big Data structural project
- 1.3.b Investigate and implement Artificial Intelligence
- 1.3.c Consolidate data governance.

Expected Results:

To develop and implement a Comprehensive Model of Data Use and Management that shares common points with other lines of action, thus aligning criteria and creating synergies.

Highlights:

- The technological platform for the Big Data structural project was awarded, which will enable the Bank to enhance the use of microdata in its analyses and studies.
- Standards for Access to and Use of Microdata by third parties were published.
- Policies for the Utilization, Management and Storage of Economic/Financial Microdata was also published.



FOCUS 1: final results:

As an outcome of the initiatives developed and in its objective of strengthening its intellectual leadership, the Bank enriched its economic and financial analysis, giving it even greater depth through the incorporation of a substantial amount of microdata and technological tools to obtain more information, which has contributed to making better and more timely decisions in a complex environment.

It also defined an intense financial policy agenda that consolidated the Bank's role in financial stability, especially in the introduction of new requirements to strengthen the system. Today, the Bank is making great efforts to communicate its decisions and reports to an ever-expanding segment of the population, making them user-friendly for the public at large to understand their contents.

These advances made it possible to strengthen the institution's capacity to respond to the challenges posed by the crisis.



“The incorporation of best practices and the strengthening of information in a changing macroeconomic environment allowed us to safeguard the stability of our currency and promote the stability of our payment systems.”



FOCUS 2

To strengthen the Bank's understanding of and dialogue with its environment through strategic communications management identifying objectives, roles and functions.



This focus was expressed in a central initiative:

“Design a Comprehensive Communications Strategy for the Bank that will strengthen liaisons with relevant reference groups.”

The initiative was structured around the following three lines of action:

- 2.a Design and implement an Comprehensive Communications Strategy
- 2.b Strengthen the active transparency mechanisms
- 2.c Modernize the Bank's communications, resorting to new technologies, media, and channels.

Expected result:

To formulate a communications and liaison strategy with relevant reference groups, prioritizing the strengthening of the Central Bank's main attribute, i.e., the trust that citizens have placed in the institution, through regular feedback mechanisms and analysis of their efficiency, in order to manage its reputational capital and strengthen its positioning defined for the period.

Highlights:

- In 2018 we created the Institutional Affairs Division, a new unit in charge of designing and implementing the Bank's communication and liaison strategy.



- The Bank developed a comprehensive communications strategy that established an editorial line to guarantee the consistency of the messages conveyed and defined specific courses of action, strategic objectives and lines of action aimed at reducing information asymmetries and reinforcing the positive perceptions associated with the Bank's meaning and purpose.
- In 2021, the Central Bank renewed its institutional image with a design that maintains its identity, expressed in a condor spreading its wings to fly over the mountain range, visually light and attractive, which can be easily applied to different platforms and graphic pieces.
- Platforms were modernized associated with the Lobby Law, the Transparency Law and the Board's agenda.
- With the purpose of strengthening transparency and accountability to the public, the Bank implemented a policy of disseminating the historical minutes of Board meetings, Executive Committees and Conferences. An internal digital repository has published 2,576 minutes of the Board of Directors and Executive Committee meetings spanning from 1925 to 1983, and it has been determined that these documents will be soon published covering up to the year 1989.
- In order to increase citizen outreach and access to information, the website was modernized and new corporate communication platforms were incorporated, such as the Central en tu Vida website for financial education and a digital repository of the Bank's Library, adding new graphic tools that have enhanced communication through social networks.
- Within its own organization, the Bank now has an integrated management system for its internal communication platforms (i.e., the Intranet, newsletters and mass mailings) and has activated a mobile application for internal communication among its employees.
- In its interaction with the public, it created a platform called "Contacto Central," which allows channeling and managing various queries to the Bank.
- The Institutional Transparency Policy published in 2021 put the Central Bank of Chile at the forefront of central banking in this area, beyond its current legal obligations.
- The Central en tu Vida financial education program, an initiative that has been key in bringing the public closer to the role and work of the Central Bank, was strengthened with new initiatives, maintaining those that have succeeded. The online course for teachers and pedagogy students La Ciudad de las Oportunidades was implemented in collaboration with the Millennium Institute and the University of Chile, and new pedagogical tools and contents were created for the school community. The Economía + Cerca contest for high school students continued its cycle even during the pandemic, attracting multiple participants.
- The Bank's cultural heritage, whose main attraction is its valuable collection of paintings, could be appreciated by a larger number of people. To this end, collections of paintings were taken to various cities throughout the country and a digital catalog of the Bank's total collection of paintings was made available. A 360-degree digital tour of its patrimonial building was created and made available on the Bank's website.



FOCUS 2: final results:

As an overall result of FOCUS 2 of the Strategic Plan, the Bank was able to advance in a more effective interaction with relevant stakeholders, being able to better adapt to prevailing conditions, systematize the information it has, better respond to the needs of the public and help to understand its actions, always building trust in this autonomous public institution.



“The strengthening of communications has allowed us to improve relations both with citizens and with relevant reference groups, concretely reflecting how we understand our commitment to the country and the society.”



FOCUS 3

To strengthen the Bank's Corporate Governance so as to balance risk tolerance and the efficiency of business processes, thereby expediting decision making and promoting innovation.



Initiatives:

1. “To adapt the institution’s governance structure to boost agile decision making and implementation.”

This initiative was structured around four lines of action, listed below:

- 3.1.a Governance, simplified organizational structure with agile and efficient decision making.
- 3.1.b Optimization of processes and risk/efficiency balance and cultural change management.
- 3.1.c Comprehensive balance-sheet management.
- 3.1.d Sustainable Bank.

Expected results:

To adapt the work instances of the Board and senior management, covering all relevant areas of its management; delegating powers, accompanied by greater accountability; clear definitions of responsibilities in the different areas; fostering teamwork and collaboration among the different areas of the Bank, avoiding competitive friction and overlapping of tasks.

Highlights

- Teamwork capabilities were strengthened by making changes in the organizational structure. A strong line of divisional management was created to cover economic and financial areas and support areas related to treasury, technology, communications and human resources.



- These changes have contributed to smooth the implementation of the Strategic Plan, strengthen leadership and management, and address in a coordinated manner the challenges posed by the complex events of the past few years.
- In the Bank's risk management, aimed at identifying, evaluating and managing potential contingencies in order to adopt mitigating measures should they materialize, the vision and degree of risk tolerance were defined and established, which has made it possible to clearly define the areas of risk management and prioritize the efforts deployed in this area.
- The Corporate Risk Division was created —made up by the Financial Risk Department and the Operational Risk Department— with the mission of managing strategic, operational (including business continuity), financial and digital (information security) risk policies, aligned with the Bank's three lines of defense, which comprise reputational, legal and cybersecurity risks.
- In this same field, a Bank Awareness Plan was implemented to deepen the culture based on risk management, with lectures and courses to enhance awareness of this management model, operational continuity and the importance of information security.
- The Bank's first Map of Processes was approved, while the optimization of processes was deepened through the incorporation of automation and agile methodologies.
- The Balance Sheet Committee agreed to reduce the Bank's equity gap by eliminating the retribution associated with regulatory reserve requirements on demand and time deposits.
- The Board defined and approved a Sustainability Strategy and Policy for the Bank, which defines four dimensions: adaptation to climate change, citizens' financial responsibility, circular economy and the Bank as an agent of change.
- The institutional management for the years 2019 to 2021 was reflected in Integrated Annual Reports that were prepared under the Global Reporting Initiative (GRI) and Integrated Reporting (IR) International Framework standards. The last two were verified (content) by an independent audit.

2. “To lead the Bank's new way of working through a multidisciplinary task group.”

This initiative was incorporated in 2021 and is structured around the following three lines of action:

- 3.2.a Support processes with new technologies.
- 3.2.b Revisit roles, responsibilities and relationships of users with IT, in light of new organizational needs.
- 3.2.c Adapt our corporate governance framework.



Expected results

To implement a multidisciplinary task group to lead the new work format at the Bank.

- After the dramatic change in the way of working imposed by the pandemic quarantines, the Bank implemented the “New Way of Working” project, which contemplates a hybrid work format for its employees (combining on-line and on-site work), the communication system through the Microsoft Teams platform and the migration of the personal and institutional productivity environment to the cloud on Microsoft 365.
- The Matlab Parallel Server platform was implemented, which reduces by a factor of 10 the time required to process the information used by the Monetary Policy Division and the Financial Policy Division.
- The Bank’s Share Point sites were also migrated to Microsoft 365, automating agreement forms and access to in-house services with PowerApps and Power Automate. In addition, Windows 10 security profiles were updated and implemented.
- These processes have been accompanied by training under the Academia Central project, which offers courses oriented to the up-skilling and re-skilling of equipment in relation to the new way of working. Training was provided to 100% of the staff.
- The protection of the Bank’s information was further strengthened through a new confidentiality labeling system.
- With the incorporation of the Qualtrics platform, the Bank has now a new capacity for creating and generating surveys, which broadens the arc in obtaining information or conducting research.
- In order to support economic research on the Internet and the exploration of new technological services, the Cloud working environment called Processes of Data Research (Procinda) was implemented. This environment operates separately from the Bank’s other services, which allows minimizing direct vulnerabilities, while providing a less constrained work environment for the research areas.
- The DataScience model was strengthened and expanded to support the receipt and processing of digital invoice information, as well as other research services with Python, R, Julia and Octave in the Bank’s economic areas.
- The Alquimia (Alchemy) project defined the values and purposes of the Technology Management as part of a new work culture to adapt the organization and its technological resources to the new needs that arise for the Bank.



FOCUS 3: final results

As a result, FOCUS 3 consolidated a Corporate Governance that simplified stages and empowered management teams in the decision-making process. Thus the Central Bank of Chile was provided with the necessary adaptability to face the changing environment and future challenges. In addition, the Bank's sustainability was strengthened over time, in both financial and environmental aspects.

“Adapting the Bank’s structure to be based on self-regulation, constant improvement and agile decision making, has allowed us to cope with the changing environment surrounding us.”





FOCUS 4

To improve capabilities to understand, manage and incorporate technological changes to the Bank's comprehensive work, both in the scope of its own management and in the dimensions related to its institutional objectives.



This focus was expressed in two central initiatives:

1. “Developing internal management and regulatory capabilities in the face of Disruptive Technologies for the Bank’s and financial intermediaries’ business models.”

The initiative was structured around the following three lines of action:

- 4.1.a Technological Observatory
- 4.1.b TechLab
- 4.1.c FinLab.

Expected results:

To be prepared to understand, analyze and hypothesize the impact of Disruptive Technologies on the business model of the Bank and financial intermediaries, adopting emerging technologies that are believed important to maintain the quality and availability of the services provided by the Bank.

Highlights:

- Technological observatory created and developed, aimed at capturing and disseminating new knowledge on disruptive technologies in the Bank, for the potential adoption of technologies in the business areas and the generation of national and international networks in these matters. The initiative was accompanied by internal talks and participation in seminars and collaborative projects.



- Finalized project to design a conceptual model for the Bank's primary bond issuance on a DLT/Blockchain platform. The model included the bond issuance process and its life cycle. Also, the technical feasibility of the platform was analyzed through a proof-of-concept implementation. This project was developed as a collaborative partnership between the Bank and the Central Securities Depository.
- To enhance the results of projects related to data analytics and innovation, the "Project Accelerator" initiative was launched, which provides support in the areas of mentoring, networking and technological infrastructure, among others. Among the projects addressed in this initiative, it is worth mentioning the results achieved with the mentoring of a project for the analysis of readability within the scope of Monetary Policy.
- A process of approaching new technologies was developed through courses on advanced usage of data: Python, R, Machine Learning, Web Scraping, and central bank digital currencies, CDBC.
- Follow-up was made on developments in digital means of payment and digital issuance of central bank money, and a deeper understanding and exploration of these types of instruments and related technologies was determined at the institutional level.
- Digital acceleration workshops were held for the Board and Senior Management to homologate concepts of the Digital Strategy proposal for the next planning period.
- In collaboration with Persons Department, we worked on the definition and content of specialized courses for the development of digital skills for the Bank's employees, as part of the Central (Bank) Academy courses.
- Coordination activities were carried out with the areas most involved in the execution of the digital strategy plan, together with preparing and moderating workshops and dynamics that, jointly, will make it possible to identify digital action plans for the next five years.
- Within the framework of the advanced use of data, a work team was formed to support the Bank's projects in areas related to reporting and mentoring for sentiment analysis and readability project.



2. “To develop a Payments and CBDC Agenda.”

This initiative was incorporated in 2021 and was structured around the following three lines of action:

- 4.2.a Direct Payment Systems.
- 4.2.b Cross-border Payments.
- 4.2.c CBDC.

Expected results :

Timely improvement of the regulatory framework to advance in those areas that offer an opportunity to strengthen the financial system and mitigate risks in the event that some of these technologies spill over to the financial industry. Develop a payments agenda and analyze the creation of a digital currency.

Highlights:

- The Central Bank cooperated with the Ministry of Finance in the preparation of the Fintech Law bill, which was debated and approved by the National Congress.
- A new chapter of the Compendium of Financial Standards for the Low Value Clearing House was developed and implemented, requiring the development of a conceptual framework, coordination with the Financial Markets Commission and a public consultation process.
- The Central Bank presented an agenda for the Central Bank’s digital means of payment and created a Digital Payments Working Group, with a Technical Secretariat located at the Technology Observatory. Its purpose is to analyze and provide background information to develop a medium-term strategy on digital means of payment, including requirements for the issuance of a digital peso by the Central Bank.
 - o In 2022 the First Report was released with a preliminary evaluation of the creation of a digital currency by the Central Bank of Chile.



FOCUS 4: final results

As a result of FOCUS 4, the Bank incorporated the impact of disruptive technologies on its own business model and on financial intermediaries into its analyses and hypotheses, adopting relevant emerging technologies to preserve the quality and availability of the services provided by the Bank. The regulatory framework was improved to strengthen the financial system and mitigate risks in the event that some of these technologies spill over to the financial industry.

“To capture and disseminate knowledge on new technologies and strengthen the financial system, mitigate risks and be at the forefront of central banking.”





FOCUS 5

To be an employer of excellence, offering a value proposition that inspires people and teams to deploy their full potential in a collaborative environment of continual learning and human professional challenge, attracting and engaging the best talent, aligned with the Bank's strategic objectives and values.



This focus was expressed in the following three central initiatives:

1. “To attract and retain talent, identifying and training motivated and committed persons who will represent the Bank’s institutional values. Initiatives will be developed to enhance the recruitment and engagement of the best talent, positioning the Bank as a great place to work, in terms of professional growth and learning, contribution to a meaningful purpose, and an environment of trust, transparency and collaboration.” This initiative was structured around two lines of action, namely:

This initiative was structured around two lines of action, namely

- 5.1.a To strengthen and potentiate the Bank’s value offered to its employees.
- 5.1.b Evaluation of alternatives for a segmented-development system. This is expected to complement the other initiatives aimed at strengthening the intellectual leadership of the Central Bank of Chile and positioning it as a technical reference in Chile and around the world.

Expected results:

Initiatives being developed aimed at attracting and engaging the best talent, positioning the Bank as a great place to work, in terms of professional growth and learning, contribution to a meaningful purpose, and an environment of trust, transparency and collaboration



Highlights:

- The Strategic Talent Planning process was designed to promote mobility, development and learning.
- By means of focus groups, benchmark and interviews, the Bank designed, approved and implemented a value proposition for its employees under the name Todos Somos Central.
- Talent enhancement actions were implemented (Talent Review).
- In accordance with the guidelines of Strategic Focus 5 and with the trends in people management, the Human Resources Department was renamed Persons Department, which considered an adjustment in its mission and purpose, placing people as a central element of management and with a closer-relationship focus.

2. “To strengthen leadership and people management skills, aligned with the organization’s culture and values. The scope contemplates the design and management of the culture, style and leadership model necessary for the achievement of the Bank’s strategic objectives.”

This initiative was structured around one line of action:

- 5.2.a Defining the culture necessary to achieve strategic objectives, and thereby modeling and implementing a leadership development program.

3. “To develop the New Way of Working and implement new management tools in the area of persons.”

This initiative was incorporated in the year 2021 and is structured around two lines of action:

- 5.3.a Adaptation of the People Management Model to the new way of working.
- 5.3.b Survey and implementation of processes and tools that facilitate and catalyze the adoption of new technologies and working formats.



Expected results:

Having a leadership skills development program designed and implemented, based on the essential attributes of the organization's culture, that enhances the value offered, leveraging the intellectual leadership, excellence, values and technical capacity of the Bank.

Highlights:

- An initial diagnosis of the Bank's culture was carried out to define the current and desired culture and to identify the cultural attributes needed to integrate and give coherence to the institutional strategy. On this basis, the competency model was defined so that the behaviors and work practices of people and leaders would be in synch with the desired culture.
- A description of the positions within the Bank was done using a new method, which involved training the entire organization in the international HAY methodology and describing more than 320 positions. This description is highly relevant for managing persons.
- Actions were assessed and defined to potentiate the value proposal for the employees.
- Leadership, mentoring and 360° evaluation programs were implemented for the organization's leaders, understood as persons who occupy managerial or executive position.
- The Leadership Academy program was implemented to provide support for the practice of leadership for managers, including topics of accountability; collaboration and connection; diversity and gender equity; and ethics.
- The Bank strengthened the presence of women at all levels and in all areas through the mentoring program for women professionals.
- The Diversity, Inclusion and Gender Equity program included several initiatives. One of them was the Internship Program with 50% women, aimed at attracting young talent to add diversity to the Bank's staff.
- The Bank participated in the Great Place to Work (GPTW) ranking, earning a place between 2020 and 2021, among the 10 best places to work in Chile and among the five best places to work in Chile for women.



Focus 5: final results

As a result, FOCUS 5 designed and implemented a leadership skills development program, based on the essential attributes of the organizational culture, which enhances the value offer.



“By building a culture of inspirational leadership, collaboration and trust, encouraging participation and equal opportunities, it is possible to achieve comprehensive and exceptional results.”



CLOSING OF
STRATEGIC PLAN
(2018-2022)

EVERYONE'S PROJECT