

**I) THE NATIONAL CENTRAL BANKS  
OF THE ACCESSION COUNTRIES**

**28) Croatian National Bank**

## **28) CROATIAN NATIONAL BANK**

**(Hrvatska Narodna Banka)**

**Staff number: 550**

- Article 53 of the Constitution of the Republic of Croatia, adopted on 21 December 1990, determines the Croatian National Bank as the central bank of the Republic of Croatia. The Decree on the National Bank of Croatia of 8 October 1991 and the Decision on the Replacement of Yugoslav Dinars by Croatian Dinars (entered in effect on 23 December 1991) stipulated in more detail the central bank's duties and responsibilities. The Law on the National Bank of Croatia of 4 November 1992 replaced the quoted Decree and set out the legal basis for the operation of the central bank of the Republic of Croatia. The Croatian National Bank was given its present name in the Constitutional Law on the Amendments to the Constitution of the Republic of Croatia of 15 December 1997. It has a share capital of 2.500.000.000 kuna that is held exclusively by the Republic of Croatia and it cannot be transferred or used as collateral. It enjoys institutional, financial, personal and operational independence and is a juridical person, which is not enrolled in the Register of Companies. It is liable to the House of Representatives of the Croatian Parliament. Its primary objective is to achieve and maintain price stability. Without prejudice to its primary objective, the CNB supports the economic policy of the Republic of Croatia, thereby acting in accordance with the principles of the open market economy and free competition. The Croatian National Bank may not extend credit to the Republic.

- The CNB formulates and implements the monetary and foreign exchange policies, issues banknotes and coins, supervises banks, granting loans to banks and taking deposits from banks and performs operations on behalf of the Republic of Croatia. It has neither branches nor banknote printing works and mint.

- The Council and the Governor manage the Croatian National Bank.

- The Council is made up of fourteen members, six from the Croatian National Bank and eight external members. In particular, it consists of the Governor, the Deputy Governor, the four Vice Governors and eight external members. The members of the Council are appointed for a six year term. The Council is responsible for the establishment of the

objectives, tasks, and policies for the operations of the CNB. Its main responsibility is the formulation of monetary policy.

- The Governor, who is also the Chairman of the Council, is responsible for the implementation of the Council decisions and manages and governs the operations of the Croatian National Bank. The Governor is appointed by the Croatian Parliament on the recommendation of the Elections, Appointments and Administrative Affairs Committee and opinion of the Finances and State Budget Committee.

The Deputy Governor and the Vice - Governors are appointed by the Croatian Parliament on the recommendation of the Governor of the Croatian National Bank. External members of the Council of the CNB are appointed by the Croatian Parliament on the recommendation of the Elections, Appointments and Administrative Affairs Committee and opinion of the Finances and State Budget Committee.

## **ACTIVITIES OF THE CNB**

### **Core activities**

- 1) Formulation and implementation of the monetary and foreign exchange policies
- 2) Management of the foreign exchange reserves of the Republic of Croatia and the euro reserves of the Bank.
- 3) Prudential regulation and banking supervision
- 4) Consumer protection. It determines a uniform method for calculating and disclosing loan and deposit prices and other elements of the loan contract and cash deposit contract.
- 5) Oversight of payment systems. There are two national systems:
  - a) CLVPS, the Croatian Large Value Payments System, for the execution of interbank payment systems and settlement in banks' accounts in real time and on a gross principle
  - b) NCS, National Clearing System, for the execution of low value payments or mass payments and settlement on a net multilateral basis
- 6) Issue banknotes and coins
- 7) Bank of banks: maintaining the accounts of banks, performing payment transactions across these accounts, granting loans to banks and taking deposits from banks.

### **Other activities**

- 1) Cashier operations

- 2) Bank of the state: keeping current accounts and executing payments on behalf of the government, acting as fiscal agent for the Republic of Croatia, relating to the issuance of state debt securities, acting as registrar or transfer agent, payment of principal of, and interest
- 3) Economic and monetary researches
- 4) Collection and publication of statistical information and balance of payment statistics.

**Another interesting activity of the CNB: the “Unified Register of Business Entities’ Accounts”**

The Croatian National Bank Keeps the Unified Register of Business Entities’ Accounts. This Register contains all accounts of business entities opened in banks throughout the country. Access to Register data is granted to the Croatian National Bank and commercial banks and, with a special permission, to other institutions. This facilitates the collection of public revenues and forced collection from debtors funds in accounts in all banks.

<b>Summary of the Croatian National Bank important activities</b>
● Prudential regulation and on-site and off-site banking supervision
● Consumer Protection
● Unified Register of Business Entities’ Accounts

**ORGANISATION CHART OF THE CROATIAN NATIONAL BANK**

<b>COUNCIL</b>
● Governor
● Deputy Governor
● 4 Vice Governors
● 8 external members

- ▶ **Governor**
- ▶ **Deputy Governor**
  - Office of the Governor
  - Internal Audit Office
  - Public Relations Office
  - Security Office

## ① Vice – Governor

### ● **Research and Statistics Area**

- ▣ Research Department
  - Monetary Analysis Division
  - Balance of Payments and Exchange Rate Analysis Division
  - Real Sector and Budget Analysis Division
  - Library and Documentation Center
- ▣ Statistics Department
  - Monetary and Financial Statistics Division
  - Balance of Payments and International Investment Position Statistics
  - External Debt Statistics Division
- ▣ Financial Stability Department
- ▣ Econometric Modelling Department

### ● **Central Banking Operations Area**

- ▣ Monetary Operations Department
  - Liquidity Forecasts Division
  - Open Market Operations Division
  - Transactions Processing Division
  - Monetary Policy Instruments Reporting Division
- ▣ International Reserves and Foreign Exchange Liquidity Department
  - Foreign Exchange Trading and Investment Division (Front Office)
  - Foreign Exchange Settlement Division (Back Office)
  - Investment Research and Performance Evaluation Division (Middle Office)

## ② Vice – Governor

### ● **Prudential Regulation and Bank Supervision Area**

- ▣ Prudential Regulation and Banking System Analysis Department
  - Prudential Regulation Division
  - Banking System Analysis Division
- ▣ Off-Site Supervision Department

- ▣ On-Site Risk Management Supervision Department
  - Market and Liquidity Risk Management Supervision Division
  - Credit Risk Management Supervision Division
- ▣ Specialised On-Site Supervision Department
  - Internal Control Systems Supervision Division
  - Information Systems Supervision Division
  - Monetary and Foreign Exchange Policy Measures Implementation Supervision Division
- ▣ Licensing and Market Competition Department
  - Licensing Division
  - Market Competition Division
- **Payment Operations Area**
  - ▣ Cashless Payment Operations Department
    - Domestic Payment System Policy, Development and Review Division
    - Domestic Payment Operation Division
    - Domestic Payment System Surveillance Division
  - ▣ Currency Department
    - Issue and Handling Operations Division
    - Custody Services Division

### ③ Vice – Governor

- **Foreign Exchange Operations Area**
  - ▣ Foreign Exchange Policy Department
    - Foreign Exchange System and Measures Division
    - Foreign Exchange Measures Implementation Division
  - ▣ International Banking Department
    - International Payments Division
    - Correspondent Banking Division
    - SWIFT Division
- **International Relations Area**
  - ▣ European Relations Department
    - EU Economic Division
    - EU Institutions Administrative Operations Division
  - ▣ International Financial Institutions Department

- International Financial Institutions Economic Division
- International Financial Institutions Administrative and Financial Operations Division

#### ④ **Vice – Governor**

- **Planning, Analysis and Accounting Area**

- Planning and Analysis Department
- Accounting Department
  - Central Accounting Division
  - Domestic Currency Analytical Bookkeeping Division
  - Foreign Exchange Analytical Bookkeeping Division
  - Finance and Internal Accounting Operations Division

- **Information Technology Area**

- Application Systems Development Department
  - Design Division
  - Programming Division
  - Quality Assurance Division
- Operations Department
  - System and Database Administration Division
  - User Support Division
  - Information System Security and Protection Division

- **Support Services Area**

- Legal Department
- Human Resources Department
  - General Services Division
  - General Services Division - Restaurant
- Purchasing Department
- Technical Services Department
  - Supply Division
  - Maintenance Division
- Publishing Department
  - Publishing Division
  - Translating and Language-Editing Division