



OMAN

CENTRAL BANK TRANSPARENCY CODE REVIEW

June 2025

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April 29, 2025

DETAILED REVIEW REPORT

Prepared By
**Monetary and Capital
Markets Department**

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The team extends its warm thanks to the Executive President, Executive Vice Presidents, management and staff of the Central Bank of Oman, who provided excellent cooperation, and to external stakeholders for their valuable views and insights.

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Glossary

AI/ML	Artificial Intelligence/Machine Learning
AIV	IMF Article IV
AML/CFT	Anti-Money Laundering/Countering the Financing of Terrorism
ARC	Audit and Risk Committee
BIS	Bank for International Settlements
CBO	Central Bank of Oman
CBT	IMF Central Bank Transparency Code
CPI	Consumer Price Index
CSD	Customer Service Department
ELA	Emergency Liquidity Assistance
ERM	Enterprise Risk Management
ESG	Environmental, Social, and Governance
FATF	Financial Action Task Force
FCPRF	Financial Consumer Protection Regulatory Framework
FSA	Financial Services Authority
FSAP	IMF Financial Sector Assessment Program
FSR	Financial Stability Report
FX	Foreign Exchange
GCC	Gulf Cooperation Council
HCM	Human Capital Management
IA	Internal Audit
IFRS	International Financial Reporting Standards
IIA	Institute of Internal Auditors
IORWG	International Operational Risk Working Group
JFSC	Joint Financial Stability Committee
LOLR	Lender of Last Resort
MoE	Ministry of Economic Affairs
MoF	Ministry of Finance
MPOD	Macroprudential Oversight Department
MSR	Macroeconomic Stability Report
NPL	Non-Performing Loan
NPS	National Payment Systems (Law)
PFMI	Principles for Financial Market Infrastructure
Q&A	Questions and Answers
RBS	Risk Based Supervision
RMQ	Risk Management & Quality Department
RMU	Risk Management Unit
RTGS	Real-Time Gross Settlement
SDDS	IMF Special Data Dissemination Standard
USD	U.S. Dollar

EXECUTIVE SUMMARY

The Central Bank of Oman (CBO) has a strong focus on transparency, building on the Omani Vision 2040. In line with the country's long-term vision, Vision 2040 (see Box 1), the CBO is committed to enhancing its policies and operations in line with international best practices. The Central Bank Transparency Code (CBT) review – the first one in the GCC region – reflects the commitment of the authorities to strengthening the role of the CBO as a critical public institution, with a transparency framework firmly anchored in the law. This policy has earned the CBO the broad trust of its stakeholders and has paid significant dividends for the CBO in terms of safeguarding its credibility and policy effectiveness.

The CBO has an internal governance transparency framework; going forward, more emphasis could be placed on independence, internal accountability, and risk management. The CBO provides, inter alia, basic information on its organizational structure, the Board and senior management, and its decision-making process. An access-to-information policy could be disclosed, and enhancing transparency over its risk management framework and its operational risk management function, as well as disclosure of its oversight arrangements could be beneficial. Many of these additional disclosures are quick wins for the CBO, given that the existing policies and operations are already in place, and well-developed.

The CBO has put in place a comprehensive transparency framework for its core monetary policy mandate. The CBO maintains a fixed peg of the rial against the U.S. Dollar through proactive liquidity management, bolstered by sufficient foreign exchange reserves, and a robust, resilient, and well-regulated banking system. The CBO discloses the relevant objectives and the policy framework, including a detailed explanation of how monetary policy is implemented and the significance of liquidity management in maintaining the peg. Transparency gains can be made regarding the disclosure of relevant decision-making processes and bodies, as well as data dissemination in a form that enables more effective usage by external parties. The publication of an extensive counterparty framework, the collateral framework, and reserve requirement calibrations could additionally improve CBO transparency.

The CBO is updating its transparency for financial stability in accordance with its new ELA framework and the macroprudential tools it acquired by law. The CBO has a legal mandate for financial stability. However, in recent years, the CBO has acquired new tools by law, assuming responsibilities on Emergency Liquidity Assistance (ELA) and macroprudential policy, while enhancing the already close collaboration with other agencies with which it shares financial stability responsibilities. The CBO has made determined efforts to strengthen the transparency of its (shared) involvement on financial stability issues, although more transparency is still warranted on its mandate and on delineating its role in this policy area, the tools it has available, and the role vis-à-vis other institutions involved.

The CBO is the designated AML/CFT supervisory authorities for financial institutions under its oversight. As such it plays a key role in safeguarding the integrity and soundness of the financial

sector by ensuring compliance with the AML/CFT preventive measures. However, the CBO does not provide financial services to the public and therefore does not have an internal AML/CFT control function. The CBO discloses all relevant information in its AML/CFT supervisory powers, policies, and related legal framework. Sometimes, it also provides information on implementation of the policies (e.g., off-site supervisory framework, good and poor practices in implementing AML/CFT preventive measures, sanctions, training). Leveraging the upcoming publication of the mutual evaluation, the CBO could communicate further information on its website on the implementation process, and the outcomes achieved from implementing its AML/CFT powers and responsibilities.

Improving disclosure of the CBO's official relations would enhance its transparency

framework. The CBO refrains from fully disclosing cooperation arrangements, such as Memoranda of Understanding, and other relations with government bodies, domestic public financial agencies and foreign entities, even when in some instances such information is released by the CBO counterparts. Improvement in this area will enhance the credibility of the CBO transparency framework.

There appears to be broad appetite on the part of the general public for deeper engagement with the CBO. This is important for the CBO to maintain the public trust and support for its mandate and institutional status, and to ensure effectiveness of its policies. Consideration could be given to providing simplified versions of the key disclosures made by the CBO on its website and other platforms, deepening the ongoing educational and outreach programs, and broadening the set of communication tools used by the CBO to disclose information, including social media.

A detailed Implementation Roadmap would be helpful to assist the authorities in following up on the mission's findings. The mission informally shared a draft Roadmap consisting of all findings and recommendations, as outlined in the Detailed Review Table below. The IMF stands ready to provide further assistance to the authorities, if and where needed.

Table 1. Oman: Central Bank of Oman—Central Bank Transparency Overview							
Pillar	Principle		Sub-principle		Practices		
					Core	Exp.	Comp.
I. Governance	1.1.	Legal Structure					
	1.2.	Mandate					
	1.3.	Autonomy	1.3.1.	Institutional/Operational			
			1.3.2.	Functional			
			1.3.3.	Personal			
			1.3.4.	Financial			
	1.4.	Decision-Making					
	1.5	Risk Management	1.5.1.	Risk Exposure			
			1.5.2.	Risk Framework			
	1.6	Accountability	1.6.1.	Arrangements			
			1.6.2.	Tools			
			1.6.3.	Anti-Corruption/COC			
			1.6.4.	Human Capital Manag.			
1.7.	Communication	1.7.1.	Arrangements				
		1.7.2.	Strategy/Tools				
1.8.	Confidentiality						
II. Policies	2.1.	Monetary Policy	2.1.1.	Objectives/Framework			
			2.1.2.	Policy Decisions			
			2.1.3.	Supporting Analysis			
	2.2.	FX Administration	2.2.1.	Objectives/Framework			
			2.2.2.	Policy Decisions			
			2.2.3.	Supporting Analysis			
	2.3.	FX Management	2.3.1.	Objectives/Framework			
			2.3.2.	Policy Decisions			
			2.3.3.	Supporting Analysis			
	2.4.	FX Reserve Management	2.4.1.	Objectives/Framework			
			2.4.2.	Policy Decisions			
			2.4.3.	Supporting Analysis			
	2.5.	Macroprudential	2.5.1.	Objectives/Framework			
			2.5.2.	Policy Decisions			
			2.5.3.	Supporting Analysis			
	2.6.	Microprudential Supervision					
	2.7.1	ELA - Market-wide Liquidity Support					
	2.7.2	ELA - Bilateral Liquidity Support					
	2.8.	Resolution					
	2.9.	FMI					
	2.10.1	Financial Integrity (AML/CFT supervisory Control)					
2.10.2	Financial Integrity (Internal AML/CFT Control)						
2.11.	Consumer Protection						
III. Operations	3.1.	Monetary Policy	3.1.1.	Instruments			
			3.1.2.	Coverage			
			3.1.3.	Access			

Table 1. Oman: Central Bank of Oman—Central Bank Transparency Overview (continued)

Pillar	Principle		Sub-principle		Practices		
					Core	Exp.	Comp.
	3.2.	FX Administration	3.2.1.	Instruments			
			3.2.2.	Coverage			
	3.3.	FX Management	3.3.1.	Instruments			
			3.3.2.	Coverage			
	3.4.	FX Reserve Management	3.4.1.	Instruments			
			3.4.2.	Coverage			
			3.4.3.	Assessment			
	3.5.	Stress Testing	3.5.1.	FS Assessments			
			3.5.2.	ST Methods			
			3.5.3.	ST Coverage			
			3.5.4.	Use of ST Results			
	3.6.	Macroprudential	3.6.1.	Instruments			
			3.6.2.	Enforcement			
	3.7.	Microprudential Supervision					
	3.8.1.	ELA - Market-wide Liquidity Support					
	3.8.2.	ELA - Bilateral Liquidity Support					
	3.9.	Resolution					
	3.10.	FMI					
	3.11.1	Financial Integrity (AML/CFT supervisory Control)					
	3.11.2	Financial Integrity (Internal AML/CFT Control)					
	3.12	Consumer Protection					
IV. Outcome	4.1.	Monetary Policy	4.1.1.	Governance Actions			
			4.1.2.	Policies			
			4.1.3.	Operations			
	4.2.	FX Administration	4.2.1.	Governance Actions			
			4.2.2.	Policies			
			4.2.3.	Implementation			
	4.3.	FX Management	4.3.1.	Governance Actions			
			4.3.2.	Policies			
			4.3.3.	Operations			
	4.4.	FX Reserve Management	4.4.1.	Governance Actions			
			4.4.2.	Reporting on Imp.			
			4.4.3.	Financial Results			
	4.5.	Macroprudential	4.5.1.	Governance Actions			
			4.5.2.	Policies			
	4.6.	Microprudential Supervision					
	4.7.1	ELA - Market-wide Liquidity Support					
	4.7.2	ELA - Bilateral Liquidity Support					
	4.8.	Resolution					
	4.9.	FMI					
	4.10.1	Financial Integrity (AML/CFT supervisory Control)					
	4.10.2	Financial Integrity (Internal AML/CFT Control)					

Table 1. Oman: Central Bank of Oman—Central Bank Transparency Overview (concluded)							
Pillar	Principle		Sub-principle		Practices		
					Core	Exp.	Comp.
V. Official Relations	5.1.	Government	5.1.1.	Institutional			
			5.1.2.	Financial			
			5.1.3.	Instruments			
			5.1.4.	Outcome			
	5.2.	Domestic Agencies	5.2.1.	Institutional			
			5.2.2.	Instruments			
			5.2.3.	Macroprudential			
			5.2.4.	Financial Stability			
	5.3	Foreign Agencies	5.3.1.	Institutional			
			5.3.2.	Policies			
			5.3.3.	Instruments			
			5.3.4.	Outcome			
	5.4	Other Relations	5.4.1.				
	Denotes "Not Applicable"			Denotes "Not Implemented"			
Source: IMF staff. Note: Exp. = Expanded; Comp. = Comprehensive.							

SCOPE AND OBJECTIVE

1. At its request, the mission conducted a Central Bank Transparency Code (CBT) review of the Central Bank of Oman (CBO). The scope of the review covers the CBT's five-pillar framework, excluding those principles related to functions that are not performed by the CBO. In addition, the review excludes transparency-related issues pertaining to areas for which separate international standards exist (e.g., financial sector supervision and regulation, oversight of financial market infrastructures, and bank resolution). These principles are marked as "Not Applicable" in the review. However, where the CBO has relevant findings for transparency principles of those other international standards, the information will be verbatim copied into the Detailed Review table below.

2. The review is intended to allow the CBO to evaluate its transparency practices by highlighting strengths and areas for improvement. The review does not assess or pass judgement on the quality or adequacy of CBO's governance and policies. Instead, it focuses on the CBO's transparency practices regarding its governance and actions. The review maps the CBO's transparency choices compared to a range of best practices as detailed in the CBT, covering transparency in (i) governance; (ii) policies; (iii) operations; (iv) outcomes; and (v) official relations. The CBT's range of practices are not intended to be a tool for transparency ranking of central banks, as noted in the CBT IMF Board paper [Central Bank Transparency Code](#). The review could also help with strengthening the CBO's dialogue with stakeholders on transparency choices and contribute to overall improved accountability and policy effectiveness.

APPROACH AND METHODOLOGY

3. The mission’s review approach consisted of a team desk review, CBO self-review, and in-depth discussions with CBO staff and key stakeholders. The desk review was based on information disclosed by the CBO on its website and other media, in English or in Arabic.¹

Additionally, the CBO provided the mission with a comprehensive self-review. Both reviews formed the basis for discussions with the CBO (Executive management and staff), as well as arranged meetings with key CBO stakeholders to collect their views on CBO transparency practices. The meetings with stakeholders were planned in coordination with the CBO, though CBO staff were not present during the meetings.

4. The review was conducted principle-by-principle, taking into consideration the relevant dimensions of transparency. In addition to reviewing the CBO’s transparency practices according to the CBT principles, the review also considered important *dimensions* of transparency, most notably: (i) timeliness; (ii) periodicity; and (iii) quality of disclosure. The latter is considered in terms of accessibility and ease of understanding, especially by the general public. The review also took into account views expressed by the CBO stakeholders.

5. Artificial Intelligence tools were used to supplement conclusions based on the mission’s review of the CBO. To provide additional objective insights on CBO transparency, and doing so in comparison to other relevant central banks in and outside of the region, the mission applied Artificial Intelligence (AI)/Machine Learning (ML) tools to supplement the mission’s findings and recommendations with additional insights. See also Box 3.

6. The review recognizes the role of the legal framework in shaping the transparency choices of the CBO and its impact on this review. As in any country, the domestic legal framework is critical for shaping transparency and confidentiality aspects. This holds especially as the Omani authorities are in the advanced stages of approving a new Banking Law—which provides an opportunity to address numerous transparency aspects raised in this review, allowing for further improved transparency.

BACKGROUND²

7. Oman has made substantial progress in strengthening its fiscal and external positions and implementing Oman Vision 2040. Economic activity has recovered, supported by favorable oil prices and sustained reform momentum. Inflation remains low. After years in deficit, fiscal and current account balances have turned into surpluses on the back of high energy prices and prudent fiscal management. Public sector debt has been reduced markedly as windfall savings were deployed to prepay debt. The authorities have made substantial progress in implementing Oman Vision 2040

¹ In case of Arabic documents or webpages, the mission had these translated if and where appropriate. It should be noted that the mission did not make a distinction between disclosure of information in English or in Arabic for the purposes of reviewing the CBO’s transparency practices.

² Information contained in this section is in part based on the most recent IMF Article IV Report.

(see also Box 1 for additional information on how Vision 2040 ties into CBO transparency), but more remains to be done to reduce Oman's reliance on hydrocarbons and bolster prospects for non-hydrocarbon growth.

8. The banking sector has remained resilient. Profitability has recovered to pre-pandemic levels and capital and liquidity ratios remain well above regulatory requirements. Non-Performing Loans (NPLs) remained contained at 4.4 percent in June 2023, with loan-loss provisioning around 69 percent. Banks were not affected by the global banking turmoil in early 2023 due to CBO's prudent oversight and banks' domestic oriented business model. On aggregate, banks' foreign liabilities represented around 10 percent of total liabilities at end-June 2023, with the net FX open position to capital ratio around 13 percent.

9. Key surveillance recommendations focus on improving monetary policy, financial stability, establishment of a Treasury Single Account, and exiting from COVID-19 measures. Progress is made on liquidity forecasting and the formulation of collateral and Emergency Liquidity Assistance (ELA) frameworks, as well as the establishment of a Treasury Single Account (TSA) at the CBO, through collaboration with the Ministry of Finance. Exiting from COVID-19 related financial stability support measures has taken place to a certain extent (the loan deferral program expired at the end of September 2022), with the remaining relaxation of prudential measures still in place. Besides the existing macroprudential stress testing framework, the CBO has been working on transitioning towards a new bottom-up stress testing framework.

10. Oman continues to strengthen its AML/CFT framework. Through the 2023–2025 enhanced AML/CFT national strategy, the authorities aim to further develop its AML/CFT rules and regulations in line with the FATF standards, including those associated with digitalization and fintech. Efforts by the CBO to develop the recently established AML/CFT department through staffing and training are ongoing. Oman is currently undergoing the mutual evaluation process by the Middle East and North Africa Financial Action Task Force (MENAFATF) in 2023–2024. The Fund has assisted the authorities with their preparation on topics such as beneficial ownership transparency, use of financial intelligence, and implementation of targeted financial sanctions.

Box 1. Oman: Vision 2040 and CBO Transparency

- ["Vision 2040"](#) is Oman's overarching strategy for economic and social planning for the period 2021–2040, and the foundation for the respective national sector strategies and five-year development plans.
- Vision 2040 has 4 key pillars: (i) a society of creative individuals, (ii) an environment with sustainable components, (iii) responsible state agencies, and (iv) a competitive economy. Within these pillars, 12 priority areas have been set. Of relevance for the Central Bank of Oman, these include, i.e.,: (i) legislative, judicial, and oversight system; (ii) governance of state's administrative bodies, resources, and projects; (iii) the private sector, investment, and international cooperation; (iv) economic leadership and management; (v) economic diversification and fiscal sustainability.

Box 1. Oman: Vision 2040 and CBO Transparency (concluded)

- Though the mission could not ascertain the direct link between Vision 2040 and enhanced CBO transparency (e.g., in terms of Key Performance Indicators for the CBO as part of the Vision), central bank transparency will contribute to strengthening Oman's position, and that of the CBO in particular, within various pillars. For instance, the [international indicators](#) outlined by the Omani authorities include various indices that include transparency components related to global competitiveness, government effectiveness, regulatory quality, governance, ease of doing business, as well as the overall attractiveness for foreign investors.
- Enhanced CBO disclosure practices, and strong overall transparency by the central bank, will allow the CBO to contribute directly or indirectly to the implementation of numerous Vision 2024 priority areas.
- Within Vision 2040, the authorities have launched numerous five-year development plans that operationalize specific targets and goals in shorter (five-year) time span. The [current development plan](#) was launched on January 1, 2021 (covering the period 2021–2025), and includes targets for further enhancing the State's administrative bodies, enhancing finance, and developing laws and regulations in line with international standards.

International Indicators:				
Indicator	Baseline	Current status	2030 Target	2040 Target
Global Innovation Index	2018 69 /127 countries	2021 76 /132 countries	Top 40 Countries	Top 20 Countries
Global Competitiveness Index	2018 47 /140 countries	2021 & 2020 Not calculated	Top 30 Countries	Top 20 Countries
Skills, Global Competitiveness Index	2018 36 /140 countries	2021 & 2020 Not calculated	Top 20 Countries	Top 10 Countries
Government effectiveness, World governance indicators	2017 81 /209 countries	2020 88 /214 countries	Top 30 Countries	Top 10 Countries
Environmental Performance Index	2018 115 /127 countries	2020 110 /180 countries	Top 40 Countries	Top 20 Countries

Source: <https://www.oman2040.om>.

11. The CBO has a multi-faceted mandate, and is an integrated monetary authority, banking supervisor, and resolution authority. The Banking Law assigns a monetary and financial stability mandate to the central bank, in addition to facilitating the free-market economy and contributing to fiscal and monetary development of the Sultanate. The CBO's relatively new mandate on consumer protection (established in 2023) is being developed further—see also Box 2. The CBO is managed by a seven members Board of Governors, appointed by the Sultan for a five-year term, and includes the Minister of Economy as Deputy Chairman, the Undersecretary of the Ministry of Finance, the Executive President of the Financial Services Authority, and three other members. The Board is responsible for all policy matters. On a day-to-day basis, the CBO is managed by the Executive President, who is appointed by Royal Decree and is responsible for implementing Board policies and decisions, as well as executive management of the CBO. The Executive President is not a member of the Board. The Law includes a specific provision on confidentiality requirements for Board members

and staff. The Banking Law also contains chapters on microprudential (banking) supervision, resolution, and Islamic Banking. The Anti-Money Laundering Law guides the CBO's roles and responsibilities on AML/CFT.

12. The CBO has a number of auxiliary tasks and functions, in addition to its core mandate.

The CBO operates a Fintech Regulatory Sandbox, as well as the College of Banking and Financial Studies (CBFS), an educational institution. The CBFS (which has a separate website) is an autonomous organization focused on various educational programs and studies. The Chairman and the Deputy Chairman of the CBFS are drawn from the CBO. Additionally, Oman's independent Credit and Financial Information Center (Mala'a) is supervised by the CBO. The CBO operates two branches: one in Salalah and one in Sohar, in addition to its headquarters in Muscat.

13. Oman has a fixed exchange rate regime. The Omani rial has been pegged to the US dollar at a fixed rate of 1 rial to 2.6008 USD since 1986—the Banking Law 2000 states that “the para value of the Rial Omani shall be determined from time to time by His Majesty the Sultan (...) in accordance with the conditions of any international monetary agreement to which the Sultanate is then a party.” Depending on day-to-day movements of the USD vis-à-vis other currencies, the exchange rate of the rial changes accordingly. The main objective of the peg is to promote trade, investment, and growth in Oman, while establishing orderly monetary conditions.

14. In terms of financial stability, the CBO employs numerous measures. In addition to micro-prudential supervision, the CBO's Macroprudential Oversight Department (MPOD) conducts regular monitoring and analysis of systemic risks with view on the financial-economic system and international possibly influential factors. A Joint Financial Stability Committee (JFSC) was set up to strengthen financial regulatory coordination and create a surveillance framework for market trends. The JFSC is chaired by the CBO Executive President, with the Executive President of the Financial Services Authority as Vice Chair and other senior representatives from relevant governmental entities. The CBO also operates and regulates the country's National Payment Systems.

Box 2. Oman: Central Bank of Oman (CBO) Transparency of Consumer Protection and Financial Inclusion

- **Legal Framework and Institutional Arrangement for Financial Consumer Protection**

The CBO is the regulator and supervisor of banks and various other financial institutions. In 2023, the regulatory framework for protecting financial consumers was enacted, aimed “at achieving better outcomes for consumers, ensuring fairness and transparency in providing financial products and services to consumers” (see: “[Responsible Finance - The Role of the Central Bank of Oman in protecting consumers availing financial services](#),” page 1). The CBO also created its Customer Service Department (CSD) to implement consumer protection policies and the dispute resolution mechanism.

- **Disclosure and Transparency of Fair Treatment and Business Conduct Measures**

The Regulatory Framework ensures that issues regarding fair treatment and business conduct of financial institutions are disclosed and disseminated to the public. A monitoring system is put in place to supervise the correct implementation of the consumer protection framework, and its disclosure to financial services consumers.

Box 2. Oman: Central Bank of Oman (CBO) Transparency of Consumer Protection and Financial Inclusion (concluded)

- **Dispute Resolution Mechanism on Consumer Protection**

The regulatory framework establishes that all financial institutions should offer their customers a dispute resolution mechanism if claims arise. The financial institution would be the first point of receipt of a claim. Additionally, consumers have the right to present their claim to the CBO. The CBO is currently working on establishing a dispute resolution mechanism and procedure to ensure prompt redress, if merited by the claim.

- **Financial Education Implementation by the CBO**

The CBO conducts financial education activities that include consumer protection as priority. This strategy is conducted jointly with several CBO stakeholders, implementing specific programs tailored to vulnerable sectors of society, and disseminating educational material on consumer protection. These initiatives have been launched through a variety of communication tools, including social media to achieve further dissemination and awareness of consumer protection rights.

- **Onsite Supervision**

To ensure that credit institutions comply with the provisions of the law and regulations in force on customer protection, the CBO conducts thematic onsite inspections on market practices. Those actions should be disclosed by the Reporting Mechanism established and disseminated to the media.

- **The consumer protection system of the CBO will enhance its accountability to the public.**

The new system of financial protection for consumers might be accompanied with a strong accountability system from the CBO to the public. It would be advisable to compile and publish a dedicated report on consumer protection and the role of the CBO in the near future

Source: IMF staff.

15. The CBO employs various communication tools. At a first glance, the Bank maintains a seemingly up-to-date and comprehensive English as well as Arabic-based website (with various functionalities catering to, for instance, vision-impaired users), which includes the relevant legal framework and numerous other publications. These include, i.e., the Annual Report (most recent: 2022), the annual Financial Stability Report (most recent: 2023),³ the annual Macroeconomic Stability Report (most recent: 2023), the Payment Systems Report (covering 2018-2022), Quarterly and Monthly Statistical Bulletins, Occasional Papers (recent papers from 2023 include topics such as forecasting currency in circulation, inflation dynamics, and labor market analysis), various statistical publications, Almarkazi (the CBO's e-magazine), and various other publications (including, notably, a report on the CBO's role on consumer protection, as well as a report on banking competition and concentration issues and implications for Omani financial stability).

³ After the CBT mission, the 2024 FSR was published. However, in line with the IMF CBT Guidance Note, documents published after conclusion of the mission are not taken into account for the report.

MAIN FINDINGS

A. Pillar I. Transparency in Governance

16. The legal framework governing the CBO is well explained in the Banking Law, though accessibility can be improved. The law also contains the provisions that relate to supervision of banks and refers to the Islamic Regulatory Framework. However, the accessibility of the CBO's legal framework on the CBO's website can be significantly increased by including all relevant laws and regulations, circulars, guidelines, procedures, etc. by subject. Moreover, the interested outsider would be greatly helped by a basic summary of the most important regulations that govern the Bank. The Bank's website can also be used to explain how the CBO gives substance to its objectives and the tasks aimed at achieving them.

17. The long list of objectives mentioned in the Banking Law can be confusing to the general public, partly because the objectives are not ranked in order. The transparency of the CBO's mandate would be increased by explaining on the website how the CBO pursues its objectives in practice, and by disclosing on the website a full list functions and powers.

18. The CBO may consider disclosing further information on its website regarding the autonomy of the members of the Board of Governors. In particular, to further clarify the extent to which third parties are (not) involved in the decision-making of the Board of Governors, by releasing further information on the personal autonomy of its members, and through the publication of the Bank's budget rules and the rules on monetary financing on its website.

19. Transparency of decision-making could be increased by providing information on the rules of procedure and internal circulars concerning the governance of the CBO. This would include more detailed information on the allocation of responsibilities across decision-making bodies and within these bodies. In addition, the CBO could consider providing information about internal committees, their function(s), and composition.

20. Disclosures on the CBO's own risk exposures and risk management approach could be enhanced. The CBO's Risk Management and Quality department (RMQ) oversees risk management, business process quality, and business continuity planning. The risk management function has implemented an International Organization for Standardization (ISO) standard based Enterprise Risk Management (ERM) framework which defines the CBO's risk appetite and tolerance. Operational units complete a risk self-assessment on a periodic basis. Externally, the parameters for the CBO's accountability for risk management are dispersed within the articles of the Banking Law. The CBO's publications, however, lack an institutional view on the bank's risk management framework and disclosures on the CBO's risk exposures are marginal. Given that the CBO has a relatively mature risk management function in terms of governance and organization, the CBO could consider publishing: (i) a general risk statement containing a mapping of key risks to its mandate and the CBO's tolerance for these risks; and (ii) the overall strategy to manage these risks. Furthermore, the disclosure of a risk governance structure could be expanded to provide an overview of the role and key responsibilities

of the risk management function, its reporting relationship to management and the Audit and Risk Committee (ARC) including frequency of updating both on key risks. Further, the Annual Report could include a section discussing CBO's risk management framework including the actions taken to identify, evaluate, and mitigate different risks (financial, operational, strategic, legal, and potentially environmental) as well as disclosing the velocity of any changes in risk profiles during the reporting period. Lastly, additional information on the composition, powers, roles, and responsibilities of both the ARC and RMQ functions would be useful.

21. The CBO could publish its full annual audited financial statements. The CBO publishes the minimum required by the Banking Law Article 17—*Reports* being a quarterly Statement of Financial Position and Income Statement alone. In addition to these two items, the Annual Report includes the external auditor's report. As required by Article 38—*Accounting*, the CBO does comply with International Financial Reporting Standards (IFRS) with some exceptions as provided for in the Banking Law, however, this is not clearly disclosed in any of the externally available documents nor the external auditors report. Even though the auditors provide a clean opinion, the two statements are open to interpretation without the explanatory notes and accounting policies. The full set of financial statements, when accompanied by the external auditor's opinion, provides an independently verified critical indicator of the financial health of any central bank. The CBO could publish the full set of financial statements including the external auditor's report opining on the validity and accuracy of the statements and their conformance to IFRS albeit with exceptions.

22. The CBO's transparency on audit and oversight arrangements could be enhanced. Other than as disclosed in the CBO's published organizational structure, there is no additional information on the ARC and Internal Audit (IA). Transparency on the ARC's role could be enhanced by including in the Annual Report and/or publication on the CBO's website an overview of:

(i) the ARC's membership and its responsibilities as set out in its Charter; and (ii) key activities related to its oversight on financial reporting, internal and external audit, undertaken during the previous financial year, including if applicable, oversight of risk management and compliance. In regard to the CBO's IA function, transparency could be enhanced by publishing: (i) the scope and responsibilities of the IA function (or its Charter if available); (ii) rules governing its independence and reporting lines; (iii) a basis for the audit methodology and function's conformance with the Institute of Internal Auditor's international standards; and (iv) a high-level description of its activities undertaken during the previous financial year. As well, the external auditors report could be enhanced to refine its opinion to state that "*the CBO complies with IFRS except for ...*" as long as the exceptions do not materially undermine the fair and reasonable presentation of the CBO's financial position. This is typical of many audit reports for central banks where exceptions to IFRS are required by law and the accounting policies clearly define the exceptions and provide a summary of the impact of such.

23. The terms of the CBO's anti-corruption mechanisms and internal code of conduct are included in various articles of its Banking Law, but further improvements are possible. That said, the CBO does not have an explicit Anti-bribery and Corruption, Code of Conduct nor a Whistleblowing policy. The CBO also does not have a public means for the anonymous reporting of

unethical practices. The Banking Law defers to the Omani Penal Code for resolution of bribery and corruption cases. Further, Article 24—*Declaration of Confidentiality*, which aligns with the Omani *Protection of Public Funds and Conflict of Interest Avoidance No. 112/2011*, requiring staff to sign a *Declaration of Confidentiality* and provide a disclosure of financial interests upon being employed by the CBO, though such declarations are not re-performed post-hiring. The CBO could consider committing to a written Anti-Bribery and Corruption, Code of Conduct (and Ethics), and Whistleblower policies, including publishing these on its website. References should be drawn to ensure visibility into all relevant CBO and Omani legal provisions and to avoid any uncertainty as to their applicability and enforcement with respect to the CBO's decision-makers, staff, and agents. Even without such policies, the CBO could disclose how it applies the respective articles contained in its Banking Law, the Penal Code, and to the extent covered, its *Staff Regulation of the Central Bank 2004*. To further enhance transparency, the CBO could publish aggregated information on the investigations conducted and actions taken under the various policies.

24. Consideration could be given to increasing transparency on the governance and management of human capital. The CBO applies its *Staff Regulation of the Central Bank 2004*, an internal document, for managing and compensating staff. By way of the Banking Law, Article 21—*Officers and Employees of the Central Bank*, the CBO is exempt from complying with the Government of Oman's staffing regulations and may establish its own framework for the management of CBO's human capital. The CBO considers all staffing and employment policies as confidential and, aside from publication of vacancies to be filled, does not disclose any human capital statistics, compensation, or other benefits information. The CBO does not have any explicit policies on diversity and inclusion nor on succession planning. To enhance the perception of the CBO as a well governed institution, the CBO could expand its careers' page on its website to include: (i) enhanced statistics on CBO staff (e.g., total number of staff, with breakdowns for HQ and the branches, as well as a breakdown by functions: management, policy, operational, support); (ii) ranges and components of the CBO's total compensation package including salary bands plus a *general* description of staff benefits and other allowances; (iii) recruitment policies; including policies for attracting, promoting, and retaining staff; (iv) education and development opportunities; and (v) relevant information on leadership and succession planning. Further, the CBO could consider including in its Annual Report, graphical or tabular representations reflecting the number of staff, diversity metrics, area of activity (by department, management vs. staff, core vs. support, etc.), average tenure, and average age as well as a summary of key activities of the human resources department during the year.

Communications and Confidentiality

25. The CBO is progressively taking measures to revamp its system of institutional affairs (public affairs) and institutional communications. As a next logical step, a communications policy anchored on CBO transparency objectives should be developed and disclosed. A corresponding communications strategy tailored to specific needs or short-term objectives should be implemented. Both the policy and the strategy would need to be in line with the existing CBO objectives, tasks, and functions to build up and strengthen an effective transparency framework.

26. The CBO is actively diversifying its communication tools to increase accessibility and clarity of the information, although some challenges should be addressed. To increase accessibility and ease of understanding of content on the website, search methods could be enhanced by allocating data not only by date but also by linking it to specific topics. The quality of the information disclosed by the CBO is highly appreciated by stakeholders, though the quantity of information of analytical information could be increased and made available on the website. The CBO is actively promoting its messages broadly through mass and social media, and other modern tools to better engage with the public. These actions demonstrate CBO commitment to transparency; though, additionally, regular publications should be strengthened. CBO reports, financial regulations and research papers should be published based on a pre-established calendar to assure timeliness and accessibility and manage stakeholders' expectations.

27. The CBO's outreach to the public and its selection of communication campaigns should encompass measurable objectives established through its communication strategy. Such as strategy should include CBO outreach to the public and its selection of communication campaigns. The CBO should continue expanding its educational and public outreach programs for specific audiences, business community, parliamentarians, academia, students, financial sector, etc. For the public in general, educational outreach could be implemented by thematic clusters on, for example, financial inclusion, financial literacy, and consumer protection.

28. The commitment to open and transparent communication should be accompanied by a well-determined confidentiality system. The CBO should significantly strengthen the dissemination and disclosure of the confidentiality framework determined by legislation and confidentiality policies implemented by the CBO aiming to enhance transparency of the confidentiality system itself and provide legal certainty.

B. Pillars II, III, and IV. Transparency in Policies, Operations, and Outcome

Monetary Policy, FX Management, and ELA

29. The primary goal of CBO monetary policy is to ensure the stability of the exchange rate. The CBO maintains the fixed peg of the local currency against the US Dollar through proactive liquidity management, bolstered by sufficient foreign exchange reserves, and a robust, resilient, and well-regulated banking system. Since 1973, the nominal anchor for Oman's monetary policy has been its exchange rate peg to the U.S. dollar (USD). Following the last adjustment in parity in 1986, the Omani rial has been pegged at 0.384/0.385 Omani rial per U.S. dollar.

30. The CBO discloses the objectives and the policy framework supporting its monetary policy. This information is accessible to both the general public and market participants via the CBO website. Particularly noteworthy is the detailed explanation of how monetary policy is implemented and the significance of liquidity management—as the intermediate target—in maintaining the peg. However, the decision-making process remains undisclosed. The CBO does not release information regarding the Committee for Operational Monetary Policy, including its role, composition, and

operational procedures. Although the CBO provides macroeconomic data on a monthly and quarterly basis, the current format of data dissemination (in PDF only) poses challenges for external parties wishing to utilize the data for independent analysis.

31. The CBO discloses its monetary operational framework, which encompasses well-defined intermediate targets, objectives, and tools. Key elements of this framework are elaborated upon in various sections of the website, explaining the usage of different monetary policy instruments. The outcomes of monetary policy actions are documented in the annual reports and financial stability reports, alongside pertinent data. Furthermore, the Banking Law specifies the categories of monetary policy counterparties and their respective access criteria. The establishment of an extensive counterparty framework would significantly improve transparency. Similarly, the public disclosure of the composition, functions, and responsibilities of the Operational Monetary Policy Committee would also contribute to enhanced transparency. The CBO could also disclose the collateral framework (eligibility, valuation, and haircut) and reserve requirement calibrations (remuneration and maintenance period).

32. Most stakeholders generally perceive the CBO's policy communications as insufficiently clear. Despite the regular dissemination of various reports by the CBO (annually, quarterly, and monthly) detailing the economy's condition, its communication regarding monetary policy decisions remains in the early stages. Since 2022, the CBO has begun disclosing monetary policy decisions, particularly regarding its repo rate, through press releases following each meeting of the US Federal Open Market Committee (FOMC). Additionally, the CBO utilizes its social media to share infographics related to its rate decisions. Box 3 provides an analysis of the transparency in CBO communications using Natural Language Processing (NLP). To further enhance transparency in monetary policy decisions, the CBO could improve the clarity of its policy communication and actively engage the general public by conveying its monetary policy messages in non-technical language.

33. The FX regime, which involves pegging the exchange rate against the USD, is clearly disclosed. Various publications detail the FX operational framework, highlighting the CBO's active participation in the FX market to defend the peg. The CBO intervenes to manage structural domestic liquidity and maintain the peg. Since exchange rate stability is the primary objective of the CBO, FX management is the main policy instrument for achieving its monetary policy objectives.

34. The CBO effectively communicates the targeted markets and agents involved in FX market operations, though additional disclosure would be possible. Details on foreign currency exchange and cross-border money transfers are provided in the CBO's annual reports. Furthermore, transaction flows within the FX market are outlined on the CBO's website. To enhance the transparency of its FX management further, the CBO could disclose the rules governing its decision-making process in FX market, operational modes, FX market convention, and the eligibility criteria for FX management counterparties.

35. Currently, the CBO does not possess a formalized Emergency Liquidity Assistance (ELA) framework—transparency practices on ELA are therefore limited. The CBO has been actively working to finalize the legal framework that will oversee its Lender of Last Resort (LoLR) function. The

ELA Framework has been developed, reviewed, and is subject to further discussion with the Ministry of Finance (MoF). Accordingly, the framework has not been published yet.

Box 3. Oman: Central Bank of Oman (CBO) Policy Communication Transparency and AI/ML Findings

- **The CBO's communication strategy is designed to support the bank's mission, maintain financial stability and promote public confidence.** The CBO's communication strategy aims at enhancing transparency by ensuring that information is easily understandable and accessible to a wide range of audiences, including the general public, financial institutions, government agencies, and international partners. The CBO has made several of its communications available on its website, with publications offered in both English and Arabic. The mission examined 45 English press releases, encompassing rate decisions, macroeconomic stability reports, and Reviews of Banking and Monetary Development, published by the CBO between January 2020 and March 2024. AI/ML tools are used for language processing of CBO communication to provide insights on the characteristics of the CBO's policy communication.
- **The mission provides a systematic approach using Natural Language Processing (NLP)¹ as an information leveler to measure transparency in CBO's communications.** A broad consensus has emerged on the building blocks,² regarding how central bank communication should be implemented. Among those blocks, three important key aspects of communication can be identified: (i) Policy Attention; (ii) Comprehensibility; and (iii) Audiences (to whom the message is addressed).
- **The mission applied three machine learning techniques to access the contents and the clarity of CBO communications.** The first machine learning technique employed is the [Flesch-Kincaid metrics](#) (Ease of reading and Grade level) to assess the clarity of central bank communication. The second machine learning model utilized is a Large Language Model (LLM) called [SetFit](#) to classify central banks' policy message attention into two categories: inflation and exchange rate. The third machine learning model employed is another class of LLM model ([CentralBankRoBERTa](#)) to measure the target agent of central bank communication. The mission also provides an international benchmark exercise on the clarity of the central banks' communication using press releases downloaded from 68 central banks' websites. The central banks included in the sample are categorized into four distinct monetary policy arrangements: exchange rate anchor (13), inflation targeting (33), monetary target (6) and others (16 in total, including the European Central Bank).
- **For interest rate decisions, the CBO puts more attention on exchange rate considerations than on inflation issues.** The CBO steers its short-term interest rates through the repo/repurchase rate, which serves as the operational target of its monetary policy. From the analysis of 78 sentences extracted from 11 press releases concerning repo rate communications, 45 percent of the sentences pertain to policy rate decisions, 37 percent to exchange rate considerations, and 18 percent reference inflation. This distribution of policy-related focus aligns well with the CBO's primary monetary policy objective of maintaining a stable exchange rate.

¹ Natural language processing is a systematic approach to reading the flow of text and distilling from that flow measures that capture useful aspects of its meaning.

² See the [MCMTA Handbook](#) and the [CBT Transparency Review Guidance Note](#) on the building blocks (Accessibility, Timeliness, Clarity, Policy, and Audiences) for how central bank communication should be implemented.

Box 3. Oman: Central Bank of Oman (CBO) Policy Communication Transparency and AI/ML Findings (concluded)

- **CBO communications seem to be difficult to understand.** For example, according to the Flesch-Kincaid reading ease index, the review of banking and financial stability, the repo rate decision, and the macroeconomic stability report are categorized as “fairly difficult,” “difficult,” and “very confusing” to understand, respectively. Consequently, the years of education required to comprehend the financial stability, repo rate decision and macroeconomic stability reports are 9, 13, and 17, respectively. However, the clarity of the repo rate decision communication has improved over time. The findings from the Natural Language Processing (NLP) analysis are corroborated by the majority of CBO stakeholders, which perceive the CBO’s policy communications as insufficiently clear.
- **The comprehensibility of CBO communication is better than other GCC countries, though more difficult compared to a larger group of peers with the same Monetary Policy (MP) arrangement.** There are notable and persistent disparities in monetary policy communication clarity across monetary policy frameworks. Readability tends to be country-specific, influenced in part by the chosen policy regime, exchange rate arrangement, and the length of monetary policy documents. Although the CBO provides detailed explanations of its monetary policy decisions, resulting in longer document compared to other central banks in countries with similar economic structures and monetary policies (MP),³ the complexity of its messages is elevated by its choice of words. Additionally, the structure of CBO’s policy decision communications remains consistent across various rate decisions. Relative to selected Gulf Cooperation Council (GCC) countries (i.e., Saudi Arabia and United Arab Emirates), CBO communication clarity was more stable throughout the year 2023.
- **The CBO’s intended audiences are mostly financial institutions.** Based on the analysis of the macroeconomic stability report, and considering the number of sentences that reference economic agents and their specific operations within the economy, it’s apparent that the CBO’s target audience is the financial sector.⁴
- **While the CBO communicates its policy decisions, there is scope for improvement.** The CBO could improve the clarity of its monetary policy communications by adopting different language styles for the general and specialized audiences to convey the same message effectively. For example, the CBO utilizes social media to disseminate its policy decisions and infographics. However, the technical terminology used, such as ‘repo rate’ and ‘operational target’ may hinder non-specialized audiences from fully understanding the CBO’s messages and how it will affect their borrowing plans. The development of the Citizen Report by CBO presents an excellent opportunity to inform non-specialized agents more effectively on CBO operations and policy decisions.

Source: IMF staff.

³ The sample includes 13 countries with an exchange rate anchor as MP framework: Aruba, Bahamas, Bhutan, Eswatini, Lesotho, Morocco, Namibia, Oman, Singapore, Tanzania, Trinidad and Tobago, Saudi Arabia, and United Arab Emirates.

⁴ A similar result is obtained from the analysis of the review and banking stability reports.

Foreign Exchange and Reserve Management

36. The CBO could enhance its disclosure of issues related to cross-border financial flows and FX administration in an accessible and easy to understand manner. This includes information on objectives, framework, and decisions. The CBO website could have separate sections on foreign exchange regulations. Regarding cross-border financial flows and foreign exchange administration, the CBO assumes a dual role has the rulemaking power and also is the supervisor of

the compliance of the main regulations. Disclosure of the supervisory procedures followed or relevant CBO decisions on this matter accompanied by additional explanatory information could be disclosed.

37. CBO transparency practices for FX reserve management could benefit from further improvement. The CBO provides information on the legal and governance framework managing foreign reserves. As the investment policy is not disclosed useful information on portfolio composition, eligible asset classes, risks considered, and monitoring procedures are not published. The Annual Report contains information on foreign reserve management, but further description of the decisions and results achieved would benefit transparency. More information on the selection of benchmarks could also increase transparency. A dedicated section on the report on foreign reserves could provide more disclosure of the practices and decisions made as well as the supporting analysis of the decisions.

Financial Stability and Macprudential Policies

38. The CBO issues an annual Financial Stability Report (FSR) which contains a comprehensive assessment of the vulnerabilities of the Omani financial system, however increasing transparency could be achieved by disclosing the methods and underlying data used for assessments of financial stability. To assess the resilience of the domestic banking sector, the CBO conducts annual stress tests. The methods and key assumptions of the stress tests are explained in the FSR, as well as the type of institutions covered in the stress tests and the number of institutions. Stakeholders generally believed that the stress test results served their purpose, especially in a context where the banking sector was well capitalized and demonstrated resilience to significant adverse scenarios.

39. The CBO website mentions that a Joint Financial Stability Committee (JFSC) is formed to assist in shaping the financial-economic regulatory philosophy of maintaining stability in Oman. The JFSC is chaired by the Executive President of CBO, with the Executive President of the Financial Services Authority as Vice Chair and other senior representatives from relevant governmental entities. The JFSC is an advisory committee and does not undertake any action. It does not issue recommendations or press releases.

40. The CBO website contains links to macroprudential policy circulars, but these do not contain a conceptual framework or a macroprudential policy strategy. The CBO publicly announces adjustments to its macroprudential policy tools, but it is not clear if this is always done in a timely manner. Additionally, the CBO's decision-making process leading up to macroprudential decisions is not sufficiently clear. Stakeholders generally felt the rationale for policy decisions was well disclosed in the FSR.

41. The fact that the macroprudential instruments are spread over several circulars makes the accessibility of the instruments particularly difficult. The enforcement of CBO's financial stability measures is done through its prudential regulatory and supervisory powers as set out in the Banking Law. An enforcement circular based on the Banking Law applies to the CBO's entire regulatory framework, including for the enforcement of macroprudential regulations.

42. In accordance with the Banking Law, the CBO is responsible for its macroprudential policy and additional disclosure could be considered. The policy is decided by the Board of Governors. The CBO's general accountability mechanisms also apply to macroprudential policy measures. The CBO could consider explaining to the public in the FSR and/or on the CBO website its responsibility for macroprudential policies and how the CBO collaborates with other relevant domestic agencies.

Financial Integrity

43. The CBO is the designated AML/CFT supervisory authorities for financial institutions under its oversight. As such it plays a key role in safeguarding the integrity and soundness of the financial sector by ensuring compliance with the AML/CFT preventive measures. However, the CBO does not provide financial services to the public and therefore does not have an internal AML/CFT control function. The CBO discloses all relevant information in its AML/CFT supervisory powers, policies, and related legal framework. Sometimes, it also provides information on implementation of the policies (e.g., off-site supervisory framework, good and poor practices in implementing AML/CFT preventive measures, sanctions, training). Leveraging the upcoming publication of the mutual evaluation, the CBO could communicate further information on its website on the implementation process, and the outcomes achieved from implementing its AML/CFT powers and responsibilities.

C. Pillar V. Transparency in Official Relations

44. The Banking Law mentions several functions which the CBO fulfills for the benefit of the Government and various areas in which CBO must collaborate with the Government. However, neither the Banking Law, the CBO website, the Annual Report, nor any other CBO publications disclose how this coordination takes place in practice, what the procedures are, how CBO is held accountable for what it does on behalf of the Government, what kind of information is regularly exchanged and on what basis, and what the outcomes are of these forms of coordination are. Nor are the policies, terms and conditions, and the procedures relating to these functions disclosed.

45. The CBO website states that CBO is the manager of Government Bonds, Treasury Bills, and Government Development Bonds. The prospectuses of these bonds are disclosed on the CBO website and press releases for new issuances of bonds are published through the Oman News Agency and the CBO website. The results of the issuance of these marketable securities are announced via the website, the Monthly Bulletins, and via Reuters, Bloomberg, and emails to banks. Transparency will increase if the CBO clearly states that the bonds are the only instruments between the Bank and the Government, and if that is not the case, defines and identifies on its website all other instruments that exist in the interactions with the Government.

46. The relationship between the CBO and other relevant domestic financial agencies is not in a clear and transparent manner defined and disclosed in law, in publications or on its website, including the cooperation and (co-) decision-making modalities and arrangements for the formal/informal sharing of information. Also, the relevant policies, instruments, and outcome of the

interactions are not disclosed. Transparency could be enhanced by the CBO with a more consistent practice of disclosing (except on confidential matters) its relationships with other relevant domestic financial agencies, including its bilateral agreements with domestic financial agencies and the policies and instruments it uses in interacting with these agencies. This can be done, among other things, by including specific links to relevant publications on its website.

47. The CBO website, the annual FSR and the Annual Report do not provide information about the CBO's interactions with other domestic financial agencies on macroprudential policy, other than stating its composition. More clarity could be provided about the composition and responsibilities of the JFSC, the role of the CBO on the JFSC, and about the outcome of the deliberations of the JFSC. This can be done via the CBO website, social media, or press conferences.

48. The CBO is proactive and engaged with international counterparts, international cooperation and presence in the international forums benefits CBO transparency. CBO international activities, participation achievements should be disclosed to the public. Such interactions with international institutions might be disclosed using different means and methods apart from press releases. In this respect, a dedicated section of the website could focus on international issues. Also, the Annual Report could include a section on CBO international engagement and related achievements, with an explanation of objectives, purposes, and outcomes of the interaction with international institutions and the benefits of such relations. International agreements could be disclosed when possible.

DETAILED REVIEW

49. This review is based on the current state of CBO's transparency practices. The mission took place during June 30–July 11, 2024, and initiatives implemented after the review date have not been considered.

50. In accordance with the CBT, this review does not assign ratings to the CBO's adherence to the CBT principles. The review maps the CBO's transparency practices across a range of best practices. Furthermore, the CBO transparency practices were reviewed in the context of the CBO's legal mandate and policy context, the sophistication and complexity of the financial system of Oman, and prevailing general legal framework (including, but not limited to, the existence of rules on freedom of information, confidentiality, and active transparency).

51. The review team examined the CBO's transparency practices and tools, relevant laws and policies, and held extensive meetings with CBO Executive Management and staff, and key stakeholders. The meetings with stakeholders were intended to ascertain the adequacy of and identify gaps in CBO transparency practices from their perspective. The team met with staff from the Ministry of Finance (MoF), Ministry of Economy, the Ministry of Media, members of the Majlis As-Shura and Majlis Ad-Dawlah, the Oman Economic Association, including academics from Sultan Qaboos University, Mala'a, as well as representatives from the Oman Banking Association. The CBO provided a comprehensive self-review of the CBT, detailed responses to additional questionnaires, and access to relevant public documents.

52. The mission appreciated the very high quality of cooperation received from the CBO.

The mission extends its warm thanks to the Executive President, Executive Vice Presidents, Senior Management and staff of the CBO, who all provided excellent cooperation, including on the detailed self-review, and through extensive documentation, technical support, as well as facilitating the mission meetings schedule. In particular, the mission wishes to staff—most notably, Abdul Aziz, Mariam, Malak, and Raja—from the International Coordination Department and Research Department.

AUTHORITIES' RESPONSE TO DETAILED REVIEW REPORT

The Central Bank of Oman (CBO) extends its sincere gratitude to the IMF mission, led by Mr. Khan, for their cooperation and commitment during the Central Bank Transparency Code review conducted at our request. We deeply value the detailed and open discussions held throughout the mission and commend the dedication and expertise brought by the entire team to this mission.

This mission provided an invaluable opportunity for self-assessment, enabling us to critically reflect on transparency and disclosure practices in a structured manner. The resulting report is particularly timely and relevant, aligning with our ongoing efforts to modernize legal frameworks, regulations, and policies. Moreover, it supports our commitment to enhancing public understanding of our decisions and operations, thereby fostering greater trust in the institution. The insights offered by the review will play a pivotal role in shaping future dialogue with stakeholders and guiding our transparency initiatives.

We are pleased that the report while highlighting some areas for improvement, acknowledges that *"the Central Bank of Oman (CBO) has a strong focus on transparency, building on the Omani Vision 2040" "the Central Bank Transparency Code review – the first one in the GCC region – reflects the commitment of the authorities to strengthening the role of the CBO as a critical public institution, with a transparency framework firmly anchored in the law"*.

The Central Bank of Oman has taken note of the recommendations provided by the IMF team and is committed to further enhancing transparency in line with global best practices while tailoring them to domestic context and legal framework.

Annex I. Central Bank Transparency Review— Detailed Review Report for the Central Bank of Oman

Central Bank Transparency Code—Detailed Review	
Central Bank of Oman	
Pillar I—Central Bank Governance	
Principle 1.1.	Legal Structure: The central bank discloses its legal framework to the public in a manner that is clear and easily accessible.
Description	<p>The official website of the Central Bank of Oman provides information about its legal structure and on its governance bodies and committees. It states the relevant legislation, objectives, function, mission statement, and the historical background of the CBO, as well as that an autonomous college (CBFS) has been established under the control of CBO that provides studies and courses in its field.</p> <p>However, the Annual Report and CBO website do not disclose internal governance arrangements, or provide further explanations on matters involving the governance of the CBO, with the exception of mentioning the names of the members of the Board of Governors, the internal organizational structure of the CBO, and the names of the members of CBO Management.</p> <p>In general, the CBO discloses a broad description to the public of its legal framework, its legal nature and its legal protection, but very little specific and detailed information is disclosed about the legal structure of the CBO. In addition, it is difficult to get a good overview of all laws, regulations and decisions that are relevant to the Bank's operations on the CBO website.</p> <p>Legal Framework</p> <p>The Constitution of the Sultanate of Oman has no provisions regarding the Central Bank of Oman. On its website, CBO discloses that it is governed by the Banking Law 2000 (Royal Decree 114/2000 Central Bank of Oman), including a link to the law. In addition to provisions regulating CBO, the Banking Law 2000 (Banking Law) also contains provisions regulating the supervision of banks and refers to the Islamic Banking Regulatory Framework issued by CBO. The CBO website also refers to AML and CFT Guidelines for Financial Institutions (and other AML/CFT regulations issued by CBO) and to the Law on Combating Money Laundering and Terrorism Financing, including the relevant links to these regulations. In addition, the National Payment Systems Law (NPS Law) (Royal Decree No. 8/2018) provides additional functions and powers to the CBO with regard to payment and settlement systems in the Sultanate.</p> <p>In 1995 a Bank Deposits Insurance Scheme (BDIS) was established by Royal Decree No 9/1995. While the Central bank of Oman's Board of Governors is the authority responsible of issuing the BDIS regulations, it is the Administrative Committee, which is responsible of managing the scheme operations. The BDIS is dependent on the Central Bank of Oman financially and administratively.</p> <p>Article 3 of the Banking Law states that the provisions of the Commercial Law, the Commercial Companies Law, the Law relative to capacity to contract and the procedural laws and remedies related thereto, shall supplement the provisions of this law. The Banking Law is not entirely clear which law prevails in case of conflicting provisions between the Banking Law and these laws and regulations, or any other law or regulation</p>

	<p>and the CBO website is silent on this matter. However, Royal Decree No 114/2000 with which the law came into force, states that the Banking law has preference over all other Omani laws.</p> <p>Article 121 Banking Law states that the provisions of the Banking Law and regulations, instructions and guidelines issued thereunder shall apply to Islamic Banks to the extent that they are not inconsistent with the nature of Islamic Banking.</p> <p>The Banking Law contains no provisions on transitional arrangements. The CBO website does not indicate when and how the legal framework will be revised, nor how relevant stakeholders will be involved in a revision. The CBO publishes in its annual reports a list of circulars issued during the reporting year. Not all circulars are disclosed, in particular not the circulars that are directed to the banks.</p> <p>Legal Nature</p> <p>The Banking Law states in Article 6 that CBO shall be a legal person, financially and administratively independent. The Law itself does not clarify whether the CBO is a public or private legal person, or what its ownership structure is, but the Banking Law has been issued by Royal Decree, which implies that the Bank is a state institution.</p> <p>Article 14 (o) Banking Law states among other things that the Board of Governors is authorized to promulgate and enforce rules and regulations related to the provisions of the Banking Law and Article 122 empowers the Board of Governors to set rules, regulations, and guidelines for Islamic Banks. Furthermore, Article 20 (a) forms CBO's general legal basis to enter into contracts, institute legal proceedings, acquire and dispose of immovable property, or to undertake any other legal activity. The Banking Law does not determine in general terms which legal instruments are available to the Bank.</p> <p>The CBO does not provide any specific information about the legal nature of the Bank and details about its legal instruments. The By-laws of the Bank and the Rules of Procedure of the decision-making bodies of the Bank are not disclosed.</p> <p>Legal Protection</p> <p>Article 4 Banking Law indicates that the Commercial Court of Oman has general jurisdiction to hear and decide all civil disputes against the Bank and its Governors and officers in the performance of their duties under the Banking Law. The CBO does not make it clear, legally or otherwise, whether the Bank is protected from pre-judgement attachments or execution against the Bank or its property. No specific information is disclosed on its legal protection.</p>
Review	<p>Core</p> <p>Overall Assessment Principle 1.1.</p> <p>Legal Framework</p> <p>The legal framework regarding CBO is well explained in the Banking Law and this law also contains the provisions that relate to supervision of banks and refers to the Islamic Regulatory Framework.</p> <p>The Banking Law states that some other laws of the Sultanate supplement the Banking Law, and Royal Decree No 114/2000 with which the law came into force, states that the Banking law has preference over all other Omani laws, and 'Lex Specialis' takes precedence over 'Lex Generalis', as explained in the meetings, but to the general public it</p>

	<p>may not be clear what happens when provisions of these laws conflict with provisions of the Banking Law.</p> <p>The CBO does not indicate how it will engage with its main stakeholders if it has plans to review its legal framework.</p> <p>Legal Nature</p> <p>The legal nature of the CBO is not well disclosed to the public in the Banking Law, nor is it properly explained on the website of the CBO, or in its Annual Report. In particular, no information is disclosed about the legal nature of the Bank and its legal instruments. The By-laws of the Bank and the Rules of Procedure of the decision-making bodies of the Bank are also not disclosed.</p> <p>Legal Protection</p> <p>The legal protection of the Bank and its personnel is partly explained in the Banking Law, but not further explained on the CBO website or in the Annual Report, or in any other CBO disclosure.</p>
Comments	<p>The CBO explained that it is involved in the process of drafting a new Banking Law which will consider many of the best international central bank practices, including those on transparency. This CBT review for Oman therefore seems very well timed.</p>
Principle 1.2.	<p>Mandate: The central bank discloses its mandate—including its objectives, functions, and legally defined powers—in a manner that is clear and easily accessible to the public.</p>
Description	<p>Objectives</p> <p>Article 1 Banking Law contains a long list of objectives, including among other things to ensure the maintenance of financial stability, to maintain the domestic and international value of the currency issued by CBO, and to contribute to the fiscal and monetary development of the Sultanate. The law does not indicate how the various objectives relate to each other, or which objectives take priority over other objectives. The law does not indicate to what extent the various objectives are pursued autonomously or not.</p> <p>The CBO website contains a short list of objectives ('purposes'): (i) monetary stability; and (ii) financial stability. It also states as a purpose that the CBO is the single integrated regulator of the banking and financial services sector, but this is more of a function and not so much an objective.</p> <p>Functions</p> <p>The Banking Law does not have an article which briefly provides an overview of all functions of the Bank and their legal foundation. But Chapter Two of Title Two of the Banking Law is called 'Functions of the Central Bank' and contains 4 articles with functions, and also a number of powers. However, the function as regulator and supervisor of banks is not mentioned in this Chapter, but in Title Four and Title Six of the Banking Law.</p> <p>A payment and settlement function of the CBO is laid down in the NPS Law, which states in Article 2 as its objective financial safety and efficiency. In addition, the CBO website further clarifies the responsibilities of the CBO in this area.</p>

	<p>In 1995 a Bank Deposits Insurance Scheme (BDIS) was established by Royal Decree No 9/1995. The Administrative Committee, which is responsible for managing the scheme operations, not the CBO.</p> <p>Article 30(b) of the Banking Law provides that the CBO may carry out any other operations/functions normally carried out by central banks that do not conflict with the Banking Law or any other law of the Sultanate, but it is not clear from the website or other CBO disclosures whether the CBO performs other functions than those specifically stated in the Banking Law and the NPS Law.</p> <p>In line with the functions mentioned in the Banking Law in order to achieve the objectives of monetary stability and financial stability the CBO website discloses as functions of CBO:</p> <ul style="list-style-type: none"> • Formulating and administering monetary policy to achieve a variety of goals including stable prices, growth and employment. • Acting as banker for the Government. • Acting as banker for the banks. • Issuing national currency and managing liquidity in the banking system. <p>Powers</p> <p>The Banking Law provides powers to the Board of Governors and not to the Bank as a legal person. This is done in Article 14 (which also contains functions), which mentions a long list of powers, among others sub (o) the power to promulgate and enforce rules and regulations related to the provisions of the Banking Law. In addition, Article 15 contains an open-ended provision regarding residual powers of the Board of Governors. Furthermore, Article 20 mentions, among other things, that the management of the CBO and its staff may exercise contractual powers necessary for the business operations of the CBO. The Banking Law contains no provisions on prohibitions.</p>
Review	<p>Core</p> <p>Overall Assessment Principle 1.2.</p> <p>Objectives</p> <p>The long list of objectives mentioned in the Banking Law can be confusing for the general public, partly because the objectives are not ranked in order. The CBO does not explain to the public how the CBO pursues its objectives in practice. The CBO is not providing any other relevant information on its objectives.</p> <p>Functions</p> <p>The Banking Law and the CBO website provide a number of functions to achieve the CBO objectives, but it is unclear what other functions the CBO fulfills and, if so, on what legal basis. The NPS Law clarifies that CBO has a number of payment and settlement responsibilities, while the CBO website provides a brief overview of the NPS Law and the underlying regulations. No additional relevant information on its functions has been disclosed by the CBO.</p> <p>Powers</p> <p>The list of public and private powers is disclosed under the two above-mentioned laws and on the CBO website. It is unclear whether the CBO has any residual powers as mentioned in Article 14 (s) and the CBO discloses no specific information on its powers.</p>

Comments	The authorities note that the amendments currently proposed to the Banking Law will align transparency of the mandate of the CBO further with international best practices, thereby likely addressing various comments raised above,
Principle 1.3.	Autonomy: The central bank discloses its autonomy—as defined in relevant legislation or regulations, allowing it to reveal the extent to which it is autonomous or not, in what forms, and under which conditions—in a manner that is clear and easily accessible for the public.
Principle 1.3.1.	Institutional/Operational Autonomy: There is clarity on whether the central bank is prohibited from seeking or taking instructions from any private or public body. The extent to which the central bank’s autonomy varies for the various elements of its mandate is clearly disclosed. Where appropriate, a central bank’s governing law clarifies whether it has goal or instrument autonomy concerning its various objectives.
Description	<p>The Banking Law does not contain specific provisions regarding the institutional/operational autonomy of the CBO. In particular, the Banking Law does not clarify whether the members of the decision-making bodies are prohibited from seeking or taking instructions, or whether they can request or take instructions from any public or governmental authorities. The website and annual reports also do not address this point.</p> <p>Some of the articles of the Banking Law make clear that His Majesty the Sultan may refer to or delegate certain matters to the Board of Governors (e.g., see Article 14). It is unclear whether or not such delegated matters come with attached instructions. Further, Article 30(b) mentions that His Majesty the Sultan may authorize the Board of Governors to carry out all other operations normally undertaken by central banks. Also, here it is unclear if such authorization may come with attached instructions, or not.</p>
Review	<p>Not Implemented</p> <p>Institutional autonomy is not clarified in the Banking Law, on the CBO website, or otherwise disclosed. In the same vein, the role of the representative of the Ministry of Finance is not clearly defined, as is the role of the Minister of Economy, who is currently one of the Governors.</p>
Comments	The authorities note that the amendments currently proposed to the Banking Law will align transparency of CBO independence further with international best practices, thereby likely addressing various comments raised above, The CBO may consider clarifying its institutional autonomy on the website.
Principle 1.3.2.	Functional Autonomy: There is clarity on whether the central bank can perform its duties without prior approval from the government.
Description	Article 9 Banking Law states that one of the seven Governors is a representative of the Ministry of Finance and has voting rights. The CBO websites indicates that in addition to the representative of the Ministry of Finance, the Minister of Economy is also a member of the Board, although Article 10(b) stipulates that no Governor, except the representative of the Ministry of Finance shall occupy any other office in the Government. It is also noted that the Executive President of the Financial Services Authority (FSA) is a member of the Board. No further clarification is given by the CBO about the role of the Government representatives/third parties in the Board of Governors. It is not clarified in

	<p>the Banking Law, on its website, or otherwise disclosed, whether third parties are prohibited (or not prohibited) from approving, suspending, annulling or deferring CBO decisions. The Banking Law and the CBO website do not indicate how the monetary policy goal is determined, in particular whether the CBO has goal or instrument autonomy.</p> <p>Article 42 Banking Law declares that the denomination of currency coins and notes must be approved by His Majesty the Sultan; the same applies to special issues coins (Article 46).</p> <p>The CBO has instrument autonomy with regard to achieving its monetary policy objective. This is not stated in the Banking Law, but the CBO's website discloses how the CBO achieves its monetary policy objective in practice. See under Principle 2.1.</p>
Review	<p>Not Implemented</p> <p>Apart from Article 42 Banking Law, the CBO does not disclose whether third parties, either directly or through representatives on the Board of Governors, are prohibited (or not) from approving, suspending, annulling or deferring central bank decisions. No information is provided on arrangements with third parties, in particular with regard to the Government representatives on the Board.</p> <p>The transparency of the Banking Law is undermined because the Minister of Economy is a member of the Board of Governors while the law does not allow this.</p>
Comments	<p>The authorities note that the amendments currently proposed to the Banking Law will align transparency of CBO independence further with international best practices, thereby likely addressing various comments raised above. The CBO may consider clarifying its functional autonomy on the website.</p>
Principle 1.3.3.	<p>Personal Autonomy: Whether there is security of tenure for the members of the central bank's decision-making bodies is clear, as is the nature of such security. In this respect, security of tenure encompasses the eligibility and disqualification criteria for the appointment of the members of a central bank's decision-making bodies, the appointment procedure, the dismissal criteria and procedure, their remuneration, and the duration of their tenure.</p>
Description	<p>The Banking Law discloses (Articles 8-13) the term of office, and the appointment and dismissal procedures of the members of the Board of Governors. It also clarifies which authorities are involved in the appointment and the dismissal of the members of the Board of Governors, the eligibility and incompatibility requirements for appointment, and the grounds for dismissal. Rules of the Board of Governors regarding the remuneration of its members are not disclosed. No further information about the above topics can be found on the CBO website.</p> <p>Article 22 of the Banking Law specifies that the management of the Bank, personnel, or its advisors, etc. shall not be held liable for any loss or damage to the Bank unless such loss or damage is caused by a fraudulent or willful act or failure to act. The CBO will reimburse the above persons for the costs of defense in any proceeding unless a final judgment finds them personally liable for loss or damage to the Bank.</p>
Review	<p>Expanded</p>

	<p>The duration of term of office and criteria and procedures for appointment and dismissal of the members of the Board of Governors are clearly stated in the Banking Law. The Law also clarifies the liability of Board members and CBO staff for damages caused by any of their acts or omissions.</p> <p>No further information is provided on the CBO website or otherwise disclosed to the public, on the personal autonomy of the members of the Board of Governors, such as the rules governing the remuneration of its members, how personal autonomy is implemented in practice, and what the rationale is for this autonomy.</p>
Comments	The CBO may consider disclosing further information on its website on the personal autonomy of the members of the Board of Governors.
Principle 1.3.4.	Financial Autonomy: The central bank's financial resources available to fulfill its mandate, and the nature of those resources, are clearly disclosed. In this respect, there is clarity regarding the central bank's capital, the rules governing any recapitalization of the central bank, its budget, reserves, provisions, profit distribution mechanism, monetary financing, and applicable accounting standards.
Description	The Banking Law (Articles 31-39) clarifies the general arrangements regarding the CBO's capital, reserves, provisions, profit distribution mechanism, and the applicable accounting standards. The CBO does not disclose the budget process and the requirements for approval by the Board of the Banks's budget. Article 26(c) states that the BCO may provide temporary advances to the Government up to ten percent of the budgeted recurrent revenue of the Government for the relevant fiscal year. It is not clear if there is a general prohibition on lending to the State, as the Banking Law does not include any relevant references. No regulations and decision-making procedures are disclosed by the CBO for the determination of the budget, creation of special reserves, and the accounting treatment of forex gains and losses. The CBO website provides no further information on the financial autonomy of the CBO.
Review	<p>Core</p> <p>The Banking Law clarifies general arrangements on the Bank's capital, reserves, profit distribution and the applicable accounting standards. It also contains provisions on the distribution of dividends to the Government (Articles 34 and 37) and a provision on recapitalization of the Bank (Article 35).</p> <p>However, the CBO is unclear about the preparation, decision procedures and determination of the Bank's budget and rules on possible monetary financing. The CBO does not disclose what its financial autonomy consists of, how this is implemented in practice, and what it sees as the rationale for this autonomy.</p>
Comments	Transparency could be easily enhanced with the publication of the Bank's budget rules and the rules on monetary financing on its website. The CBO's transparency would also be enhanced if key elements of its financial autonomy were explained in accessible terms on its website.
Principle 1.4.	Decision-Making Arrangement: The central bank discloses a clear overview of the organizational structure or allocation of responsibilities to its decision-making bodies: policy making, day-to-day management, and internal oversight of the central bank.

Description	<p>The Banking Law states in Article 8 that the management of the Central Bank shall be entrusted to the Board of Governors which shall have full authority to perform all acts required for the management and operations of the Central Bank and the supervision of the banking business in the Sultanate, including the enumerated and residual powers set forth in Articles 14 and 15 Banking Law.</p> <p>Article 16 Banking Law provides general provisions on the meetings of the Board of Governance. Among other things this Article sub (m) mentions that the Board of Governors may adopt by-laws and other rules of procedure for the meetings and decisions of the Board of Governors. It also mentions sub (n) that the Board of Governors creates an Executive Committee consisting of three or more members of the Board of Governors, tasked with powers as the Board of Governors with some exceptions may delegate.</p> <p>Article 14(p) Banking Law states that the Board of Governors shall be authorized and empowered to form committees within the Board of Governors to consider matters referred or delegated to the Board of Governors by His Majesty the Sultan, the Council of Ministers, members of the Board of Governors or other designated officials of the Central Bank; or any others deemed competent by the Board.</p> <p>Article 21 Banking Law on Officers and Employees of the Central Bank states the following:</p> <p>‘The Executive President of the Central Bank shall be appointed by Royal Decree, and the Board of Governors may empower him what it sees fit and appropriate of its powers. The Executive President of the Central Bank shall be responsible for the implementing the policies and decisions issued by the Board of Governors and shall also be responsible for the executive management in the Central Bank pursuant to this Law and the regulations issued in accordance thereto’.</p> <p>Th CBO website discloses under ‘Governance’ the names and functions of the members of the Board of Governors. Under ‘Organization Structure and Management’ the website discloses the new organization structure of the CBO and also discloses the names and functions of ‘CBO Management’.</p> <p>No further information on the decision-making arrangement is disclosed by the CBO on its website, in its Annual Report or otherwise.</p>
Review	<p>Not Implemented</p> <p>The Banking Law mentions two decision-making bodies: the Board of Governors (highest body), and the Executive Board, which implements the policies and decisions issued by the Board of Governors and is responsible for day-to-day management of the Central Bank.</p> <p>The only additional information the CBO website provides about its internal governance arrangements is an overview of the Central Bank's organizational structure and the names and functions of the members of the decision-making bodies. No CVs or biographies of the members of these bodies are disclosed. The CBO website (or other publications) provides no information on by-laws, other rules of procedure of the Board of Governors (beyond what is stated in Article 16 Banking Law), and further internal regulations, circulars, or decisions concerning the internal Governance of the Central Bank, including more detailed information about the allocation of responsibilities across different decision-making bodies and within these bodies.</p>

	<p>No links are provided on the CBO website to relevant circulars. Though the mission understands that there are various committees formed based on Article 14(p) and Executives Committees based on Article 16(n), the CBO does not disclose these committees, nor what the responsibilities and the composition of these committees and Executive Committees are.</p> <p>The general conclusion regarding the transparency of the decision-making bodies of the CBO is that very minimal information is provided by the CBO.</p>
Comments	<p>The CBO may consider providing information on rules of procedure and internal circulars (with hyper-links) concerning the Governance of the Central Bank, including more detailed information about the allocation of responsibilities across different decision-making bodies and within these bodies. In addition, they may consider providing information about internal committees, their functions and composition.</p>
Principle 1.5.	<p>Risk Management: The central bank discloses the principal risks that it needs to take to meet its objectives (such as financial, operational, and legal risks), and the framework to manage these risks. This includes information on the risk governance structure and risk strategy.</p>
Principle 1.5.1.	<p>Risk Exposure: The central bank discloses the principal risks that it needs to take to meet its objectives.</p>
Description	<p>The CBO does not disclose the principle risks it itself is exposed to.</p> <p>The Annual Report does not provide a discussion on the levels of, and changes in, the CBO's own risk exposure; and where such references to risks are included, these are focused predominantly on financial and payment system related risks.</p> <p>A detailed discussion on an organization's own risk exposure would typically be part of the audited financial statements. The Banking Law Article 17—<i>Reporting</i> requires the CBO to publish quarterly in the official Gazette a statement of its financial condition including but not limited to "a statement of the domestic and foreign currencies held as reserves, the amount, nature and maturity of commercial papers and other negotiable instruments owned or held by the Central Bank and a statement of the assets and liabilities of the Central Bank. The quarterly report is also published on its website. The Quarterly Report comprises almost solely data with minimal explanation. The CBO does not publish its annual audited financial statements (including the explanatory notes), neither in the Annual Report nor as a separate document. The CBO does not make available in the public domain information on its risk management framework. As such, little is disclosed publicly about the CBO's own risk exposures and any changes thereto within the period.</p> <p>The CBO does disclose a high-level risk management stance regarding the Omani 'National Payment System' on its website. The two risks it considers most pertinent are settlement (credit) risk and operational risk.</p> <p>Of the CBO's Banking Law, Articles 14—<i>Powers</i>, 28—<i>Investment and Credit Functions</i>, and 32—<i>Categories of External Assets</i> set out the requirements for the CBO to limit its exposure to financial risk (market, liquidity, credit, and concentration risk) in the buying and selling of financial instruments. In particular, Article 32 states that "<i>the reserve of external assets may consist of any one or more of the following, provided they adhere to all limits, classifications, constraints, restrictions and qualifications whatsoever laid down by the Board of Governors</i>" according to which the Board of Governors sets the investment</p>

	<p>policy governing the external reserves and matters stated in this Article. That said, the CBO does not publish its foreign reserve investment policy nor limitations on financial risk exposures.</p> <p>CBO's Banking Law Articles 20—<i>Acts of Officers</i>, 22—<i>Liability of Governors, Officials and Other Employees</i>, and 24—<i>Declaration of Confidentiality</i> establish guidelines and remedies for managing fraud and corruption risks associated with the acts of the CBO officials.</p> <p>The CBO publishes annually a Financial Stability Report (FSR) and a Macroeconomic Stability Report (MSR). The FSR highlights, diagnoses, and analyzes the key systemic risks facing Oman's financial sector, with focus on the banking sector, while the MSR focuses on those risks facing the Omani economy. While critical for providing insight into risks developing in the broader economy, aside from limited discussion on the adequacy of foreign reserves for Balance of Payment needs, these reports do not discuss the CBO's own risks.</p>
Review	<p>Not Implemented</p> <p>The principal financial and non-financial risk exposures are not discussed in the CBO's Annual Report. The CBO does not publish its audited financial statements in the public domain, nor is there additional information provided on the CBO website. Together, very little information is provided regarding the CBO's own risk exposures and how these risks are being managed.</p>
Comments	<p>The CBO could consider including the full set of annual audited financial statements (including explanatory notes) in the Annual Report or publish such on its website as a separate document.</p> <p>The CBO could consider publishing on its website a high-level overview of its risk management framework including a statement of its risk appetite and risk tolerance, further describing how risks are being managed.</p> <p>Both these recommendations would – all things being equal – likely be relatively easy for the CBO to implement.</p> <p>The Annual Report could include a separate section focusing on the CBO's key risks and changes thereto experienced during the year. The section could provide an overview of its financial, operational, strategic, and legal risks relative to the achievement of its core mandate as well as disclosing the velocity of any changes in risk profiles during the reporting period. In time, this could be expanded to include the CBO's approach – if applicable – to managing Environmental, Social, and Governance (ESG) risks.</p>
Principle 1.5.2.	<p>Risk Framework: The central bank discloses the process for identifying financial and nonfinancial risks, the overall risk strategy, and the accompanying risk governance structure designed to monitor and evaluate risks effectively.</p>
Description	<p>The CBO has been evolving its operations to be more risk based. The Banking Law appoint the CBO "to ensure maintenance of financial stability". Over the years, the CBO has progressively evolved its supervisory regime towards Risk Based Supervision (RBS) in its on-site examinations. The Macropprudential Oversight Department (MPOD) conducts regular monitoring and analysis of systemic risks. The CBO has also promulgated an Anti-Money Laundering Law, a Bank Resolution Framework, and introduced policies to improve Financial Inclusion. The CBO also issued guidelines to the financial sector on</p>

	<p>Sound Compensation Practices, Correspondent Banking Relationships, and adoption of IFRS 9 and will be requiring institutions to adopt Basel III capital and liquidity standards.</p> <p>The CBO has a Risk Management & Quality (RMQ) department reporting to the Executive President. The RMQ also reports (periodically) to the Audit and Risk Committee. The RMQ has an Enterprise Risk Management (ERM) framework based on ISO, including a risk appetite statement, risk tolerances and risk registers as well as a Business Continuity Plan, though the framework is not published externally.</p> <p>Although the CBO does not publish its risk framework, the Banking Law includes several clauses that do provide the reader the high-level parameters that would limit the CBO's risk exposure (see also principle 1.5.1). These parameters include requirements such as: limits on what types of assets can be acquired, collateralization on all loans to institutions (with haircuts), maximum 10 percent monetary financing with repayment requirements, profit retention rules, recapitalization clauses, and so on.</p> <p>Specific to the National Payments System (NPS), the CBO risk management approach includes application of the Principles for Financial Market Infrastructure (PFMI) as a minimum benchmark for managing the risks. The payment systems are also subjected to assessment from time-to-time by the IMF, and more recently were assessed by an external consultant as part of a larger project '<i>Establishing a National Strategy for Payment Systems</i>.' The NPS's operational risk is managed through both its system design aimed at minimizing the impact of hardware failures as well as maintaining a hot standby Disaster Recovery Site in case the primary site experiences an outage. The CBO recognizes the importance of stable and reliable payment infrastructure in reducing the credit/counterparty risk in the financial system.</p> <p>Aside from high-level discussions on the CBO's approach to risk management relative to the NPS, no additional information appears to be published related to the CBO's risk management methodology, strategy, risk appetite and tolerance.</p>
Review	<p>Not Implemented</p> <p>Even though the CBO has a reasonably mature risk management process and culture, it does not disclose its overall risk strategy, its process for identifying and managing financial and nonfinancial risks, nor the risk governance structure in any substantive detail.</p>
Comments	<p>The CBO appears to cultivate a risk-aware culture while embracing more progressive risk management strategies. However, its publications stand to benefit from an institutional view on the bank's risk management framework and disclosures. Its transparency could be enhanced significantly by publishing descriptions of the various elements of its risk management strategy (i.e., different frameworks, policies, and organizational arrangements, reporting lines, accountability for risk at different levels including the role of the Board of Governors, etc.).</p> <p>The CBO's Annual Report could include a specific section on how the CBO identifies, classifies, manages, and monitors risks as the economic and operating environments continue to evolve (see also 1.5.1 above).</p> <p>With the CBO's application of International Financial Reporting Standards, even if with exceptions, publication of the full set of audited financial statements (including explanatory notes) will also be a positive step in becoming more transparent about the</p>

	<p>potential impact of a financial risk event and the financial buffers available to mitigate the impact of risk event.</p> <p>Furthermore, the disclosure of a risk governance structure could be included to provide an overview of the role and key responsibilities of the risk management function, its reporting relationship to management and the Audit and Risk Committee (ARC) including frequency of updating both on key risks. Lastly, additional information on the composition, powers, roles and responsibilities of both the ARC and RMQ functions would be useful.</p> <p>Here too, the mission considers these recommendations would—all things being equal—likely be relatively easy for the CBO to implement. Also, the RMQ could consider joining the International Operational Risk Working Group (IORWG) to collaborate with other members on good practices in central bank risk management practices.</p>
Principle 1.6.	Accountability Framework: The central bank discloses its accountability framework that provides transparency and reporting mechanisms to internal decision-making bodies, political institutions, and the general public.
Principle 1.6.1.	Arrangements: Accountability arrangements are clearly identified, including: (i) internal and external audit arrangements and compliance; (ii) reporting to an audit committee or Board having an oversight responsibility; and (iii) the external publication of audited financial statements and annual reports.
Description	<p>Independently Audited Financial Statements</p> <p>The Banking Law Article 38—<i>Accounting</i> of the Banking Law provides that the financial statements “shall be determined according to the generally accepted principles of accounting, including the International Accounting Standards in so far as they do not contradict any provisions of this Law, agreed by the Auditors ... and approved by the Board of Governors”. Article 17—<i>Reports</i> goes on to provide that financial information shall be published quarterly however, only the Statement of Financial Position and Income Statement are published quarterly in the Gazette and on the CBO’s website. The two statements are included in the Annual Report.</p> <p>The External Auditors’ report is included in the Annual Report, however, the Basis of Accounting does not provide transparency as to the accounting policies, and only refers to the “... are prepared in all material respects, in accordance with the accounting policies of the Bank ...” with emphasis on to “... draw attention to Note 2 to the financial statements, which describes the basis of accounting ...” where ‘note 2’ is not published nor publicly available on any platform. The Banking Law Article 18—<i>Annual Budgets and Audits</i> subsection (c) provides for the selection of the external auditors though the term and qualifications of CBO’s external audit firm are not disclosed. Further, Article 18 refers only indirectly that the external audit be conducted annually, within the title of the section.</p> <p>Audit and Risk Committee and Internal Audit</p> <p>The Banking Law Article 14—<i>Powers</i> subsection (p) provides the mechanism for the Board of Governors to establish committees though without referencing any specific committees. Regardless, the CBO has established an Audit & Risk Committee (ARC). The Internal Audit function (IA) reports functionally to the ARC and administratively to the Governor, though this is not specified in the Law and is a matter of application of the</p>

	<p>standards promulgated by the Institute of Internal Auditors (IIA). Both the ARC and IA reporting relationships are apparent from the CBO's organization chart published on the website.</p> <p>The Banking Law does not specifically provide for the formation of the ARC nor for the IA function. Further, the Law does not provide any protections to the position of the Chief Internal Auditor for purposes of dismissal. The ARC and Internal Audit have Charters outlining their roles and responsibilities, both aligned with the charters promulgated by the IIA, though these charters are not made available to the public.</p> <p>IA purports to 'generally conform' with the IIA's international standards (being the highest potential ranking of conformity with the standards) though this is not stated publicly. Internal audit reports are regularly reviewed by the ARC, and audit recommendations are tracked and implemented. Although no details are published, an External Quality Assessment of the internal audit function has conducted every five years for quality improvement, and the audit team adheres to a Code of Conduct ensuring unbiased and ethical activities.</p>
Review	<p>Not Implemented</p> <p>Aside from the existence of the ARC and IA functions, the CBO does not disclose the scope of either IA or the ARC, for instance through the publication of the respective charters. Further, it does not publish the full annual audited financial statements.</p>
Comments	<p>Independently Audited Financial Statements</p> <p>At such time as appropriate and/or as part of the ongoing Banking Law review, the Banking Law could be amended to: (i) provide for the publication of the full annual audited financial statements either within the Annual Report or separately as a standalone report, including a deadline for the publication; (ii) specify the applicable accounting standards for preparation of audited accounts; and (iii) require the external audit to be conducted in accordance with international standards by a firm with experience in auditing financial institutions.</p> <p>Audit and Risk Committee and Internal Audit</p> <p>At such time as appropriate and/or as part of the ongoing Banking Law review, the Banking Law could be amended to: (i) provide specifically for the ARC and IA functions, including the reporting relationships; and (ii) explicitly assign responsibility to the ARC to oversee matters on financial reporting, external and internal audit and, if not assigned to another committee, risk management and compliance.</p> <p>Transparency on the ARC could be improved by publishing the charter of the committee in the governance section of the CBO's website as well as indicating its membership. Transparency on the IA function could be enhanced by publication of the Internal Audit Charter or its summary on the CBO's website. Its publication would benefit with the inclusion of the provisions on: (i) scope of IA; (ii) the roles and responsibilities of the function; (iii) reporting lines to senior management and the ARC; and (iv) criteria for appointment and dismissal of the head of the IA function.</p> <p>Given that the ARC and the IA function have an (internally available) charter, it would likely be relatively easy for the CBO to publish the charters and enhance accountability-related transparency further.</p>

	<p>Accountability Framework</p> <p>As part of its accountability as an independent organization, the CBO should consider providing an in-person presentation of its activities and results for the period, be it annually or quarterly, to the different legislative public bodies and key stakeholders.</p>
Principle 1.6.2.	<p>Tools</p> <p>Independently Audited Financial Statements: The central bank discloses its auditing and accounting standards and compliance frameworks and gives the public sufficient information to assess and understand the central bank's financial performance, use of resources, and transactions with the government and other stakeholders.</p> <p>Internal Audit: The central bank provides the public with information regarding its internal audit function, discloses its framework and compliance with the framework, and the scope of its responsibilities.</p> <p>Audit Committee: It is clear whether an internal oversight body that reports to the Board exists, and which of the activities are published.</p>
Description	<p>Independently Audited Financial Statements</p> <p>Article 38—<i>Accounting</i> provides, as noted above in Principle 1.6.1, that the financial statements “shall be determined according to the generally accepted principles of accounting, including the International Accounting Standards in so far as they do not contradict any provisions of this Law, agreed by the Auditors ... and approved by the Board of Governors”. As the accounting policies are not publicly available, the reader of the statements may not be able to ascertain the soundness of the organization nor the comparability to other institutions.</p> <p>The Banking Law Article 17—<i>Reports</i> places the obligation on the CBO to publish its financial conditions in the official gazette every three months, however, the Banking Law does not specifically require publication in their entirety the annual audited financial statements, which are not published either in the Gazette nor on the CBO's website nor are they available anywhere in the public domain.</p> <p>The opinion of the External Auditors is published in the Annual Report, however, without the full set of financial statements, the assertion is somewhat ineffective as there is no means to assess the opinion rendered.</p> <p>Internal Audit</p> <p>No information regarding the Internal Audit function (IA) is available publicly, aside from the CBO's organization chart published on the website. The CBO website does not provide information as to the function, reporting lines, nor IA's opinion on the state of controls of the CBO. The IA function purports to align with the Institute of Internal Auditor's (IIA) international standards though no public statement or evidence of such is available.</p> <p>Audit and Risk Committee</p> <p>Similar to the IA function, aside from Audit and Risk Committee (ARC) appearing on the organization chart, no additional information about the committee is made available publicly. The ARC, which oversees internal and external audits, does not publish its Charter and its role in governance of the institution is not apparent—the Charter is available on the CBO's internal website only. Further, the Banking Law Article 16—</p>

	<p><i>Meetings of the Board</i> provides the members the authority to establish the schedule for its regular meetings though the meeting schedule and agendas of the ARC are not published. The same article also requires that the CBO maintain "... accurate and complete minutes of all actions and proceedings of the Board of Governors ... in the permanent records of the Central Bank." Further, subsection (m) allows the Board of Governors to "... adopt by-laws and other rules of procedure for the meetings and decisions of the Board ..."</p> <p>Presumably, these requirements would also apply to the ARC though no meeting procedures nor minutes (or summaries) of meetings are posted externally.</p>
Review	<p>Not Implemented</p> <p>The CBO does not disclose the accounting policies used to compile the audited financial statements nor does it publish the charters or scope of the ARC nor the IA function.</p>
Comments	<p>Independently Audited Financial Statements</p> <p>The CBO should publish in their entirety the annual audited financial statements including the accounting policies under which such statements are being produced and audited. The publication should include the External Auditor's report opining on the validity and accuracy of the statements. The External Auditor's report could be enhanced to indicate that the CBO complies with IFRS with exceptions as opposed to referring more generally to the accounting policies of the CBO.</p> <p>Internal Audit</p> <p>Transparency on the IA function could be enhanced by including in the Annual Report and/or publication on the CBO's website: (i) a section on responsibilities of the function (or its Charter if available) and a high-level description of its activities undertaken during the previous financial year; (ii) rules governing its independence and reporting lines (including to the ARC); (iii) a basis for the audit methodology and function's conformance with the IIA's international standards; and (iv) IA's opinion on the overall functioning of the CBO's control environment. The overall opinion of periodic External Quality Assessments could also be disclosed.</p> <p>Audit and Risk Committee</p> <p>Transparency on the ARC's role could be enhanced by including in the annual report and/or publication on the CBO's website an overview of: (i) the ARC's responsibilities (or by publishing its Charter); and (ii) its key activities related to its oversight on financial reporting, internal and external audit, and if applicable in regard to oversight of risk management and compliance during the previous financial year. As a further step in enhancing transparency, the ARC could also prepare and publish on its website an annual meeting schedule including high-level agenda for each meeting.</p>
Principle 1.6.3.	<p>Anti-corruption Measures and Internal Code of Conduct: It is clear whether domestic anti-corruption legislation and measures apply to the decision-makers, staff, and agents of the central bank. The central bank discloses its internal Code of Conduct with additional requirements specific to central bank management and staff.</p>
Description	<p>The CBO's Banking Law provides a strong foundation for establishing a Code of Conduct covering all CBO officials, employees and experts, although a formal and singular Code of Conduct is not published. Article 9—<i>Qualifications of Governors</i> lays out the qualifications for members of the Board of Governors with Article 10—<i>Conflict of Interest</i> provides guidance on what types of roles external to the CBO a Governor may undertake while</p>

	<p>appointed to the Board of Governors. Article 13—<i>Removal</i> defines the conditions in which a Governor may be removed from office, including “if he is found to have violated the provisions of Article 10 of this Law”. Article 22—<i>Liability of Governors, Officials, and Other Employees</i> indemnifies CBO officials and employees “unless such loss or damage is caused by the fraudulent or willful act or failure to act ...”. Article 22 is further reinforced in Article 75—<i>Duty of Care of Directors, Officers, Managers and Employees</i> with respect to losses resulting from fraudulent or willful negligence in the performance of their duties.</p> <p>The Banking Law Article 24—<i>Declaration of Confidentiality</i> directs that all CBO officials, employees and experts “... shall not disclose any information acquired in the performance of their functions ...” with any contravention being subject to prosecution under the Penal Code of Oman.</p> <p>The Article 12 of the law of Protection of Public Funds and Conflict of Interest Avoidance No. 112/2011, those in authority in government are obliged to submit a declaration of his financial position. Similarly, all CBO officials and staff are required to execute an undertaking containing a financial disclosure when they join the CBO.</p> <p>The CBO does not have a whistle-blowing policy though the mission understood it is in the process of developing one. Currently, there is no formal and independent public means for staff or external stakeholders to anonymously raise concerns of conflicts of interest, fraud, or other unethical activities.</p>
Review	<p>Core</p> <p>The CBO’s Banking Law regulates the conduct of its officials and to some degree, the conduct of all employees.</p>
Comments	<p>The CBO could consider disclosing on its website all relevant anti-corruption legislation applicable to its Board of Governors, officials, employees and other experts with hyperlinks to relevant applicable legislation for ease of access.</p> <p>The CBO could consider developing a CBO specific Anti-bribery and Corruption, Code of Conduct and Whistle-Blowing policies (the latter which is underway) tailored to the various levels of the organization and make such codes available on its website. The CBO may also disclose in its Annual Report aggregated information on any proceedings or actions under applicable anti-corruption legislations.</p> <p>Disclosure would provide visibility into all relevant CBO and Omani legal provisions to avoid any uncertainty as to their applicability and enforcement. The CBO could clearly disclose any external anti-corruption and labor laws it must comply with, including describing any provisions from which it is exempt, as this would provide transparency as to which laws apply and under what conditions. For example, it is not clear to the extent that the <i>Penal Code</i> and <i>Protection of Public Funds and Conflict of Interest Avoidance</i> apply to the CBO. For example, the Penal Code is referred to in two specific clauses, but it does not indicate if it applies in its entirety nor in any other or all circumstances.</p>
Principle 1.6.4.	<p>Human Capital Management: The central bank discloses its policies and practices concerning the governance and management of human capital.</p>
Description	<p>The CBO publishes a relatively detailed organization chart as well as identifying members of the Board of Governors on its website and in the Annual Report, however it does not publish any statistics relative to staffing levels.</p>

	<p>The Banking Law Article 21—<i>Officers and Employees of the Central Bank</i> subsection (b) and (d) of the Banking Law establishes the framework for the management of CBO's human capital including their appointment, remuneration and benefits, and all employment affairs. The CBO is exempt from needing to comply with the Government of Oman's staffing regulations.</p> <p>The CBO has an internally available <i>Staff Regulation of the Central Bank 2004</i>. Article 1.7 of that regulation stipulates "<i>These regulations shall be made available to all employees of the Central Bank of Oman</i>". Thus, all human resource policies are published internally via CBO's intranet portal, though they are not made available the public in detail or in summary as it considers all human resource policies confidential.</p> <p>The CBO does publish high-level information on the two educational programs that are available to Omani citizens interested in pursuing a higher education in banking and finance. The CBO does publish on its website and circulate print brochures through different channels when enrollment in the programs is open. The website also includes a link to the college itself. The one-year program provides potential candidates an overview of the CBO's HR policies. Post completion of one of the two programs, those interested in working at the CBO can apply for a position and if successful, are offered employment. The CBO does not have any explicit policies on diversity and inclusion nor on succession planning. The CBO periodical conducts an employee satisfaction survey and also has an executive and staff coaching program to help develop staff.</p> <p>The aggregate annual cost of employee compensation and benefits is disclosed in the Income Statement published in the Annual Report.</p>
Review	<p>Not Implemented</p> <p>The Banking Law contains high-level provisions covering the appointment and removal of Central Bank officials and employees. Aside from aggregate compensation figures provided in the annual report, no additional information is disclosed.</p>
Comments	<p>The CBO could consider publishing qualitative descriptions of its human resource policies aimed at attracting, promoting, and retaining staff, and showcasing the CBO as a so-called "employer of choice." Disclosures could also include quantitative information such as ranges and components of the CBO's total compensation package including salary bands by level or category of employee (for example, administrative staff, professional staff, management, and executive) plus a general description of staff benefits and other allowances available to staff at different levels. In line with relevant international accounting standards, executive compensation could be disclosed as part of the note disclosures in the financial statements and included in the Annual Report (see also section on Principle 1.6.2 Accountability)</p> <p>In its Annual Report, the CBO could consider including a summary of high-level/ aggregated human resource statistics and description of key human resource related activities, any of which may be presented in a quantitative, qualitative, tabular, or other graphical disclosure. This could include: (i) basic statistics such as staff levels (such as total number of staff, with breakdowns for HQ and the branches, as well as a breakdown by functions: management, policy, operational, support, number of new recruitments, retirements, etc.); (ii) initiatives addressing staffing challenges experienced during the year including leadership and succession planning strategies; (iii) staff engagement as well as diversity and inclusion statistics; (iv) training plans, scholarships; and (v) discussion</p>

	<p>on any longer-term strategic objectives related to the development of CBO capacity overall.</p> <p>The CBO could disclose whether it must comply with the Omani Civil Service Law 120/2004 which provides guidance on the appointment of any government employee and, if so, whether any exceptions exist.</p>
Principle 1.7.	Communication: The central bank discloses means and methods of communication and the forms of disclosure of information to its stakeholders.
Principle 1.7.1.	Arrangement: The central bank discloses the organizational structure, responsibilities, and processes relevant for communication.
Description	<p>The CBO organigram establishes the Communication Department and is published on the CBO website.</p> <p>The organizational structure for communication within CBO is anchored by the Communications and Media Department (C&MD), which is responsible for strategizing and executing the bank's communication initiatives under the guidance of His Highness the Chairman of the Board of Governors. The department is divided into the Media Section and the Digital Communication Section, each with specific roles. The Media Section is tasked with managing traditional media relations and ensuring the standardization of messages that align with government policies. Conversely, the Digital Communication Section is responsible for overseeing the bank's digital presence, including content management on the bank's website and social media platforms, ensuring they reflect the bank's strategic vision and regulatory compliance. This division of responsibilities ensures that all communication is coherent, consistent, and effectively managed across all channels. The above description of organizational responsibilities is not disclosed to the public.</p> <p>Responsibility to Disclose Information</p> <p>The general obligation to report to the public is anchored in primary legislation article 17 of the Banking Law. We found that the following reports are published on the website: Annual Report, Financial Stability Report, Macro Stability Report. Bulletins, and occasional papers.</p> <p>The Central Bank of Oman explicitly states in its website the importance of "Transparency" as one of its institutional values:</p> <p>Processes Relevant for Communication</p> <p>Within the communication process there is active involvement of all organizational units of the CBO for the issues within their competence, and the final versions of the materials are subject to approval by the strategic managers or by the Governor. For example, important initiatives in Fintech or financial facilities for specific groups are articulated and disseminated through various channels.</p> <p>Another example of articulation of CBO functions with active dissemination could be the dissemination of monetary and banking developments.</p> <p>Communication Policy, Principles, and Guidelines</p> <p>There are no published policies, principles or guidelines in the area of communications related to the CBO communication processes of external communication.</p>

	<p>Evaluation System</p> <p>There is no evaluation system regarding communications that are disclosed to the public.</p>
Review	<p>Core</p> <p>The communication policy and/or guidelines are not disclosed. The organigram discloses the communication unit but does not disclose the institutional communication structure; or its tasks and functions which should be accessible on the website. An established calendar of mandatory reports and board decisions (if appropriate by the topic) should be accessible to the public, this will ensure that all relevant information is delivered in a timely fashion.</p> <p>The CBO has made continuous efforts to disseminate information through various communication channels and tools; the active participation of the CBO [senior management?] in external events, workshops, active presence in the news/media is noticeable and highly appreciated by stakeholders.</p>
Comments	<p>A communications policy may encompass institutional affairs, public relations, and means and methods of communication for mass media. Communication actions should be targeted to specific audiences and for the public at large. The communication policy may also consider evaluation systems/methodologies to reinforce the efficacy of the methods used in daily communication with the public.</p>
Principle 1.7.2.	<p>Strategy/Tools: The central bank discloses the objectives, target audiences, channels, and tools of communication policy.</p>
Description	<p>Objectives and Strategy on Communication and Target Audiences</p> <p>The Central Bank does not disclose its communication objectives or target audiences to the public.</p> <p>Tools of Communication</p> <p>CBO has enhanced its presence on social media and focuses on engaging specific audience groups. CBO employs a variety of communication channels, including social media platforms (Instagram, LinkedIn, X, and YouTube), official publications, and direct participation in conferences and forums, ensuring that the information reaches its intended audiences effectively and efficiently.</p> <p>Events and educational activities are also disclosed through various channels:</p> <ul style="list-style-type: none"> • Workshop on wage protection system with the Ministry of Labor. • Speeches by the CBO Executive President regarding technical dialogues with society. • eKYC platform (the use of infographics is also used to simplify technical information). • Omani Youth Day. <p>The CBO Website</p> <p>The CBO website is an important tool of communication for the CBO it is in Arabic and English. The landing page is clear and easy to use. Not all tasks of the CBO are displayed on the welcome page; for example, topics such communications actions, international</p>

	<p>cooperation, consumer protection, human resources recruitment efforts do not appear on the website. Not all tasks of the CBO are displayed on the welcome page; for example, topics such communications actions, international cooperation, consumer protection, human resources recruitment efforts do not appear on the website.</p> <p>The tabs regarding substantive functions could be enhanced by more explanations and related data and links to specific research papers, CBO reports, and better data visualization like the use of graphics, charts, etc.</p> <p>The CBO website should have a clearer integration with other social media tools that are widely used by the CBO.</p> <p>A challenging issue on the website is the accessibility to published data like legislation and regulations, directives, and guidelines that are disclosed already to financial institutions. Therefore, already in the public domain but not organized in an easy and clear manner or not published on the CBO website.</p> <p>Channels Regarding Requests of Information</p> <p>The CBO has established different ways to disseminate points of contact for the public in general; the CBO website and through its "X" account.</p>
Review	<p>Expanded</p> <p>The CBO could reinforce and further define its institutional communication <i>objectives</i> in terms of transparency and communications by disclosing and institutional communications strategy. Targeted audiences could be clearly determined to easily understand CBO implementation actions. The CBO implements a broad menu of communication tools websites, social media platforms, publications, etc. Since there is no established strategy, it is difficult to know the efficiency of the communications efforts. Communication tools like publications, workshops and events, press releases, press conferences should be organized in an accessible manner to improve transparency and accessibility. Contact points (e.g., through email and by phone) should establish a time frame to respond to information requests. Disclosure of information to the public is not done through an established procedure with a clear and definite timeline.</p> <p>Along with the use of tools to reach the general public the CBO has started a new project called the citizens report. The aim is to engage with regular citizens and explain in simple language the role and functions of the CBO and what it does in practice.</p>
Comments	<p>The CBO could enhance the dissemination of its reports and publications by using simplified and accessible language and by increasing its visibility in digital platforms, using videos, infographics, and any other visual aids to simplify technical language targeting general public.</p> <p>Social media use as a communication tool could be strengthened, but it is important to understand that such a tool is complementary to the comprehensive range of other communication tools. That is the reinforcement of publications regarding technical issues (research studies) and non-technical like the Al Markazi Magazine would be highly appreciated by stakeholders.</p> <p>Of key importance for accessibility of information is to maintain information on the CBO website in a comprehensive and organized manner. For example, communication actions should be extensively covered: Publications (also by topic), events (international, educational, promotional), regular news, disclosure of information also by technical</p>

	<p>topics. The website does not present legislation and regulation in a sufficiently accessible manner that is the comprehensive legal framework of the central bank and the regulations that should be in the public domain (circulars, instructions, guidelines) regarding financial institutions, or any other financial topic should be in the CBO website easy and accessible manner.</p>
Principle 1.8.	Confidentiality: The central bank discloses its policy on confidentiality or secrecy of central bank information, including the reasons underlying the choices it has made on disclosure or non-disclosure of sensitive information.
Description	<p>The confidentiality of the central bank information is set forth in Article (24) of the Banking Law about the duty of secrecy imposed on the central bank officials and employees, and Article 70 (a) about the powers vested in the central bank to regulate the secrecy of the banking information.</p> <p>In AM/LCFT law the confidentiality is set in article 43 for and 47 and 49 related to the disclosure of the information and confidentiality of sharing any information related to AML/CFT.</p> <p>Also, the Civil Service Law and the Central Bank Staff Regulation contain provisions about Confidentiality, while the Penal Code incriminates the violation of this obligation by the public servants.</p>
Review	<p>Core</p> <p>Banking Law has general provisions regarding confidentiality establishing a legal framework for confidentiality for central bank officials and employees. More explanation and disclosure of confidentiality measures and policies would benefit transparency practices and will reinforce clarity.</p>
Comments	<p>Rules, regulations, voluntary policies or guidelines could be developed to implement confidentiality measures in accordance with the data's nature. If a confidentiality system is based on the content of the information, it is easier to accomplish CBO tasks that need data dissemination. It will also give certainty determining which information is by nature confidential. Some CBO tasks are intrinsically confidential, and some tasks deal with data that is intrinsically public (regulations) which needs to be publicly disseminated to accomplish its objectives.</p> <p>There should be an established policy to determine the reasoning that triggers confidentiality when information is requested by the public.</p> <p>The confidentiality system that the CBO puts in place should be explained to the public including the data classification system implemented.</p>
Pillar II—Central Bank Policies	
Principle 2.1.	Monetary Policy: The central bank publicly and clearly discloses the objectives, policy framework, and instruments of monetary policy.
Principle 2.1.1.	Objectives and Framework: The central bank discloses its monetary policy framework and strategy for achieving its objectives.

Description	<p>The primary goal of CBO's monetary policy is to ensure the stability of the exchange rate, which is an essential precondition for promoting other macroeconomic objectives in an open economy, such as economic growth, stable inflation, and financial stability. This objective is disclosed in the Monetary policy objective section of the CBO's website (see link). As stated in its objective, the CBO provides a description on how it achieves the stability of its exchange rate through sound liquidity management on its website. Key aspects and dimensions regarding how the monetary policy framework is implemented are disclosed on the website as follows:</p> <ul style="list-style-type: none"> • Liquidity management. The CBO uses two instruments to manage structural liquidity: direct instruments (Open Market Operations, OMO) and indirect instruments (Swaps and rediscounting facility) to manage. • Foreign exchange regime. Currently characterized by a fixed exchange rate regime, in which the national currency is pegged to the US Dollar. The fixed exchange rate regime of Oman is used to provide a nominal anchor and stable inflation. The fixed exchange rate regime and open capital account lead to automatic transmission of U.S. monetary conditions to Oman. Therefore, money supply in Oman is expected to closely follow the trend of the U.S. money supply. • The CBO anchors its monetary policy to that of the US Federal Reserve. The CBO determines its policy rate (repo rate) by referencing the upper limit of the US target federal funds rate (TFFR), with an additional spread of 50 basis points as a risk premium to accommodate for the different risk levels between the two economies. The repo (repurchase agreements) rate is considered the policy rate at which the CBO injects liquidity in the banking sector (see page 69, Annual Report 2022).
Review	Comprehensive
Comments	To further increase transparency, the CBO could explicitly disclose its operational target (repo rate) on its website.
Principle 2.1.2.	Policy Decisions: The central bank discloses its monetary policy decisions in a timely manner and indicates how the decisions foster the achievement of its monetary policy objective(s). The central bank discloses the process by which policy decisions are taken, including with respect to the meeting calendar of its monetary policy decision-making bodies and their voting procedures.
Description	<p>As stipulated in the Banking Law, the Board of Governors shall be authorized and empowered to establish the appropriate monetary policy for the Sultanate.</p> <ul style="list-style-type: none"> • Regular meetings of the Board of Governors are held according to a regular schedule set by the Board of Governors which shall provide for meetings at least quarterly (Article 16). • Since 2022, CBO discloses on a regular basis its repo rate decisions and provides explanation of monetary policy decisions in the context of its monetary policy objective.
Review	Expanded

	Although the CBO offers explanations for its policy decisions, details on the preparation, governance bodies, and decision-making process are lacking, with no description provided on how decisions are made and implemented.
Comments	Transparency could be enhanced by explicitly stating whether there is an internal committee responsible for preparing monetary policy decisions and detailing the decision-making process involved in conducting monetary policy. Furthermore, CBO could improve the clarity of its communication on monetary policy communication by using different languages for the general public (e.g., households) and the specialized audiences to convey the same message.
Principle 2.1.3.	Supporting Analysis: The central bank discloses relevant economic information and supporting analysis that informs its monetary policy decisions.
Description	<p>The reasons behind the CBO's monetary policy decisions are intricately linked to the factors influencing the US Federal Reserve's Fed Fund rate target decisions. These connections are clearly disclosed in the repo rate decision press releases. Furthermore, the CBO disseminates summaries of recent economic, monetary, and financial developments through a variety of publications, all accessible for download from the CBO's website. These publications include:</p> <ul style="list-style-type: none"> • Monthly and Quarterly Statistical Bulletins: These bulletins highlight the principal economic and financial variables crucial to the CBO's liquidity management operations. • Review of Banking and Monetary Development: This review provides an overview of the balance sheets of financial and non-financial institutions. • Macroeconomic Stability Report: This report provides an overview of the global economic development and oil prices. • Annual Report: This report offers a current evaluation of the economy, public finances, monetary systems, banking and financial institutions, and an external sector assessment. • Research Papers: The CBO has released analyses focusing on modeling and forecasting currency in circulation (CiC) for liquidity management purposes, drivers of inflation dynamics, labor market conditions, and financial stability.
Review	Core
Comments	The establishment of a centralized data hub, aimed at facilitating macroeconomic and liquidity forecasting (a component already incorporated in the Monetary Policy Enhancement Project 2020), would further improve the implementation of CBO's monetary policy. The CBO can also disclose scenario analysis that inform its policy decisions and provides a special data dissemination standard (Excel, CSV) to facilitate data extraction by the external entities as some stakeholders indicated in the meeting the difficulty to extract data from CBO website for their internal analysis.
Principle 2.2.	Cross-Border Financial Flows and Foreign Exchange Administration: The central bank is clear about its role in determining and implementing the policy on cross-border financial flows and foreign exchange administration. It discloses the objective(s), the legal

	and institutional frameworks it is acting under, its policy decisions, as well as the process by which policy decisions are taken.
Principle 2.2.1.	Objectives and Framework: The central bank discloses the policy's objective(s), legal and institutional frameworks, and the strategy to achieve the policy objectives. There is clarity whether the central bank can delegate some of its functions to implement policy decisions to other entities and on the modalities of such delegation.
Description	<p>Legal and Institutional Framework</p> <p>The CBO contributes to the maintenance of a stable, competitive, and market-based financial system. To achieve this objective (Article 1 (a) of the Banking Law states as it objective "To promote the development of banking institutions which will ensure the maintenance of the financial stability, contribute to the economic, industrial and financial growth and enhance the position of the Sultanate in international financial affairs".</p> <p>Article 14 (g) of the Banking Law gives the power to the CBO to withdraw licenses and in general regulate financial institutions and sanction them if necessary; paragraph (h) determines the supervisory power to the CBO over financial institutions.</p> <p>Specifically to foreign exchange administration, Article 14 (l) of the Banking law states that the CBO has the power to "promulgate regulations related to currency control, including, but not limited to, limitations on the foreign currency to be held within the Sultanate by licensed banks, the interest to be paid on non-resident accounts held by such banks within the Sultanate and restrictions or limitations on the foreign transfer of currency of the Sultanate or its removal from the Sultanate should such action be required to maintain the value supply and stability of credit and currency in the Sultanate."</p> <p>Article 14 (m) allows the CBO "to promulgate regulations of the Central Bank prescribing limitations on the amount and nature of the Foreign currencies and securities held within the Sultanate by licensed banks, procedures to be followed by licensed banks in trading therein, and the uncovered foreign exchange position which may be maintained by licensed banks."</p> <p>Objectives</p> <p>The CBO regulates, licenses, and supervises banks, savings houses, e-money companies and other financial institutions and supervises the application of the regulations that govern foreign currency operations, exchange operations, money transfer services and anti-money laundering systems and customer protection. This responsibility is also implemented through the enactment of secondary regulations like guidelines, circulars and Board of Directors Resolutions; covering topics such as guidelines for credit exposure to non-residents and placement of funds abroad, regulations for the organization of money changing and issue of drafts.</p>
Review	<p>Expanded</p> <p>The CBO discloses on its website the legal framework for foreign exchange administration and foreign exchange financial flows established in the Banking Law and AMLTF Law, Consumer Protection Framework, Banking Circulars and Regulations.</p> <p>The specific strategy regarding foreign exchange administration on how to reach its objectives is not disclosed nor explained to the public.</p>

Comments	<p>The legal framework for foreign exchange administration and cross-border financial flows should be clearly explained to the public, not only on the CBO's website where the complete framework should be disclosed, but also in the Annual Report.</p> <p>In the CBO website should be clearly established that the CBO regulates, licenses, and supervises banks, savings houses, money companies (money changers) and other financial institutions and supervises the application of the regulations that govern foreign currency operations, exchange operations, money transfer services and anti-money laundering systems and customer protection.</p> <p>The legal framework should be accessible not only to financial institutions but to the public at large, a compendium of legislation and regulations should be made and disclosed to the public.</p> <p>The objectives and criteria for the enactment of new policies and their implementation should be disclosed in the Annual Report.</p>
Principle 2.2.2.	Policy Decisions: Policy decisions, whether on new actions or changes to standing policy or other changes in the regulatory framework, are publicly announced, explained, and disclosed in a timely manner. The central bank is clear about the process by which policy decisions are taken.
Description	<p>There is no disclosure of policy decisions to the public, on foreign exchange financial flows or foreign exchange administration. In topics like:</p> <ul style="list-style-type: none"> • Current and capital transactions among residents and nonresidents. • Introduction of protective measures in case of threats to distortions in the balance of payments or destabilization of the financial system due to inflows/outflows of foreign capital. • Manners and conditions of fast money transfers.
Review	Not Implemented
Comments	<p>Disclosure could be enhanced by explaining to the public the reasons for new or amended regulations on foreign capital flows and foreign exchange administration and its implications for the financial institutions that are allowed to perform such transactions.</p> <p>Policy changes in the monitoring task (approval or licenses, new supervisory requirements, scope of the supervision in general, of specific topics, sanctions systems, etc.) should be timely disclosed and explained to stakeholders.</p> <p>Controls of Foreign Exchange transactions should be also disclosed and explained to the public in a timely manner since it affects the business community at large and private transactions. Request of feedback from the business community could be advisable. Wide dissemination in the media with clear explanations of the needs for such measures should be put in practice.</p>
Principle 2.2.3.	Supporting Analysis: The central bank discloses in a timely manner the supporting analysis, including the intended outcome that informs its policy decisions.
Description	-

Review	Not Implemented The CBO does not disclose supporting analysis including the intended outcome that informs its policy decisions.
Comments	The CBO could disclose and explain procedures, or general consideration, in case of distortions of the balance of payments and destabilization of the financial system due to foreign exchange financial flows. Economic analysis that influences policy decisions could be also disclosed and explained. Changes in regulations and their underlying reasoning could be disclosed in the CBO reports: annual or financial stability report.
Principle 2.3.	Foreign Exchange Management: The central bank clearly and publicly discloses its foreign exchange policy objectives, including the hierarchy of objectives and the operational framework and instruments of foreign exchange interventions.
Principle 2.3.1	Objectives and Framework: The central bank discloses its policy objectives and legal, operational, and institutional frameworks, consistent with the chosen foreign exchange regime.
Description	The CBO discloses on its website the exchange rate regime, characterized by a fixed exchange rate where the national currency is pegged to the US Dollar. The CBO plays a crucial role in the FX market, intervening to manage structural domestic liquidity and maintain the peg. Given that exchange rate stability is the primary objective of the CBO, FX management serves as the principal policy tool for achieving its monetary policy goals.
Review	Comprehensive
Comments	-
Principle 2.3.2.	Policy Decisions: The central bank discloses its decision-making process, including the rationale for foreign exchange management instruments, and the means and methods of reaching a decision. The potential impact of its policy decisions is explained in a timely manner.
Description	The fixed peg has remained unchanged since the last change in the parity in 1986 and is set to USD 2.6008 per RO. Depending on the day-to-day movements in the exchange rate of the US Dollar in relation to the currencies of other countries, the exchange rates of the RO also change accordingly.
Review	Core
Comments	To enhance transparency in FX management, the CBO may consider publishing its FX management decision making process regarding the peg.
Principle 2.3.3.	Supporting Analysis: The central bank discloses its assumptions, transmission channels, and analysis backing the intervention policy decisions, as well as ex-post evaluation of economic impact.

Description	-
Review	Not Implemented
Comments	CBO could conduct ex-post evaluation of the impact of liquidity management on FX market and study the transmission channel of its liquidity management on FX market dynamic. Moreover, the CBO could provide a special data dissemination standard (Excel, CSV) to facilitate data extraction by external entities as some stakeholders indicated in the meeting the difficulty to extract data from CBO website for their internal analysis.
Principle 2.4.	Foreign Exchange Reserve Management: The central bank discloses its policy objectives for foreign exchange reserve management, along with key considerations behind the policy, details on how oversight responsibility is allocated, and the potential impact of the policy.
Principle 2.4.1.	Objectives and Framework: The central bank discloses broad investment objectives, operative models, how it allocates oversight responsibility, and the institutional framework of its policy decisions.
Description	<p>Policy Objectives: The CBO clearly discloses its policy objectives for foreign exchange reserve management. These objectives include ensuring liquidity, preserving capital, and achieving a reasonable return on investments</p> <p>Operative Models: As per the Banking Law (chapter 3), the CBO operates under a well-defined legal framework that mandates the management of foreign exchange reserves. This framework supports the Bank's strategic objectives and investment practices. The operative models include investments in high-quality, low-risk assets such as government securities and bonds. The CBO ensures that its investment practices align with international best practices to manage risks effectively. Unfortunately, the operative models are not disclosed.</p> <p>Oversight Responsibility: The CBO has a robust governance structure with clear oversight responsibilities. The Board of Governors oversees the FX exchange reserve management policies, ensuring accountability and transparency. The Banking Law (article 17 (a)) notes that "The Central Bank shall prepare a monthly statement for distribution to each governor showing the financial condition of the Central Bank, including a statement of the domestic and foreign currencies held as reserves..." A summary of such statements shall be prepared for publication in the official gazette quarterly.</p> <p>In addition, Directives of Reserve Asset Management Committee and Investment Committee play a crucial role in reviewing and approving investment decisions, thereby ensuring that there are multiple layers of oversight. Such Directives are not disclosed.</p> <p>Institutional Framework: Royal Decree 114/2000 (Banking Law)), grants the CBO authority to manage reserves. Article 31 determines the policy on regarding the level of reserves; it notes that "The Central Bank at all times maintain reserves of external assets which shall be related in value of currency notes and coins in circulation un such ratio as may be prescribed from time to time by the Board of Governors subject to the approval of His Majesty the Sultan."</p> <p>The website mentions in broad terms that the "Foreign Exchange Reserve Assets Portfolio" (FXRAP) is managed by officials of Investment and Treasury in compliance with Banking Law, Investment Guidelines, Board of Governors' Directive, Directives of the</p>

	Reserve Asset Management Committee (RAMC) and the Investment Committee (IC). However, neither the Investment guidelines nor Directives are published on the website or in the Annual Report.
Review	<p>Core</p> <p>On its website, the CBO explains in broad terms investment objectives, operative models, allocation of oversight responsibilities, and makes a reference to the institutional framework guiding its policy decisions. Investment guidelines are not disclosed. Investment and risk constraints, or benchmarks are not explained. Parameters for the control of credit risk and exposure limits, market risks and risk tolerance parameters and operational risk should be disclosed and explained. Accordingly, further disclosure could be made through the annual reports and the CBO website.</p>
Comments	<p>The CBO could expand its transparency by including details on investment benchmarks and investment constraints. Investment guidelines regarding the division of responsibilities among the committees should be disclosed and explained to the public.</p> <p>The Annual Report could provide an overview of the investment strategy, objectives, and operative models for that specific year. The report could give a detailed explanation on how the principle of security regarding investment of foreign reserves guided (that year) the investment decisions.</p> <p>A dedicated Report on International Reserves could provide a more detailed description that would include the objective of each policy decision, governance, risk exposure (credit and market), and investment benchmarks. It could also detail how each of these interacts with other policies. A dedicated report could provide more clarity on how the adequacy and liquidity of reserves are determined.</p>
Principle 2.4.2.	Policy Decisions: The central bank discloses key elements of policy formulation, related risk exposures, instruments, decision-making hierarchy, and the oversight allocation process.
Description	<p>The CBO's strategy for achieving its policy objectives is explained on the CBO website. The Central Bank of Oman's foreign exchange reserves are divided into several tranches to address different investment objectives: the Liquidity Tranche, which addresses the liquidity needs of commercial banks; the Bridge Tranche, which serves as a buffer when the Liquidity Tranche falls below a certain threshold; and the Income Tranche, which focuses on capital preservation and enhanced returns through core investments.</p> <p>Policy decisions (from the Board) regarding the allocation of the FXRAP that can be managed by external fund managers could be explained and disclosed.</p> <p>The website notes that the CBO provides Foreign Exchange Swaps to banks, allowing them to swap US Dollars for Rial Omani (RO) to address short-term liquidity needs.</p> <p>The website specifies the instruments used by the CBO for managing reserves, including dealing with short term Money Market instruments (Money Market transactions, Call/Current accounts, BIS instruments (FXBIS and FRIBIS), Repurchase Agreement, Certificates of Deposits), and Foreign Exchange transactions (Spot, Swaps, Forward and other approved instruments as per the Investment Guidelines which are not disclosed).</p>
Review	Core

	The CBO's policy formulation, instruments, decision-making hierarchy, and the oversight allocation process are explained on the website, though links to policies, guidelines, or directives are absent. The "Investment Guidelines" Board of Governors' Directives, and directives from the Reserve Asset Management Committee (RAMC) and the Investment Committee (IC) are not published or explained in more detail.
Comments	<p>The Investment Guidelines and the policy regarding the allocation of responsibilities in the decision-making hierarchy could benefit from more in-depth explanation or disclosure of its policies and guidelines.</p> <p>The CBO could provide more clarity regarding the allocation of oversight responsibility over FX reserves and investment, in particular on the procedures that follow the submission of quarterly reports by the Treasury Department and Investment Department and subsequent submission to the Executive President.</p>
Principle 2.4.3.	Supporting Analysis: The central bank discloses the key assumptions and review process related to its policy decisions.
Description	The CBO does not disclose information regarding the key assumptions and the assessment process related to its policy decisions.
Review	Not Implemented
Comments	-
Principle 2.5.	Macroprudential Policy: The objectives, decision-making process, and instruments of macroprudential policy are clearly communicated to the public. Indicators and supporting analysis to assess the need for macroprudential measures are disclosed alongside policy decisions.
Principle 2.5.1.	Objectives and Framework: The central bank discloses its macroprudential policy framework, including its objectives, instruments, and strategy for achieving its objectives.
Description	<p>The CBO website mentions that CBO formed an independent Financial Stability function in 2011. It also mentions (with links) that the CBO issues an annual Financial Stability Report (FSR) which "provides guidance to regulators, government and market participants with the objective to recognize vulnerabilities and safeguard infrastructure, institutions, and different aspects encompassing the Omani financial system."</p> <p>Additionally, the CBO website refers to a Financial Stability Unit which undertakes "close and regular reviews of all relevant factors relating to continued stability, scope for volatility, systemic risks, etc. which are being done with wide-ranging tools including analysis of current and prospective market developments (domestic, regional and global), vulnerability assessments, sensitivity analysis and stress testing."</p> <p>The CBO website notes that a Joint Financial Stability Committee (JFSC) was formed to assist in shaping the financial-economic regulatory philosophy of maintaining stability in Oman. The JFSC is chaired by the Executive President of CBO, with the Executive President of the Financial Services Authority as Vice Chair and other senior representatives from relevant governmental entities (see also article 13 of Circular BM 1160/2019 on the Bank Resolution Framework for Oman). The objective set to strengthen</p>

	<p>financial regulatory coordination and create a surveillance framework that can monitor and report on market trends and financial stability related issues.</p> <p>The CBO website does contain links to several circulars relating to the macroprudential policy framework, but the circulars do not contain a conceptual framework or a macroprudential policy strategy.</p>
Review	<p>Not Implemented</p> <p>The CBO website does not disclose the objectives, strategy for achieving its objectives, and instruments of macroprudential policy. The FSR does not include a chapter devoted to explaining the conceptual framework for CBO's macroprudential function or facets of its macroprudential policy strategy.</p>
Comments	<p>The CBO may consider describing the conceptual framework underlying its macroprudential policy function in the FSR, as well clarifying it in an accessible way on its website.</p> <p>The CBO informed the mission that it is currently working on a single document containing the macroprudential framework. It is not yet clear at this stage if and when the framework will be made public.</p>
Principle 2.5.2.	<p>Policy Decisions: The central bank publicly announces its macroprudential policy decisions in a timely manner and discloses the decision-making process leading up to macroprudential action.</p>
Description	<p>The CBO announces the macroprudential policy decisions taken by the Board of Governors in circulars that are sent to the banks and published in the Official Gazette, for instance Circular BM 1109/2013.</p> <p>The CBO does not disclose the decision-making process leading up to macroprudential action on its website or else. The CBO does not explain the rationale and merits of macroprudential policy decisions and how they are used to pursue its policy objectives.</p>
Review	<p>Core</p> <p>The CBO does publicly announce adjustments to its macroprudential policy tools, but it is not clear if this is always done in a timely manner. Its decision-making process leading up to macroprudential decisions is not clear. The coordination of its decisions with other relevant public authorities within or outside the JFSC is not disclosed.</p>
Comments	<p>Several stakeholders suggested that the CBO could be more transparent about its macroprudential policy decisions.</p> <p>To increase the level of transparency on macroprudential policy decisions, authorities could consider publishing an explanation of the policy decisions taken on its website, including the factors taken into account and how the decisions pursue the broader macroprudential objectives.</p>
Principle 2.5.3.	<p>Supporting Analysis: The central bank discloses the key indicators and analyses used to assess the need for macroprudential measures. It explains the rationale and the expected transmission channels of policy instruments in achieving their objectives.</p>

Description	<p>The CBO has published an annual Financial Stability Report since 2013 (Oman Macroeconomic Stability Report2023.pdf) that assess developments and risks in the financial sector. The FSR provides an overview of financial stability and systemic risks in the Sultanate, including a Composite Financial Stability Indicator (CFSI) that has been developed to enhance transparency and communication with both the public and stakeholders (see 2023 Working Paper). In addition, it assists policy makers to disentangle the causes and sources of stress to financial stability.</p> <p>The FSR also describes the vulnerabilities and risks for the financial stability of the banking sector and of the payment and settlement infrastructure, and contains a number of stress tests to assess the resilience of the banking system carried out by CBO, such as macro scenario based, hypothetical and reverse stress testing.</p> <p>The FSR does not include a section on macroprudential policy, which describes its methodology, policies and instruments and how these instruments are used to mitigate the risks in the financial system.</p>
Review	<p>Expanded</p> <p>The FSR provides a well-informed overview of risks in the banking sector and has developed a financial stability indicator to inform the general public and stakeholders. The FSR also discloses the general design and results of periodic stress tests of the banking sector. However, the FSR does not explain the macroprudential methodology, the architecture of the instruments and the way in which the instruments are used to limit the financial risks of the financial sector.</p>
Comments	<p>Stakeholders generally felt the rationale for policy decisions was well disclosed in the annual FSR.</p> <p>To achieve enhance transparency about supporting analysis for macroprudential policy, the CBO could consider:</p> <ul style="list-style-type: none"> • Publication of quarterly financial soundness indicators directly in the financial stability section of the CBO website. • Publication of ex-post evaluations of policy actions that examine whether tools had the intended effects, once such evaluations are available.
Principle 2.6.	Microprudential Supervision: Selected principles from BCP, ICP, and IOSCO.
	Reference as per Section II.A. of the Guidance Note .
Principle 2.7.	Emergency Liquidity Assistance: The central bank discloses the scope and objectives of emergency liquidity assistance, while maintaining the necessary confidentiality, to preserve financial stability and in support of monetary policy and its implementation.
Principle 2.7.1	Market-wide Liquidity Support: The central bank discloses the scope and objectives of market-wide liquidity support, while maintaining the necessary confidentiality, to preserve financial stability and in support of monetary policy and its implementation.
Description	Currently, the CBO lacks a formalized Emergency Liquidity Assistance (ELA) framework, and its role as a lender of last resort is not specified within the Banking Law. Nonetheless, the CBO has initiated several measures to finalize the legal framework governing its

	Lender of Last Resort (LoLR) function. This effort is part of the broader Monetary Policy Enhancement Project (MPEP), as detailed in the 2020 Financial Stability Report .
Review	Not Implemented
Comments	The CBO's ELA Framework has been completed, reviewed, discussed with the MoF, but it is yet to be issued. Therefore, as of July 2024, it is not published by CBO. Once the ELA Framework is approved by the CBO's board of Governors and officially issued, CBO intends to publish a public version of it on its website and issue press releases to announce this.
Principle 2.7.2	Bilateral Liquidity Support: The central bank discloses the scope and objectives of bilateral liquidity support, while maintaining the necessary confidentiality, to preserve financial stability and in support of monetary policy and its implementation.
Description	-
Review	Not Applicable
Comments	The CBO is currently formalizing its ELA framework.
Principle 2.8.	Resolution: Selected principles from KA
	Reference as per Section II.A. of the Guidance Note
Principle 2.9.	Financial Market Infrastructures: Selected principles from PFMI
	Reference as per Section II.A. of the Guidance Note .
Principle 2.10.	Financial Integrity: The central bank discloses its policies and powers for Anti-Money Laundering/Countering the Financing of Terrorism supervision, and a description of its internal control framework relating to the activities or services that may give rise to Money Laundering/Terrorist Financing risk.
Principle 2.10.1	AML/CFT Supervision: The central bank discloses information relating to its policies and powers supporting its Anti-Money Laundering/Countering the Financing of Terrorism supervisory activities.
Description	<p>AML/CFT Supervisory Policies and Powers</p> <p>The CBO discloses information on its AML/CFT supervisory powers on its website, as well as very general information on its AML/CFT supervisory policies and related regulations and guidance. The CBO is the AML/CFT supervisory authority for Oman's banks, finance leasing companies, money exchange establishments, and payment service providers. The CBO issued a number of circulars for the sectors under their supervision. Some of these circulars contain clear enforceable obligations.</p> <p>The CBO issued comprehensive guidelines—along with the Financial Services Authority—to assist the financial institutions in understanding their AML/CFT obligations under Royal</p>

	<p>Decree No.30/2016 Promulgating the Law on Combating Money Laundering and Terrorism Financing ("AML/CFT Law").</p> <p>Specifically, these Guidelines are applicable to all natural and legal persons in the following categories: Banks, finance leasing companies, money exchange establishments, payment service providers Insurance and Takaful Companies, agents and brokers; Companies operating in the securities sector and Muscat Clearing and Depository Company Virtual Asset Service Providers (VASPs) Guidance to financial institutions in relation to targeted Financial Sanctions (TFS) and the related Ministerial Decision No. 1/2022 of the National Committee for Combating Terrorism (NCCT) were issues separately.</p> <p>All relevant information can be found on the CBO's external website: https://cbo.gov.om/Pages/AntiMoneyLaundering.aspx</p> <p>AML/CFT Internal Control Framework</p> <p>The CBO does not provide financial services to the public and therefore does not have an internal AML/CFT control function. Therefore, this pillar is not assessed and is considered not applicable.</p>
Review	<p>Core</p> <p>The CBO discloses comprehensive information on its AML/CFT supervisory powers as well as information on its AML/CFT supervisory policies and related guidance.</p>
Comments	<p>The CBO does not provide financial services to the public and therefore does not have an internal AML/CFT control function. Therefore, this pillar is not assessed and is considered not applicable.</p>
Principle 2.10.2	<p>Internal AML/CFT Controls: The central bank discloses description of its internal AML/CFT control framework relating to its activities or services that give rise to money laundering and financing of terrorism risk.</p>
Description	-
Review	Not Implemented
Comments	-
Principle 2.11.	<p>Consumer Protection: The central bank discloses its policies relating to consumer protection, conducted solely or jointly with other agencies.</p>
Description	<p>Institutional Arrangement and Mandate</p> <p>Issues concerning consumer protection are covered in several specific laws pertaining to the CBO. This includes data privacy and protection as provided for in Article (70) of the Banking Law and Article (16) of the National Payment Systems Law 8/2018, Freedom of Banking Relationships in Article (71) of the Banking Law, and Dispute Resolution in Article 4 of the Banking Law. The transparency and disclosure requirements are imposed on licensed institutions pursuant to Article 72 of the Banking Law and (19) of the National Payment Systems Law. As per the Banking Law CBO regulates financial institutions.</p>

	<p>The CBO's Customer Service Department (CSD) was established several years ago to implement the Consumer Protection Framework, including the newly created dispute resolution mechanism.</p> <p>Disclosure of Measures and Transparency of Financial Institutions and Legal Framework for Consumer Protection that Relates to Fair Treatment and Business Conduct</p> <p>In reference to disclosing the policies relating to the consumer protection, the CBO has established and published the Financial Consumer Protection Regulatory Framework (FCPRF) on 21 August, 2023 for banks and licensed non-banks. The framework is published on the CBO website for the information of the general public (circulars with numbers BM 1184, FM 37, ME 36). The FCPRF covers all aspects of consumer protection, i.e., the five core principles/functions to protect the financial consumer: disclosure & transparency, fair treatment and business conduct, data protection & privacy, dispute resolution mechanism, and financial education.</p> <p>Currently, CSD is working on preparing a Unified Service Catalogue that contains descriptions of all services provided by the CBO's different departments. This catalogue shall contain all details about the services including description, terms and conditions, provision channel, followed procedure/steps, time taken, fees and required documents. The catalogue is to be published and accessible by all CBO's stakeholders, though it is not clear at this point what the intended timeframe for publication will be. Compliance will be evaluated through onsite and offsite supervision and violations are subjected to penal measures as per the extant guidelines.</p> <p>Data Protection and Privacy Usage of Customer Data and Information Sharing of Consumer Data</p> <p>The FCPRF covers all aspects related to data protection, that is lawful collection and usage of customer data, confidentiality, and security of customer's information, sharing of customer's information, financial institutions are required to establish a separate organizational unit for data protection and privacy and are obliged to report to the CBO any breach on financial consumer data.</p> <p>Dispute Resolution Mechanism (Attention to Complaints and Inquiries)</p> <p>The FCPRF determines that each bank must have its own internal system for dispute resolution and internal complaint handling and establishes the procedure. The regulations determine the complaint system must be widely disseminated among financial customers. A reporting mechanism to the CBO and disclosures by Banks and non-banks on customer complaints is also a requirement to financial institutions under the framework.</p> <p>The FCPRF does not describe the dispute resolution mechanism of the CBO itself, therefore no procedure of the consumer complaints handling by the CBO is considered in the Consumer Protection Framework. Currently, CSD is the one handling consumer complaints and queries by financial consumers.</p> <p>Development of Financial Education</p> <p>The published FCPRF is extensive in describing the responsibilities of financial institutions regarding financial education and financial capability.</p>
Review	Not Implemented

Comments	<p>The currently ongoing effort to enact a new Banking Law provides an opportunity to establish a clear mandate for the CBO on consumer protection and anchor the FCPRF in the law.</p> <p>It would be important to disclose the responsibilities of CSD on the CBO website, clarifying its role and responsibilities but mostly the type of service that is available to the public. The channels of communication with banks and other financial institutions could be also explained to the public.</p> <p>The CBO itself should further disclose its own policy regarding financial education, since it has been implementing educational campaigns and dissemination of the FCPRF with its stakeholders and target populations. Any other CBO actions to implement and disseminate the FCPRF should be disclosed.</p>
Pillar III—Central Bank Operations	
Principle 3.1.	Monetary Policy: The central bank discloses its operational framework with a well-defined operational target, objectives, instruments, collateral, and access criteria.
Principle 3.1.1.	Instruments: The central bank discloses its monetary policy instruments.
Description	Under a fixed exchange rate regime, monetary policy primarily entails domestic liquidity management, as the peg constrains the independent execution of monetary policy. The CBO's decisions regarding the monetary policy operational framework—including its key objective, intermediate target, and instruments—are publicly disclosed on its website. The explanation of how the CBO addresses any domestic liquidity mismatches, is detailed on the website . Furthermore, the law delineates the tools available to the Central Bank for implementing its monetary policy. Specifically, Articles 14(d) and 28 of the Banking Law outlines the instruments used in open market operations and Central Bank facilities, while Articles 62 and 63 establish reserve requirements for commercial banks.
Review	Core
Comments	The operational target is not clearly defined and disclosed to the public.
Principle 3.1.2.	Coverage: The central bank discloses: (i) the type of instrument (open market operations, standing facilities, other facilities, reserve requirements, and direct instruments of monetary control); (ii) the characteristics of each instrument; and (iii) the collateral framework.
Description	The range of monetary policy instruments available to the CBO is detailed on its website . The CBO actively works to maintain sufficient liquidity in the system, either by absorbing or injecting liquidity as circumstances require, utilizing a variety of instruments at its disposal. These include Repo/Reverse repo operations, Discount/Rediscount of Commercial Papers, Certificates of Deposit, Discount of Treasury Bills, Foreign Exchange Swaps, and Direct Lending of US Dollars to Local Banks. For each instrument, the CBO outlines its characteristics and explains how it is employed in the conduct of monetary policy.
Review	Core

Comments	Although the CBO has approved a list of securities eligible for monetary policy operations, this list, along with the pricing and haircut of the collateral, is not made publicly available. Moreover, the terms and conditions of and reserve requirements (ratios, remuneration, maintenance period, and averaging provision – if any)) are not published.
Principle 3.1.3.	Access: The central bank discloses the monetary policy counterparties' framework.
Description	The CBO discloses the monetary policy counterparties respective access rights on its website. The Banking Law also defines the CBO counterparties in Articles 14 (d), (28), (62), and (63).
Review	Core
Comments	To further increase transparency, the CBO could consider enhancing its eligibility criteria of monetary policy counterparties, as well as the terms and conditions for participating.
Principle 3.2.	Cross-Border Financial Flows and Foreign Exchange Administration: The central bank discloses how it implements this policy in terms of the instruments and the scope of its operations and actions.
Principle 3.2.1.	Instruments: The central bank's instruments for implementing the policy and the circumstances in which they can be used are clearly defined and disclosed.
Description	<p>The CBO discloses the instruments it uses for implementing its policy on foreign exchange administration and financial flows through the Banking Law regarding the issue of licenses for foreign exchange offices, reporting requirements, and penalty provisions established in the Banking Law. The regulatory framework regarding Islamic Banks is also disclosed on the CBO website.</p> <p>Foreign Exchange swaps and direct lending of US dollars to local banks are mentioned on CBO website as tools used to alleviate the impact of the financial crisis.</p> <p>The types of monitoring and enforcement instruments like the sanctions system (framework) are disclosed on the CBO website as a circular.</p>
Review	<p>Core</p> <p>The instruments (i.e., Decisions, licenses/approvals, reports, monitoring and enforcement instruments, and foreign exchange transactions) that the CBO uses to implement foreign exchange administration are disclosed on the website and other digital means. But not all regulations are easily accessible on the CBO website or are not published.</p> <p>More information should also be disclosed on the CBO website in an explanatory way like types of licenses/approvals that the CBO can grant; the types of reports to be submitted to the CBO; the types of monitoring and enforcement instruments (including sanctions) that the CBO can impose.</p>
Comments	Disclosure of a consolidated version of the regulations regarding foreign exchange administration and foreign exchange financial flows together with a brief description (e.g., objectives and scope) would enhance transparency. A dedicated section on the CBO website written in an easily understandable manner for the general public (not only banks

	and informed professionals) would be helpful for the disclosure of the types of licenses and approvals that the CBO can grant; the types of reports to be submitted to the CBO; the types of monitoring and enforcement instruments (including sanctions) that the CBO can impose.
Principle 3.2.2.	Coverage: The central bank discloses information about the persons (entities and individuals), transactions, and other aspects of the foreign exchange system that it can and does regulate; persons, transactions, and activities that it can license, approve, monitor, and sanction; and foreign exchange transactions that it can perform.
Description	<p>The Banking Law and some published circulars and regulations establish the entities allowed to perform foreign exchange operations. This information is disclosed on the CBO website and by social media.</p> <p>Some information related to Foreign Exchange Administration can be found.</p> <p>In the AMLCFT law article (51(g)) CBO disclosure the information to the foreign supervisor and head office of any foreign branch about the breaches and gaps. Also, as part of the international cooperation CBO share information about and ML TF PF typology or risk or attend any request related to ML TF PF with any country as part of exchanging information. This exchange of information is carried out through licensing stage where CBO requests or provides information about the entities and individuals requested for CBO approval.</p> <p>Also, the CBO issues circulars on entities and individuals listed in the OFAC, TFTC, and local lists in case of any exposure linked to Oman. Accordingly, financial institutions become aware and report the transactions to CBO. CBO receive requests from the national committee countering terrorism or ministry of foreign affairs of any entity or individual sanctioned in other lists or in case of requests raised related to sanctions and CBO accordingly inform the FI in case-to-case basis.</p>
Review	<p>Core</p> <p>The regulatory framework (laws, decisions, manuals, instructions) should be published on the CBO website in an accessible manner on the website. If regulations are already disclosed to financial institutions and in the public domain, then these should be made accessible to the public in general.</p> <p>The CBO website does not present Foreign Financial Flows and Foreign exchange administration as a topic but only refers to these issues in relation to other topics, as stated in the description.</p> <p>A more user-friendly explanation of licensing/approval requirements, and documents to be submitted in that regard would enhance further transparency. The conditions for granting a license and the procedure for imposing sanctions for noncompliance with the regulatory framework and decisions in individual cases could be explicitly stated and explained to the public.</p>
Comments	<p>The CBO should explain procedures related to foreign exchange administration and financial flows established for financial institutions.</p> <ul style="list-style-type: none"> • The types of activities, persons, and transactions falling under the supervision of the CBO; -the rules and conditions for carrying out regulated transactions and activities.

	<ul style="list-style-type: none"> • The licensing/approval requirements; the considerations underlying the decisions on granting the license/approval (or denial of it) for the various activities/ persons. • The procedure for granting licenses/approvals, including the time limit within which a decision must be made and communicated to the affected person and the role and responsibilities of its decision. • The reporting requirements that entities (including banks) and individuals must comply with and the types of persons/transactions that are subject to such requirements. • The forms in which required reports are collected and the relevant compilation guidelines; the types of entities/individuals/transactions that are subject to monitoring by the CBO and the relevant monitoring instruments; the types, scope, and extent of sanctions that can be imposed for noncompliance with the various regulations. • To publish decisions in individual cases, including the considerations underlying the rejection of a request for license/approval (if any) are communicated to the affected persons in a timely manner.
Principle 3.3.	Foreign Exchange Management: The central bank discloses how it implements its foreign exchange policies framework in terms of instruments, markets, size, and mode of access.
Principle 3.3.1.	Instruments: The central bank discloses the set of instruments used for foreign exchange management policy, key considerations under which these instruments are chosen, and eligibility criteria of counterparties and mode of access.
Description	The fixed exchange rate regime and open capital account result in the automatic transmission of U.S. monetary conditions to Oman. Consequently, the money supply in Oman is expected to closely mirror the trends of the U.S. money supply. The CBO website and the Banking Law provide some disclosure regarding the instruments used for foreign exchange management.
Review	Core
Comments	To foster market development and enhance transparency, the CBO could publish the rules governing its modes of operation, its FX market convention, and the eligibility criteria for its FX management counterparties.
Principle 3.3.2.	Coverage: The central bank discloses the markets and agents who are targeted by the foreign exchange management policy.
Description	The CBO clearly communicates the targeted markets and agents involved in FX market operations on its website , along with a list of licensed exchange rate establishments authorized for foreign currency exchange and cross-border money transfers, as detailed in the 2022 Annual Report [include link from CBO website]. Additionally, transaction flows within the FX market are described on the CBO's website . The government sells foreign exchange to the CBO to satisfy its Omani Rial (RO) needs, while banks seek foreign exchange from the CBO for day-to-day operations, primarily to fulfill customer requirements. To effectively maintain the currency peg, the CBO must ensure it possesses

	<p>sufficient foreign exchange reserves to address any potential liquidity demands in the system. Operations of Money Exchange Establishments are periodically reviewed by the CBO to ensure adherence to existing regulations, and the balance sheets of these establishments are published in the CBO's annual reports.</p> <p>The CBO regulations permit banks to have foreign exchange (FX) exposure of up to 40 percent of their Tier 1 capital.</p>
Review	Expanded
Comments	The IMF's 2022 AREAER report on Exchange Arrangements and Exchange Restrictions (AREAER) notes the existence of a market maker agreement with banks. The CBO could disclose this agreement on its website, which would improve transparency on FX management.
Principle 3.4.	Foreign Exchange Reserve Management: The central bank discloses the general principles governing its foreign exchange reserve management operations, including relationships with counterparties and service providers.
Principle 3.4.1.	Instruments: The central bank discloses the broad selection criteria for eligible asset classes, composition of instruments, investment horizon and constraints.
Description	<p>The CBO discloses on the website very broadly that the reserves are divided into three distinct segments. The composition of the instruments for each segment are defined with their relative investment horizons.</p> <p>The list of eligible assets, financial instruments and transactions is stipulated by the Banking Law Article 32 determines the categories of external reserves as follows..." the reserve of external assets may consist of any one or more of the following, provided they adhere to all limits, classifications, constraints, restrictions and qualifications whatsoever laid down by the Board of Governors:</p> <ul style="list-style-type: none"> • Gold or silver coins, which are legal tender. • Bullion of gold, silver or such other precious metals may be utilized as monetary assets and freely trades on international exchanges. • Foreign Currencies or basket currencies. • Bank demand and time deposits, certificates of deposit acceptances denominated in freely convertible foreign currencies. • Treasury Bills. • Floating rates notes. • Fixed interest securities and notes. <p>The Foreign Reserves and Investment Policy is not disclosed, and very broadly the eligible asset classes and financial instruments.</p> <p>There is no explanation of the market risks, there is no disclosure of the investment horizon, or detailed explanation of the portfolio tranching of the foreign exchange reserves. The composition and allocation of assets to various portfolios is not published.</p>
Review	Not Implemented

Comments	-
Principle 3.4.2.	Coverage: The central bank discloses the criteria to select eligible market counterparties and service providers and eligible markets to conduct its operations.
Description	The CBO does not disclose the criteria for selecting counterparties, service providers, or eligible markets.
Review	Not Implemented
Comments	-
Principle 3.4.3.	Review: The central bank discloses criteria to assess adequacy and liquidity parameters and discloses such analysis regularly, at predetermined times.
Description	<p>The Macroeconomic Stability Report available on the CBO website discloses the criteria for assessing the adequacy and liquidity of its FX reserves. The CBO provides a detailed analysis of its FX reserves using internationally recognized benchmarks and metrics such as import cover and the ratio of FX reserves to M2. The CBO's regular reporting on these metrics at specified times; using the macroeconomic stability report.</p> <p>The CBO annual reports disclose information on the composition of assets and financial instruments and the currency composition of the FX reserves. The benchmarks followed are not disclosed. The Annual Report also contains data on the stock of official reserve assets, transactions, foreign exchange and market revaluations and other changes in volume.</p> <p>The adequacy of reserves is presented in a chart of the Annual Report (see Annual Report 2022 page 113). The analysis is done comparing the level of reserves with previous years, establishing the reasons for their decline or increment. The monthly bulletin also constantly makes reference of foreign reserves adequacy indicators.</p> <p>The CBO makes quarterly reports to the Council on the management and investment of foreign reserves which are published on the CBO website. The quarterly report makes reference to the maintenance of an appropriate level of reserves, though no explanation is provided of its adequacy in the forecasted period.</p>
Review	<p>Expanded</p> <p>The macroeconomic report contains a general assessment of reserve adequacy, liquidity, and limited risk exposure specific to reserve management operations. The CBO also reports on reserves adequacy in the annual report, monthly bulletin and the quarterly reports.</p>
Comments	The CBO could consider publishing a reserve adequacy assessment in the Annual Report Section on Foreign Reserves. It will be helpful that the CBO made a risk statement outlining the financial, operational, and other risks arising from its operations with a defined time lag.
Principle 3.5.	Financial Stability Reviews and Stress Testing: The central bank periodically discloses its review of domestic financial stability to the public and is transparent about the methods used for such reviews, including its framework for stress testing.

Principle 3.5.1.	Financial Stability Reviews: The central bank periodically provides to the public its review of risk to financial stability, including new and emerging sources of vulnerability.
Description	The CBO issues yearly a Financial Stability Report (FSR) which, according to the CBO website , "provides guidance to regulators, government and market participants with the objective to recognize vulnerabilities and safeguard infrastructure, institutions, and different aspects encompassing the Omani financial system." Further the CBO website states that a Financial Stability Unit exists which undertakes: "Close and regular reviews of all relevant factors relating to continued stability, scope for volatility, systemic risks etc. are being done with wide-ranging tools including analysis of current and prospective market developments (domestic, regional and global), vulnerability assessment, sensitivity analysis and stress testing."
Review	Expanded The CBO annually publishes a comprehensive assessment of the vulnerabilities of the Omani financial system in the FSR.
Comments	The CBO may consider increasing transparency by disclosing the methods and underlying data used for assessments of financial stability, to the extent such disclosure is compatible with data protection rules.
Principle 3.5.2.	Macroprudential Stress Testing Methods: The central bank discloses the methods and key assumptions of the stress testing framework.
Description	In the FSR, the CBO provides detailed information on its stress-testing exercise (FSR 2023, page 54-62). The CBO conducts annual stress tests to assess the resilience of the domestic banking sector. In the FSR, the CBO discloses the methods and key assumptions of stress testing, with a focus on systemic risk. The objective is to gain an overall understanding of how the banking system would respond to major shocks. The resilience of the domestic banking sector is assessed using four hypothetical scenarios – baseline, adverse, adverse hypothetical, and a reverse. The scenarios are based on the length of time the banking sector remains stressed and the severity of the shocks. The scenario analysis focused on adverse macroeconomic shocks to GDP, as well as interest rate, stock market index, and exchange rate risks. Furthermore, the CBO ran a liquidity test to assess the ability of the domestic banking system to resist liquidity shocks (FSR 2023, page 57). The CBO has upgraded its liquidity stress testing methodologies to better gauge the resilience of banks against liquidity shocks. The first approach focuses on assessing the adequacy of the Liquidity Coverage Ratio (LCR) under adverse liquidity conditions. The stressed LCR framework benchmarks the banks' stressed LCR against the minimum regulatory requirement to determine whether the banks' counterbalancing capacity is sufficient to absorb persistent liquidity outflows during a one-month survival period. The second approach involves an analysis of liquidity risk with a focus on stressed cash outflows lasting 6 months. The stressed cash outflows factors are hypothetical, and banks are evaluated based on their ability to remain liquid at the end of the assessment period.
Review	Expanded In the FSR, CBO discloses the main information on the design of the macroeconomic stress scenario and the risks covered, along with underlying assumptions. While the

	information disclosed is substantial, some details on the design, implementation, and results of the stress testing analysis are lacking. It is not disclosed by the CBO whether macroprudential stress-testing exercise makes use of the stress tests that are required from banks, that is, whether the exercise has a bottom-up component.
Comments	The CBO may consider disclosing information on the data used and more details on the macroeconomic full set of assumptions (baseline and adverse scenarios), including details on its estimation, plausibility, and time horizon and evolution of financial statements over the stress test horizon, and the regulatory framework considered. The CBO indicated to the mission that it is developing a bottom-up stress testing component.
Principle 3.5.3.	Stress Testing Coverage: The central bank discloses the coverage of the stress testing exercise.
Description	<p>In the FSR, the CBO discloses that the macro stress test covers nine domestic banks, which represent more than 95 percent of total assets of the banking sector (FSR 2023, page 54).</p> <p>According to the CBO website, as of December 2016, the conventional segment of the banking system includes seven local commercial banks and nine foreign banks (with 470 local branches and five overseas branches and representative offices). There are also two specialized banks (23 domestic branches), six finance and leasing companies (43 branches), sixteen money exchange establishments (317 branches) doing money changing and issue of drafts and 36 money changers doing money changing only.</p> <p>While one specialized bank caters to housing finance requirements, the other is a development bank focusing primarily on SMEs.</p> <p>Since the authorization of Islamic Banking in 2012, the CBO has licensed Islamic Banking Entities to conduct Islamic Banking on a dedicated basis. These have, so far, been in the form of two full-fledged/local Islamic Banks and six Islamic Banking Windows of six local commercial banks—all in all amounting to 70 dedicated individual Islamic bank branches.</p>
Review	<p>Comprehensive</p> <p>The CBO discloses the type of institutions covered in the stress tests, as well as the number of institutions. Although no specific names are mentioned in the stress test, they are easy to trace.</p>
Comments	-
Principle 3.5.4.	Central Bank Use of Stress Test Results: There is clarity about the ways the central bank uses the stress test results.
Description	The CBO, through the FSR, discloses (FSR 2023, page 54) that the purpose of the stress tests is to assess the resilience of the banking system to withstand adverse but plausible deterioration in financial and macroeconomic variables over a time horizon of one year.
Review	<p>Core</p> <p>The CBO discloses the main purpose of the stress tests.</p>

Comments	<p>Stakeholders generally felt the stress test results served their purpose, especially in a context where the banking sector was well capitalized and was shown to be resilient to significant adverse scenarios.</p> <p>To enhance the level of transparency about the use of stress test results, the authorities could consider disclosing specifically how adverse aggregate or individual banks' results of the stress tests would affect policy.</p> <p>Additionally, to achieve a comprehensive level of transparency about the use of stress test results, the CBO could consider disclosing how the results of the stress tests would affect all other aspects of its dealings with financial institutions.</p>
Principle 3.6.	Macprudential Policy Implementation: The central bank discloses how it implements macroprudential policies, including the design of policy instruments and enforcement arrangements.
Principle 3.6.1.	Instruments: The central bank discloses the precise design and objectives of its macroprudential instruments, including the scope of entities and financial instruments subject to macroprudential constraints.
Description	Macroprudential instruments are disclosed, spread across a number of circulars. The FSR provides no further explanation about the design and objectives of these instruments.
Review	<p>Not Implemented</p> <p>The disclosure of macroprudential instruments is made through announcements spread over a number of circulars, which makes the accessibility of the instruments particularly difficult. It is unclear which macroprudential instruments are actually in operation.</p>
Comments	<p>The CBO indicated to the mission that it is working on a single macroprudential framework document.</p> <p>The CBO may consider disclosing the precise design, objectives, and scope of application of the macroprudential instruments in the FSR or otherwise. It may also disclose a summary of the instruments on its website.</p>
Principle 3.6.2.	Enforcement: The central bank discloses enforcement mechanisms and responsibilities for all entities and financial instruments subject to macroprudential constraints.
Description	The CBO enforces its financial stability measures through its prudential regulatory and supervisory powers set forth in Title Four of the Banking Law . The CBO discloses on its website Circular No 1134/12 March 2015 on the imposition of penalties for non-compliance with the CBO's regulatory framework, which is also applicable to macroprudential regulatory measures.
Review	<p>Core</p> <p>The CBO discloses on its website an enforcement circular which applies to the CBO's entire regulatory framework, including for the enforcement of macroprudential regulations.</p>
Comments	The CBO may consider clarifying the enforcement regime for macroprudential regulation on its website.

Principle 3.7.	Microprudential Supervision: Selected principles from BCP, ICP, and IOSCO.
	Reference as per Section II.A. of the Guidance Note .
Principle 3.8.	Emergency Liquidity Assistance: The central bank may disclose any ongoing provision of emergency liquidity assistance (including bilateral and market-wide support) and its conditions and parameters once the need for confidentiality has ceased.
Principle 3.8.1	Market-wide Liquidity Support: The central bank may disclose any ongoing provision of market-wide liquidity support and its conditions and parameters once the need for confidentiality has ceased.
Description	-
Review	Not Applicable
Comments	IMF technical cooperation is scheduled to assist the CBO in finalizing its ELA framework. Plans to issue the CBO's Emergency Readiness, Management, and Response Framework will ensure consistency with other frameworks and include clear and proper transparency arrangements to maintain credibility.,
Principle 3.8.2	Bilateral Liquidity Support: The central bank may disclose any ongoing provision of bilateral liquidity support and its conditions and parameters once the need for confidentiality has ceased.
Description	-
Review	Not Applicable
Comments	IMF technical cooperation is scheduled to assist the CBO in finalizing its ELA framework.
Principle 3.9.	Resolution: Selected principles from KA.
	Reference as per Section II.A. of the Guidance Note .
Principle 3.10.	Financial Market Infrastructures: Selected principles from PFMI.
	Reference as per Section IIAF. of the Guidance Note .
Principle 3.11.	Financial Integrity: The central bank discloses its Anti-Money Laundering/Countering the Financing of Terrorism supervisory processes as well as details about resources allocated to its internal Anti-Money Laundering/Countering the Financing of Terrorism controls.
Principle 3.11.1	AML/CFT Supervision: The central bank discloses its AML/CFT supervisory processes.
Description	AML/CFT Supervisory Processes and Allocated Resources

	<p>In addition to the information about the CBO powers and responsibilities under the AML/CFT law and relevant regulation outline above, the CBO published information about implementation or its AML/CFT supervisory function including in relation to the AML/CFT summary of sectorial and topical risk assessment, offsite supervisory framework, good and bad practices in implementing the AML/CFT measures by financial institutions under its oversight, guidelines for the establishment of a quality assurance function for AML/CFT, information about unlicensed value transfer operators and recent fraud cases, and brief about its outreach to banks and their managers.</p> <p>The CBO does not, however, publish sufficient information about the human and technical resources allocated to AML/CFT supervision. The organizational structure of the CBO and its annual report could report further on such resources' envelope: https://cbo.gov.om/Pages/OrganizationStructure.aspx.</p> <p>All relevant information can be found on the CBO's external website: https://cbo.gov.om/Pages/AntiMoneyLaundering.aspx.</p> <p>Some information was published by the National Anti-Money Laundering Committee and FSA and linked to the CBO website.</p>
Review	<p>Core</p> <p>The CBO discloses general information on its approach to off-site and on-site AML/CFT supervisory activities, compliance with AML/CFT preventive measures, and outreach to the private sector. There is no sufficient information about the human and technical resources allocated to these activities.</p>
Comments	The CBO does not provide financial services to the public and therefore does not have an internal AML/CFT control function. Therefore, this pillar is not assessed and is considered not applicable.
Principle 3.11.2	Internal AML/CFT Controls: The central bank discloses resources allocated to its internal AML/CFT controls.
Description	-
Review	Not Applicable
Comments	-
Principle 3.12.	Consumer Protection: The central bank discloses its operations relating to consumer protection conducted solely or jointly with other agencies.
Description	<p>Disclosure of Measures and transparency on Consumer Protection of Financial Institutions, Consumer Protection Actions in Relation to Fair Treatment and Business Conduct</p> <p>Financial institutions must submit information on consumer protection to the CBO, specifically through an established reporting mechanism.</p> <p>Dispute Resolution Mechanism</p> <p>Banks and non-banks are required to put in place policies, procedures and systems to comply with the directives on Customer handling.</p>

	<p>Quarterly and annual reporting on customer complaints was introduced.</p> <p>Customers can submit complaints and suggestions against financial institutions or on other matters through the CBO website (customer complaints page) or Customer Service Office at the CBO (in-person/email/phone). The requirements for registering complaints are explained to the public through different means such as the CBO website, social media handles of CBO, and print media.</p> <p>Financial Education on Consumer Protection</p> <p>Awareness and education programs were held in different governorates in the Sultanate (under Global Money Week, Tawasul Program targeting different segments of society: Women, SMEs, Students, Freelancers and Public. Areas touched upon include:</p> <ul style="list-style-type: none"> • Savings. • Importance of financial culture. • Responsible borrowing and Management of debt. • Rights as a customer. • Building financial independence. <p>The CBO also conducts workshops on Financial Consumer Protection Regulatory Framework at the College of Banking and Financial Studies.</p> <p>CSD is developing further its operations on managing and handling complaints received against services provided by any of licensed financial entity that fall under the regulation of the Central Bank of Oman (CBO) including operating Banks in Oman, Leasing and Financing institutions and Money Exchange Companies.</p>
Review	-
Comments	<p>The CBO has made great efforts to disseminate the consumer protection complaint mechanism. Communication tools used to that effect have been tailored to target different segments of society. Surveys outcomes should be disclosed in reports to evaluate communication actions, educational campaigns and dissemination efforts in general to monitor its efficacy.</p> <p>The information on how to present a complaint is clear and accessible.</p> <p>The CBO should disclose the procedure that follows after the claim is presented, establishing specific time frames to solve the disputes.</p>
Pillar IV—Central Bank Outcome	
Principle 4.1.	Monetary Policy: The central bank is transparent about the outcome of its monetary policy conduct.
Principle 4.1.1.	Governance Actions: The accountability of the central bank on monetary policy is clear as to whom accountability is owed and how it is discharged.
Description	The accountability of the CBA is outlined in the Banking Law .

	<ul style="list-style-type: none"> Article 16-h entails an accurate and complete minute of all actions and proceedings of the Board of Governors shall be maintained in the permanent records of the Central Bank (Article 16.h). Article 17 in turns require a detailed statement of its internal and external achievements (article 17.b.1); a report of all actions taken to stabilize or otherwise maintain the international exchange rate of the currency of the Sultanate (Article 17.b.4); a statistical analysis of the currency in circulation in the Sultanate for the year then ended and projections therefor for the ensuing year (article 17.5); a report of the banking business in the Sultanate and of the activities of licensed banks for the year then ended (17.b.6); a report of the banking business in the Sultanate and of the activities of licensed banks for the year then ended (article 17.b.7). <p>Additionally, the CBO provides auditors, independently selected by His Majesty the Sultan and independent of the Central Bank, with all documents and other information necessary for a comprehensive audit of the Central Bank (article 18 of the banking law).</p>
Review	Core
Comments	-
Principle 4.1.2.	Policies: The central bank discloses progress toward achieving its monetary policy objective(s) as well as prospects for achieving them.
Description	Under the fixed exchange rate regime and open capital account, the CBO has limited scope to pursue an independent monetary policy. Nonetheless, the CBO engages in an active management of domestic liquidity to preserve the peg and maintain stable inflation. In its annual reports , the CBO discloses monthly volume data on liquidity absorption (treasury bills) and liquidity injection (Repos with CBO).
Review	Core
Comments	The CBO could enhance transparency in its management of structural liquidity by detailing the contribution of each monetary instrument and autonomous factors (including the separate contribution of currency in circulation) to the overall liquidity position of the banking system. Such analysis can be published in the CBO's Annual Report or in its Macroeconomic Stability reports.
Principle 4.1.3.	Operations: The central bank discloses the volumes and interest rates of the operations, as well as the level of the operational target achieved.
Description	The CBO employs sterilized interventions to maintain the peg exchange and uses repo/reverse repo operations as its primary policy instruments. The CBO manages and supervises the Real Time Gross Settlement (RTGS) System, where all inter-bank payments are processed and settled in real-time online mode. The CB publishes annual time series data on RTGS value and volumes, as well as aggregated banks' balance sheet data, in its financial stability reports . Additionally, the interbank lending rates are published daily on the website. However, information regarding monetary operations activities (volume, interest rates, and maturities) are not published.

Review	Core
Comments	-
Principle 4.2.	Cross-Border Financial Flows and Foreign Exchange Administration: The central bank discloses the outcome of its policy implementation.
Principle 4.2.1.	Governance Actions: The central bank discloses information about to whom its accountability on the policy is owed and how it is discharged.
Description	<p>The Banking Law (Articles 28 and 32) outlines the governing authority of the CBO Board of Governors in the management of the FX reserves and FX transactions. In addition, the CBO website mentions that the Board of Governance has the full authority to perform all acts required for effective functioning and management of the CBO, as well as the banking system of the country.</p> <p>Furthermore, The CBO's annual reports discuss monetary policy measures that indirectly influence foreign exchange flows. Additionally, the CBO issues regulations and circulars on FX transactions (CBO Regulations that serve as tools for implementing its strategy).</p> <p>As examples: the Financial Stability Report 2023, page 36 regarding FX risks explains how FX exposure bodes well for the stability of the financial sector. Similarly, in the Financial Stability Report 2022, page 36 the CBO states that low FX exposure keeps FX risk under control (CBO regulations allow 40 percent exposure of Tier 1 Capital); on page 58 the CBO outlines its approach to measure FX risks.</p> <p>The Financial stability Report of 2019 explains (page 18) that FX corporate loans have declined over the last five years. Also, on page 33, the Bank explains the depreciation of the Omani rial versus other currencies.</p> <p>The same report (page 49) discloses that Foreign Exchange Companies' expansion of FX transactions by these companies represents a reputational and legal risk, but does not pose systemic risk.</p>
Review	<p>Core</p> <p>The CBO discloses, through reference to the Banking Law, the general accountability framework to the CBO. The Banking Law also determines the financial institutions that are licensed and supervised regarding FX administration.</p> <p>The CBO, as a designated supervisory body, is held accountable for the compliance of regulations regarding FX administration. As such, the CBO provides very general information about its supervisory activities on an annual basis in its Annual Report. The FSR also has some information on general outcomes and risk analysis of foreign exchange transactions and their impact on financial stability.</p>
Comments	A more comprehensive disclosure of the regulatory framework, its implementations, its coverage (updated listings of financial institutions that are regulated and licensed), the impact of the supervisory measures should be disclosed to the public.
Principle 4.2.2.	Policies: The central bank discloses on a regular basis information about the results in achieving the policy objectives.

Description	There is no disclosure about achieving the policy objectives related to FX Administration.
Review	Not Implemented
Comments	More explanation regarding the need to develop or amend regulations and changes in foreign financial flows and foreign exchange administration should be disclosed, as well as analysis of measures taken.
Principle 4.2.3.	Implementation: The central bank discloses on a regular basis information about the results of the policy implementation.
Description	There is no disclosed information on the effectiveness of its policies in managing foreign exchange flows.
Review	Not Implemented
Comments	The CBO should disclose in the Annual Report all actions taken in accordance with policies regarding foreign exchange financial flows and FX administration. Analysis of the measures taken and assessment of its effectiveness. Regarding the monitoring system, results of supervision activities should be disclosed to the public.
Principle 4.3.	Foreign Exchange Management: The central bank discloses how its governing committee is accountable for undertaking and reporting on foreign exchange interventions.
Principle 4.3.1.	Governance Actions: The central bank discloses its decision-making structure and how it is accountable for Foreign Exchange Management.
Description	The CBO's role in the FX market is disclosed on the central bank website , and the decision to set the exchange rate is outlined in the Banking Law .
Review	Expanded
Comments	To further enhance transparency, the CBO could disclose the taxonomy of its FX Management framework, and responsibilities of its governing bodies with respect to FX Management. Moreover, the CBO could provide on a regular basis an evaluation of the FX policy actions taken.
Principle 4.3.2.	Policies: The central bank discloses the role of Foreign Exchange Management toward achieving its policy objective(s) as well as its interaction with broader monetary policy objectives.
Description	A description of the objectives of monetary policy is provided on the CBO's website , in particular reliance on the level of liquidity, to maintain the stability of the Omani Rial against the USD dollar as an intermediate target of monetary policy and to achieve price stability. Also, the CBO publishes in its annual reports the results of its liquidity management operations to defend the peg.
Review	Expanded

Comments	In addition to the information available on its website, the CBO could disclose the mode used for FX Management, instruments used, and data underlying policy evaluations of liquidity management through the FX market.
Principle 4.3.3.	Operations: The central bank discloses the results of its market operations, the volume of activity, and the direction of interventions on its website at a predefined time lag.
Description	The CBO offers insights into the domestic FX market conditions in its annual reports , which includes a summary of activities in the FX market. These annual reports provide details information on the sales and purchase volumes of FX by market participants. Additionally, the CBO provides updates on its website , through daily information on bid and ask prices of the Omani Rial against major currencies. Information on the Nominal Effective Exchange Rate is also disclosed in the monthly and quarterly statistical bulletins available on the website.
Review	Expanded
Comments	Publishing daily data on FX market turnover on the website could provide additional information on FX market conditions and may enhance transparency.
Principle 4.4.	Foreign Exchange Reserve Management: The central bank discloses any changes to the general principles of internal governance and provides clarity on the outcomes of its policy decisions about foreign exchange reserve management.
Principle 4.4.1.	Governance Actions: The central bank publicly discloses the general principles of internal governance to ensure the integrity of its policy formulation and operations.
Description	The CBO does not disclose the strategic framework used in the management foreign reserves to approve the Investment Policy, which could be reviewed periodically. The annual report (or any other report) does not explain the institutional and organizational framework, the Investment Policy or the results and the evolution of reserves, among other topics.
Review	Not Implemented The CBO does not disclose its institutional obligations, objectives, responsibilities of the Board, and other committees responsible of foreign reserve management regarding the general principles of its policy framework and operations, including evaluations of its policy actions.
Comments	-
Principle 4.4.2.	Reporting on Implementation: The central bank discloses data relating to the level and composition of reserve assets, short-term liabilities, and drains that can lead to demand on reserves at a predefined frequency.
Description	-
Review	Not Implemented
Comments	-

Principle 4.4.3.	Financial Results: There is clarity in audited financial statements on the amount, composition, profit/loss, and risks arising from foreign exchange reserves.
Description	This subprinciple refers to the audited financial statements; amount, composition, profit/loss, and risks arising from foreign exchange reserves which are not published or disclosed to the public.
Review	Not Implemented (see Subprinciple 1.6.2)
Comments	-
Principle 4.5.	Macroprudential Policy: The central bank discloses outcomes and evaluations of its macroprudential policy actions and its accountability for such actions.
Principle 4.5.1.	Governance Actions: The accountability of the central bank on macroprudential policies is clear as to whom accountability is owed and how it is discharged.
Description	<p>The Banking Law in Article 1(a) lists ensuring financial stability as one of its objectives. There are no specific articles in the Banking Law on macroprudential policy matters, but the CBO's powers are based on Articles 14(o), 14(u) and 15, and Article 17(b) of the Banking Law. As per undisclosed internal delegation arrangements, the Macroprudential Oversight Department fulfills the macroprudential function.</p> <p>The CBO plays a leading role in identifying, monitoring, and addressing risks for the stability of financial systems. It undertakes actions and measures when needed. The measures are implemented by relying on its power as prudential regulator. In this context, the CBO is subject to the general accountability mechanisms of its mandates through regular reporting, including through an annual report.</p> <p>The JFSC is tasked to assist in maintaining financial stability in the Sultanate of Oman, which is chaired by the Chairman of the Board of the CBO and comprises representatives of the MoF and other financial regulators. The JFSC is an advisory committee and does not undertake any actions or issue recommendations. The JFSC does not issue press releases. The CBO is responsible for its own macroprudential policy actions.</p>
Review	<p>Core</p> <p>In accordance with the Banking Law, the CBO is responsible for its macroprudential policy, which is decided by the Board of Governors. The CBO's general accountability mechanisms also apply to macroprudential policy measures.</p> <p>Interactions between the CBO and other public authorities, such as the FSA (within or outside the JFSC), are not disclosed.</p>
Comments	The CBO may consider explaining to the public in the FSR and/or on the CBO website its responsibility for macroprudential policies in Oman and how the CBO collaborates with other relevant agencies in this field.
Principle 4.5.2.	Policies: The central bank discloses ex-post evaluations of its macroprudential policies.
Description	In the FSR, the CBO describes how its macroprudential policies have affected the stability of the banking sector. For example, the loan moratorium allowed by CBO has dampened

	any immediate impact on the performance of residential mortgages (FSR 2021 , page 46). Another example is that the FSR mentions that prudent macroprudential measures by CBO including limits on loan-to-value ratio and debt-burden ratio ensured sufficient collateral margins and repayment capacity even if any shock to property prices and income materializes (FSR 2022 , page 27) No press releases from the CBO are given after the meetings of the JFSC.
Review	Core In various places in the FSR, the CBO describes the consequences of deploying a number of macroprudential instruments. However, a comprehensive ex-post evaluation of its policies is lacking in the FSR.
Comments	To achieve a further improved level of transparency, the authorities could additionally consider disclosing the methods, techniques, and (to the extent possible) data underlying these dedicated policy evaluations.
Principle 4.6.	Microprudential Supervision: Selected principles from BCP, ICP, and IOSCO.
	Reference as per Section II.A. of the Guidance Note .
Principle 4.7.	Emergency Liquidity Assistance: The Emergency Liquidity Assistance framework allows for appropriate disclosure of the provision of liquidity support, terms and conditions, and amounts provided, while maintaining confidentiality as long as required.
Principle 4.7.1	Market-wide Liquidity Support: The ELA framework allows for appropriate disclosure of the provision of market-wide liquidity support, terms and conditions, and amounts provided, while maintaining confidentiality as long as required.
Description	-
Review	Not Applicable
Comments	-
Principle 4.7.2	Bilateral Liquidity Support: The ELA framework allows for appropriate disclosure of the provision of bilateral liquidity support, terms and conditions, and amounts provided, while maintaining confidentiality as long as required.
Description	-
Review	Not Applicable
Comments	-
Principle 4.8.	Resolution: Selected principles from KA.
	Reference as per Section II.A. of the Guidance Note .

Principle 4.9.	Financial Market Infrastructures: Selected principles from PFMI.
	Reference as per Section II.A. of the Guidance Note .
Principle 4.10.	Financial Integrity: The central bank discloses the outcome of its Anti-Money Laundering/Countering the Financing of Terrorism supervisory actions as well as details about the oversight of its internal Anti-Money Laundering/Countering the Financing of Terrorism controls.
Principle 4.10.1	AML/CFT Supervision: The central bank discloses the outcome of its AML/CFT supervisory actions.
Description	<p>Outcomes of AML/CFT Supervisory Actions</p> <p>The CBO discloses general information on the outcome of its AML/CFT supervisory activities annually. Occasionally, the CBO publishes general information on AML/CFT supervisory actions regarding administrative and financial sanctions. The CBO also published some good and bad practices followed by financial institutions in implementing the AML/CFT preventive measures. It also published information about unlicensed value transfer operators, and cases of fraud it has detected. The Annual Report does not include sufficient information about AML/CFT outcomes.</p>
Review	<p>Not Implemented</p> <p>The CBO publishes sometimes the outcome of its AML/CFT supervisory activities annually. Going forward, benefitting from the upcoming publication of the mutual evaluation report, it could also include further analysis and disclosure of whether the outcomes of its annual supervisory activities are deemed proportionate to the identified risks, sufficient, and effective. The CBO does not disclose information (e.g., in form of an annual compliance report) on the outcomes of its internal AML/CFT controls.</p>
Comments	To supplement the published annual information on the outcome of its AML/CFT supervisory activities, for imposed AML/CFT-related sanctions the CBO could disclose further information on the name of the financial institution, details on the enforcement actions imposed, and (while allowing case-by-case exceptions particularly where publication would jeopardize the stability of financial markets or an on-going investigation) information on the implementation of these sanctions by supervised institutions.
Principle 4.10.2	Internal AML/CFT Controls: The central bank discloses the details about the oversight of its internal AML/CFT controls.
Description	-
Review	Not Implemented
Comments	-
Principle 4.11.	Consumer Protection: There is clarity about the results and implications of consumer protection policies and operations conducted solely or jointly with other agencies.

Description	<p>The CBO has made efforts to disseminate to the public the rights and responsibilities under the new Consumer Protection Framework.</p> <p>Reports on dispute resolution received at CBO and from the information collated from banks and non-banks are analyzed to take corrective actions in terms of revisiting the policy measures or take necessary regulatory actions. This is an ongoing process, recently implemented. Disclosure of such actions has not been made yet.</p> <p>The CBO has monitoring mechanisms to review the implementation of the new regulatory framework on consumer protection, like the following:</p> <p>1. Periodic Complaint Reports</p> <p>CSD is establishing periodic statistical reports regarding the complaints received against any of the licensed financial entity highlighting the most frequent complaints type and against which entity and shared with concerned departments within the CBO.</p> <p>2. Surveys</p> <p>CSD has developed two surveys, notably the Financial Literacy Survey and the Customer Satisfaction Survey. The first survey aimed to understand the extent of society's financial knowledge. The findings of this survey were used to prepare the Awareness Campaign Plan for the year 2024. The plan included short messages to be published in the different CBO's social media accounts to enhance financial literacy which in turn will positively help in reducing the number of received complaints.</p> <p>The second survey assesses the satisfaction level of consumers against the services provided by the CBO through evaluation criteria that focus on the followed procedures, required documents, time taken, and responsible staff. This survey is conducted in cooperation of Ministry of Labor (Ijadaa Initiative).</p> <p>The above-mentioned initiatives should be disclosed on the website in an accessible manner and also described in the annual report.</p> <p>3. Meetings with Executive Management of Financial Entities</p> <p>CSD conducts meetings with executives from licensed institutions to discuss any matters or implications with handling any complain received against them or any areas for improvement that might help in enhancing Complain Management Process.</p> <p>CSD also shares Statistics Reports about complaints received with concerned departments within the CBO.</p>
Review	Not Implemented
Comments	<p>The outcomes of the different efforts to measure and assess actions on consumer protection should be disclosed to the public and to financial institutions in a clear and accessible manner. The CBO should consider publishing a report on consumer protection and include the topic of consumer protection in its Annual Report.</p> <p>The CBO could include a link or tab on its website to a page (or a separate website) on consumer protection encompassing clear information regarding regulatory issues, explaining in a clear manner any upcoming regulatory changes, the result of statistical analysis of consumer complaints and queries and links to general or specific reports on financial consumer outcomes.</p>

Pillar V—Central Bank Official Relations	
Principle 5.1.	Government: The central bank discloses its relationship with the government. This includes the exchange of information, the coordination of policies, and financial aspects such as rules on profit distribution, clearly distinguishing the different roles and modalities this can take.
Principle 5.1.1.	The institutional relationship between the central bank and the government/its agencies is clearly defined and publicly disclosed.
Description	<p>The institutional relationship of the CBO with the government is laid down in the Banking Law, which is accessible on the CBO website. The Banking Law stipulates that the CBO fulfills two functions for the benefit of the government. In Article 1(b) it mentions among other things that CBO advises the government of the Sultanate on domestic and international economic affairs. Article 26 states that CBO is the official bank of the government, which means that it acts as a fiscal agent of the government and enters into financial transactions with third parties on its behalf.</p> <p>The CBO website mentions that the CBO acts as a banker to the government and that it provides a full range of banking services for the government, such as acceptance of deposits from the government, lending to the government to help finance the fiscal deficits, running the government bank account, acting as its fiscal agent, and it helps the government with public debt management, exchange control, and management of the FX reserves of the country. But it provides no further explanation as to what its position as an advisor to the government entails, nor does it provide further details about its function as a fiscal agent of the government. It is also unclear what kind of information exchange mechanisms exist in the context of being the advisor to and the fiscal agent of the government. No disclosure is made on the CBO website or in other publications of the full content of the protocols that regulate the cooperation and exchange of information between the CBO and other regulatory agencies and other parts of the government.</p> <p>The current CBO Board of Governors has two members who are representatives of the government. One of them is a representative of the Ministry of Finance (as stipulated in Article 9 Banking Law). The other current representative of the government on the Board of Governors is the Minister of Economy (Deputy Chairman). Under the Banking law, both representatives have voting rights in the seven-member Board. However, neither the Banking Law nor the CBO website indicate how the government representatives on the CBO Board fulfill their functions and what coordinating role they play.</p> <p>According to the CBO website, a Joint Financial Stability Committee (JFSC) has been established to strengthen financial regulatory coordination and monitor risks in the financial system. The JFSC is chaired by the Executive President of CBO, with the Executive President of the Financial Services Authority as Vice Chair and other senior representatives from relevant governmental entities. The CBO has not disclosed the exact composition of the JFSC, specifically who the representatives of other government agencies are. No further explanation is given about the JFSC's working methods or the precise topics that are discussed. JFSC minutes are not published.</p> <p>Article 41 Banking Law stipulates that the exchange rate regime is determined from time to time by His Majesty the Sultan. The Banking Law and the CBO website do not explain how this decision is prepared, and what the involvement is of the Ministry of Finance and</p>

	<p>the CBO. Nor is it disclosed how and when this decision is released and communicated to the stakeholders of the CBO and to the general public.</p> <p>The CBO does not disclose if there are regular meetings between the Chair of the Board of Governors and/or the Executive President of the CBO with the Minister of Finance or other representatives of the Ministry of Finance.</p>
Review	<p>Not Implemented</p> <p>The Banking Law mentions several functions which the CBO fulfills for the benefit of the Government and various areas in which the CBO must collaborate with the Government and its agencies. However, neither the Banking law, the CBO website, the Annual Report, nor any other CBO publications disclose in a clear and transparent manner how this coordination takes place in practice, what the procedures are, how the CBO is held accountable for what it does on behalf of the government, what kind of information is regularly exchanged and on what basis, and what the outcomes are of these forms of coordination are.</p>
Comments	<p>In addition to the relevant provisions in the Banking Law, to increase transparency regarding the institutional relationship between the central bank and the government and its agencies, the CBO may consider disclosing its relationship with the government. This could include among other things how the coordination takes place (reporting requirements and procedures, terms and conditions). Transparency could also be strengthened by disclosing the mechanism (e.g., protocols) for the establishment of the terms and conditions with regard to the functions it performs on behalf of the government. Stakeholders have suggested providing more information about the daily interactions between the CBO and (parts of) the government, for instance via the CBO website (including specific links to publications), flyers, social media, or press releases.</p>
Principle 5.1.2.	<p>The central bank publicly discloses its policies and terms and conditions governing financial transactions with the government, including its fiscal agent role, the management of the current account, deposit taking, advances, guarantees, loans and credit arrangements to the public sector, as well as agency services performed on behalf of the government.</p>
Description	<p>Article 26 Banking Law states that CBO is the Banker of the government, which means that it acts as a fiscal agent and enters into financial transactions with third parties on its behalf, including the issuance and management of Treasury Bills and Government Development Bonds. The CBO website also states that the CBO has a role in managing the national debt, but no disclosure is made of the specific policies and conditions that apply to this role.</p> <p>Under Article 26(c) Banking Law, CBO may make advances to the government in respect of temporary shortfalls in recurring revenues up to a certain limit, provided they are fully repaid within 90 days. However, CBO does not disclose further explanation and information regarding the policy, conditions, and procedures it applies to with regard to the above-mentioned financial transactions with the Government.</p> <p>Agreements between the CBO and the Ministry of Finance on policies and terms and conditions governing financial transactions and services the Bank provides to the Government are not disclosed.</p>

Review	<p>Not Implemented</p> <p>The financial functions that the CBO fulfills on behalf of the government are laid down in the Banking Law. However, the CBO does not publicly disclose its policies, terms and conditions, and the procedures relating to these functions.</p>
Comments	<p>In addition to the provisions in the Banking Law on financial transactions with the government, the CBO may consider disclosing on its website the details, terms and conditions of the central Bank's functions with respect to the Government, including the terms and conditions of the Memorandum of Understanding with the Ministry of Finance. Furthermore, the CBO may consider informing the public on a regular basis about its financial interaction with the Government via social media and press releases (beyond the issuance of Bonds).</p>
Principle 5.1.3.	<p>The instruments used in interaction (including the financial transactions) between the central bank and the government/its agencies are clearly defined and publicly disclosed.</p>
Description	<p>The CBO website states that CBO is the manager of Treasury Bills, and Government Development Bonds. The prospectuses of these bonds are disclosed on the CBO website. Press releases for new issuances of bonds are published through Oman News Agency and the CBO website.</p> <p>Other instruments (if any) used in interactions between the CBO and the Government and its agencies, are not disclosed in CBO's Annual Report, or otherwise.</p>
Review	<p>Not implemented</p> <p>It is not clear whether all instruments used between the CBO and the government or between the CBO and government agencies are made public. The Annual Report does not discuss or disclose the transactions that take place between the CBO and the government.</p>
Comments	<p>Transparency will increase if the CBO clearly states that the bonds are the only instruments between the Bank and the Government, and if that is not the case, defines and identifies on its website all other instruments that exist in the interactions with the Government.</p>
Principle 5.1.4.	<p>The central bank discloses publicly on a regular basis the outcome of its interaction (including operations) with the government/its agencies.</p>
Description	<p>The CBO website mentions on a regular basis the tender results of the issuance of the Government Bonds and Treasury Bills by CBO on behalf of the government. It also mentions the interest rate on the Repo operations with CBO and the discount rate on the Treasury Bills Discounting Facility with CBO. It's Monthly Bulletins published on the CBO website also contains the results of the issuance of the above-mentioned marketable securities on behalf of the government.</p> <p>The CBO website also provides detailed information about the issuance of Government Development Bonds which are financial instruments issued by CBO on behalf of the government of the Sultanate of Oman to provide an investment outlet for the surplus resources available in the economy and also to finance the capital expenditure of various</p>

	<p>developmental projects envisaged in the Five Year Development Plans, or/and to finance the fiscal deficit.</p> <p>The results of the bond auctions are also disclosed via Reuters, Bloomberg, and emails to banks.</p> <p>The Annual Report discloses no information on credits and advances to the Government.</p>
Review	<p>Core</p> <p>The CBO discloses, on a regular basis, the results of the issuance of marketable securities by CBO on behalf of the government.</p> <p>As mentioned above with regard to Principle 5.1.3., it is not clear whether all instruments used between the CBO and the government (and its agencies) are made public.</p>
Comments	<p>The CBO may consider providing information on a regular basis about interactions with the government/its agencies beyond the issuance of marketable securities, through its website, social media or through press conferences.</p>
Principle 5.2.	<p>Domestic Financial Agencies: The central bank discloses its relationships with domestic financial agencies as relevant to the pursuit of its mandate and the execution of its functions.</p>
Principle 5.2.1.	<p>The relationship between the central bank and relevant domestic financial agencies is clearly defined and publicly disclosed, including cooperation and (co-) decision-making modalities and arrangements for the formal/informal sharing of information.</p>
Description	<p>The Banking Law does not disclose the relationship between CBO and other domestic financial agencies (other than that Article 20 provides the legal basis for bilateral agreements with third parties, as is Article 51 AMLCFT Law).</p> <p>Currently, the Executive President of the Financial Services Authority is a member of the Board of Governors of CBO. However, CBO has not disclosed what this Board membership in practice entails and if and how and on what basis cooperation and exchange of information takes place between the two institutions.</p> <p>The CBO has a good working relationship with other agencies, such as the FSA, but the CBO website contains no explanation of CBO's relationships with domestic financial agencies.</p>
Review	<p>Not Implemented</p> <p>The relationship between CBO and other relevant domestic financial agencies is not clearly defined and publicly disclosed, including the cooperation and (co-) decision-making modalities and arrangements for the formal/informal sharing of information.</p>
Comments	<p>To increase transparency the CBO may consider clarifying the role of the Executive President of the FSA as member of the Board of Governors, including how information is exchanged between the two institutions.</p> <p>Transparency could also be enhanced by the CBO with a more consistent practice of disclosure and explain further or in a detail manner the bilateral agreements with public agencies in reports, on the CBO website, or via social media.</p>

Principle 5.2.2.	The policies and instruments used in the interaction of the central bank with domestic financial agencies, and the outcome of the interaction are transparent.
Description	It is not clear from the legal framework, the CBO website and the annual report which policies and instruments are used in interactions with other domestic financial agencies. It is also unclear whether the CBO releases information about these interactions and their outcome.
Review	Not Implemented The policies and instruments used in interactions with other domestic financial institutions and the outcome of the interactions are not disclosed.
Comments	The CBO may consider clarifying to the public what kind of policies and instruments it uses in interaction with other domestic financial agencies in reports, on the CBO website, or otherwise. In addition, it may consider holding press conferences or providing information via social media about the outcome of such interactions.
Principle 5.2.3.	With respect to macroprudential policy, the central bank discloses its role, responsibly, and actions—and those of any other authority it collaborates with. The central bank also discloses any advice it receives.
Description	The CBO website mentions that CBO formed an independent Financial Stability function in 2011 and that it is a member of the JFSC.
Review	Not Implemented The CBO website, the annual FSR and the Annual Report do not provide information about the CBO's interactions with other domestic financial agencies on macroprudential policy, other than stating its composition in the Circular BM 1160/2019 on the Bank Resolution Framework for Oman and providing a brief explanation of the JFSC on the CBO website.
Comments	See the comments under principle 5.2.4.
Principle 5.2.4.	With respect to financial stability, all arrangements to restore or maintain financial stability are clearly disclosed, including arrangements on data sharing, liquidity support, and who is responsible for which type of decision or action at what stage.
Description	Within the JFSC, the CBO collaborates with the FSA and other government agencies in the field of financial stability. According to the CBO website , the CBO Executive Chairman chairs this committee. For the rest, it is not clear what the role, responsibilities and actions of the CBO are with regard to this committee. Procedures for collaboration and the type of information shared are unclear. Neither the CBO website nor the annual report clarify these matters. No press releases are provided about the outcome of the deliberations in the JFSC. In the same vein, no information is made public regarding the provision of ELA to banks.
Review	Not Implemented

	The CBO does not disclose its role, responsibilities and cooperation mechanism with regard to the JFSC and the outcome of its deliberations. Procedures, and terms and conditions on providing liquidity support (in particular ELA) to banks have also not been made public.
Comments	More clarity could be provided about the composition and responsibilities of the JFSC, the role of the CBO in it, and about the outcome of the deliberations of the JFSC. This can be done via the CBO website, social media, or press conferences.
Principle 5.3.	Foreign Agencies: The central bank discloses its dealings with international organizations foreign governments, other central banks, and other relevant foreign agencies, including the nature of the involvement or interactions, and any obligations and commitments that may arise from these relationships.
Principle 5.3.1.	The relationship for the exchange of information and coordination of actions and policies between the central bank and international organizations, foreign governments, other central banks, and other relevant foreign agencies is clearly defined and publicly disclosed.
Description	<p>The CBO has a clear mandate under the Banking Law Article 14 (t) "To represent the Government of the Sultanate , when so designated by His Majesty the Sultan, in international financial and monetary agencies in which the Sultanate shall participate and to appoint representatives, committees or to otherwise participate in the activities, proceedings and negotiations of other central Bank or international financial and monetary agencies"</p> <p>The Banking Law also states under article 17 (b) (2) that under the Annual Report there should be "A detailed statement of the status of any international organization and funds in which the Sultanate has become a member." There is a responsibility to report (disclose) the cost of membership in international organizations.</p> <p>There is also under article 27 of the Banking Law the possibility to establish international banking transactions Article 27 (b) says "The Central Bank may open and maintain accounts...with international financial or monetary agencies in which the Sultanate is a participant and with central banks of other countries..."</p> <p>There are clear provisions in the Banking law, as mentioned above, and in the AML law (Articles 51) describing cooperation with foreign institutions, including other central banks.</p> <p>Such a framework empowers the CBO to cooperate with foreign counterparties through protocols and other arrangements for cooperation and exchange of information.</p>
Review	Expanded

	The Banking Law contains clear provisions describing cooperation with foreign institutions, including other central banks. These interactions are disclosed in annual reports. Since the agreements with foreign entities are not disclosed the range of practice is Core.
Comments	<p>The CBO's website should have a section regarding its international interaction; cooperation, international organizations membership, and dissemination of actions in regional and international forums and bilateral agreements with other central banks.</p> <p>CBO is an active central bank in the international area. It will enhance transparency practices to disclose and publish agreements when possible and in accordance with its counterparts.</p>
Principle 5.3.2.	The central bank publicly discloses its policies, terms, and conditions governing interaction with international organizations, foreign governments, other central banks, and other relevant foreign agencies.
Description	<p>The signing of Memorandums of Understanding (MoU) with domestic and international organizations are normally included in CBO's Annual Report and <u>published as brief press release</u> in CBO's website. MoU can be published as well in CBO's social media platforms (LinkedIn, Twitter, Instagram). The published briefs include the objectives of the MOUs and the scope of the collaboration areas expected between the two parties. An example includes the <u>MoU with the Central Bank of Iran</u>, where an "abstract of the content of the agreement is disclosed in the following terms:</p> <p>"The MoU aims at strengthening the distinguished bilateral relations and enhancing mutual cooperation between the two countries. It also aims at supporting and developing banking, financial and economic operations for both the Sultanate of Oman and the Islamic Republic of Iran. In addition, the MoU also calls for mutual exchange of knowledge and expertise relating to the banking sector and cooperation between the two countries in promoting bilateral and international trade. The MoU also made reference to both parties' efforts to exchange visits among high officials, implement secondment programs for employees, and enhance training in this regard from the relevant institutions, such as the College of Banking and Financial Studies in the Sultanate of Oman."</p> <p>Additional good examples of bilateral agreements include the MoUs with the <u>Qatar Financial Center Regulatory Authority</u> and with the <u>Palestine Monetary Authority</u>.</p> <p>Regarding regional cooperation and participation in regional financial entities, the CBO is member of the <u>Committee of Central Bank Governors of the Gulf Cooperation Council (GCC)</u>, as the Chair of the Group held the Official Council Meeting in 2023 in Salala, Oman.</p>
Review	Expanded

Comments	Disclosure of the memberships to international organizations, like a listing, would be a good transparency measure.
Principle 5.3.3.	The instruments used in the interaction (including financial transactions) between the central bank and international organizations, foreign governments, other central banks, and other relevant foreign agencies are clearly defined and publicly disclosed.
Description	-
Review	Not Implemented
Comments	To enhance transparency, it will be important to explain to the public mostly in the annual report financial transactions with international institutions, foreign governments or other central banks. and accordingly, such transactions should be disclosed in the financial statements.
Principle 5.3.4.	The central bank discloses publicly on a regular basis the outcome of its relationship with international organizations, foreign governments, other central banks, and other relevant foreign agencies.
Description	<p>The CBO discloses in its Annual Report the collaboration with domestic and international organizations. Some are mentioned by names such as IMF, Financial Action Task Force (FATF), International Standards on Auditing (ISAs), etc., and some are mentioned in general with more focus on collaboration areas, an example of these mentions as follows: "international educational partner started working on developing a professional program that is specialized in Fintech." Also, there are many data mentioned in the annual report with country specifics in foreign direct investments (FDI), or in general regarding international interactions, such as Net International Investment Position (IIP), foreign assets and liabilities, foreign exchange reserves, IMF reserve assets and foreign trade data. However, there are no specific sections with the annual report dedicated to CBO's international cooperation updates.</p> <p>In addition, the CBO's high-level meetings with international organizations or interactions with foreign agencies are normally published through domestic news platforms, the CBO's website and social media platforms (LinkedIn, Twitter, Instagram).</p> <p>Furthermore, the CBO discloses regular reports in collaboration with Regional and International Originations such as Secretariat General of the Gulf Cooperation Council (GCC), Arab Monterey Fund (AMF), IMF, Islamic Financial Services Board (IFSB), etc.</p>
Review	<p>Expanded</p> <p>The CBO is an active international player. The achievements of such active participation should be disclosed in the annual reports. Specific meetings with international counterparts are disseminated using social media channels.</p> <p>An explanation regarding international cooperation policies and strategies could benefit the understanding that the CBO does in the area. The CBO does not publish international agreements or cooperation MoU.</p>
Comments	The CBO should have a dedicated section of international cooperation interactions within the annual reports. More enhancements could be made for more transparency, is to

	disclose and publish agreements when possible and in accordance with their counterparts.
Principle 5.4.	Other Relations: The central bank discloses its involvement with private or semi-public institutions.
Principle 5.4.1.	The central bank discloses its investments in and ownership of subsidiaries and joint ventures with private, semi-public, or public entities.
Description	-
Review	Not applicable
Comments	-