

BANCO DE ESPAÑA ASSESSMENT PROGRAMME

GOVERNING COUNCIL OF THE BANCO DE ESPAÑA
SELF-ASSESSMENT

Banco de España



GOVERNING COUNCIL OF THE BANCO DE ESPAÑA SELF-ASSESSMENT

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1 Introduction

The **Banco de España's Strategic Plan 2024** approved by the Governing Council at its meeting held on 9 January 2020 includes, among other action plans linked to achieving Strategic Objective 2 (To modernise the Banco de España in order to make it more efficient, flexible and innovative), the establishment of an assessment programme that will focus on the Bank's specific functions and bodies, homing in on decision-making processes and the attendant results, in order to incorporate lessons enabling their effectiveness to be increased, as part of an ongoing improvement process.

Under this framework, **the Governing Council of the Banco de España assessed itself**, applying the corporate governance best practices of public financial institutions, in order to analyse the appropriateness of the functioning of our institution's top decision-making body to identify possible areas for improvement so that it meets the highest standards.

2 Scope of the self-assessment

The exercise consisted of an assessment, by the members of the Governing Council of the Banco de España themselves, of the appropriateness of the Governing Council's functioning and of the role of its members.

It was decided that the self-assessment would be conducted internally and that it would be coordinated by the Bank's General Secretariat.

The self-assessment was conducted via a survey of the members of the Governing Council of the Banco de España at the beginning of 2021 and personal interviews with the aforementioned Governing Council members in May and June 2021. As a result, an action plan identifying future courses of action was prepared.

As a complementary exercise and to contextualise this self-assessment, a survey on the functioning of and rules applicable to the decision-making bodies of Eurosystem national central banks was conducted in the second half of 2020.

3 Methodology

An anonymous **self-assessment survey** was sent to the members of the Governing Council. The sets of questions addressed different areas: configuration and make-up of the Governing Council; frequency and form of Governing Council meetings; calling of the meetings and sending of information to the members; the Governing Council's Presidency and Secretariat; the functioning of the meetings; self-assessment; and other matters and final considerations.

The aim of the **personal interviews** with the members was to receive supplementary suggestions and feedback that were independent of the survey. Subjects related to face-to-face and virtual Governing Council meetings, their frequency and duration, the Council's make-up and the incompatibility arrangements for its members, the topics of the meetings and discussions, the time dedicated to Banco de España business by ex officio and elected Governing Council members and the available technical resources, among other questions, were addressed in these interviews.

Based on the survey responses and the personal interviews, the functioning of the Governing Council, the relationship between Banco de España interlocutors, improvements in the institution's governance and the role of its decision-making bodies are viewed favourably.

In tandem, and also as part of the Strategic Plan 2024, the corporate governance best practices were analysed in relation to the functioning of the decision-making bodies of **other public financial institutions**. In light of the responses received from the institutions that participated in the survey, it was concluded that, while there is a wide range of NCB decision-making bodies, each subject to their own extensive rules governing all their core elements, they all have a common goal, namely, that the election of their members and their decision-making always be the result of a transparent process.

4 Action plan

In light of the results of the Governing Council self-assessment, it adopted an action plan containing the main future courses of action. These can be conducted without needing to reform the Bank's rules and regulations. Indeed, some of them were already being implemented before the action plan was approved:

- Combination of face-to-face and virtual meetings
- Consolidation of the practice of holding a fixed monthly meeting and the possibility of scheduling an additional meeting during the month where necessary to address matters that should be considered by the Governing Council
- Improvements in the revision of the minutes to Governing Council meetings
- Possibility of introducing the use of a written procedure to approve certain matters
- Control of the efficiency of the meetings by limiting their duration and how long matters are discussed for
- Help the Bank to be more open to society and have a greater territorial impact
- Increased information on the functioning and internal actions of the institution
- Consolidation of the mechanisms to report to the Governing Council on matters with public repercussions

5 Further self-assessments and other actions

Lastly, as additional activities, a further Governing Council self-assessment is scheduled for the first half of 2024. The overall fulfilment of the above-mentioned courses of action will be assessed. Prior to that, at the end of 2022 a mid-term review of compliance with the action plan will be performed.

The possibility of consulting external experts ahead of performing future self-assessments will also be weighed up.

Finally, further self-assessments by other Banco de España collegiate bodies, such as the Executive Commission or the Audit Committee, are scheduled for the end of 2022 or early 2023.

BANCO DE ESPAÑA PUBLICATIONS

BANCO DE ESPAÑA ASSESSMENT PROGRAMME

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