

# INSTITUTIONAL REPORT

2022

BANCO DE **ESPAÑA**  
Eurosistema



## INSTITUTIONAL REPORT 2022

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Foreword by the governor Pablo Hernández de Cos



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The commitment of the Banco de España to report on our main activities in a transparent manner is reflected, inter alia, in the annual publication of the Banco de España's Institutional Report, which seeks to paint a simple and graphic picture of our structure and organisation, and of our main activities. The format of this report, with numerous references to other articles and publications of the Bank, provides a more accurate and clearer picture of our organisation and of the variety of activities we carried out in 2022. In short, it is a practical guide to the Banco de España and its functions and actions.

The unjustified invasion of Ukraine by Russia in February 2022 and its economic, political and social consequences greatly shaped the course of economic activity, the design and implementation of economic policy, as well as the evolution of risks affecting financial stability, all of which had a direct bearing on the functions of the Banco de España. In particular, the invasion gave rise to a highly significant increase in the prices of energy and other commodities that the euro area economies need to import, against a backdrop of a pronounced spike in world inflation, which, overall, led to significant falls in real incomes. Furthermore, the necessary resounding monetary policy reaction needed to contain inflationary pressures led to a tightening of financial conditions in the world's major economies.

Against this backdrop, the outlook for economic growth in the euro area countries was gradually revised downwards over the course of 2022. Nevertheless, both in the European economy as a whole and in Spain, greater resilience than expected was observed, stemming, inter alia, from the fact that the extraordinary increase in energy prices observed in the wake of the Russian invasion of Ukraine and the bottlenecks in global value chains that arose after the opening of the restrictions associated with the pandemic, were significantly corrected. In any event, in 2022 policy action was implemented in an environment of extreme uncertainty due to both the developments in the war in Ukraine and the level and degree of persistence of inflationary pressures.

To respond appropriately to the new challenges of this milieu, we conducted a mid-term review of our Strategic Plan, focusing our analytical and research priorities, inter alia, on the analysis of inflationary episodes, the impact of the energy crisis,

structural reforms, the implementation of the European Next Generation EU programme, the effects of the war in Ukraine, and the impact of increases in interest rates and inflation on the financial vulnerability of households and firms. These priorities were embodied both in the contents of periodic publications — for example, the Annual Report or the Financial Stability Report — and in numerous specific studies on these issues. The result of these analyses provided information to, on the one hand, internal and Eurosystem decision-making in the fight against inflation and, on the other, contributed to the advisory work entrusted to the Banco de España.

In 2023, tensions in financial markets arising from the difficulties at some US regional banks and at Credit Suisse have contributed to the high level of uncertainty, although the swift and assertive decisions taken by the US and Swiss authorities have been essential to ensure financial stability and restore suitable market conditions.

The Spanish banking sector, as that of the euro area as a whole, is facing this scenario with a high degree of resilience and solid capital and liquidity positions. The good standing of the banking sector, together with the forceful response of the authorities, has enabled banks to continue providing financing to the economy despite the onset of such serious shocks such as first, the pandemic, and then the war in Ukraine. Moreover, they have improved their solvency levels over this period and continued to reduce their default ratios. They have also increased their profitability, so that in 2022 it exceeded the cost of capital, and have benefited from the positive effect of rising interest rates on net interest income. The results of the stress tests we conducted confirm the sector's high degree of resilience, even in hypothetical highly adverse scenarios.

As regards the Banco de España's supervisory activity within the framework of the Single Supervisory Mechanism, throughout 2022 it focused on pre-empting and mitigating the potential adverse effects of the macroeconomic environment even before the most recent tensions became apparent. Indeed, priorities included strengthening banks' solvency and stability by assessing banks' interest rate and liquidity risk management, business model, credit risk, digital transformation strategy and governance, all of which are crucial in a context of rising interest rates. These actions were combined with the monitoring of emerging risks, particularly climate, cyber and outsourcing risks.

With the aim of increasing the contribution of value to society, the creation of the Directorate General for Financial Conduct and Banknotes in April 2022 will, on the one hand, enable us to strengthen supervision of the conduct of institutions, which has a direct impact on financial stability, the reputation of the sector and the confidence of its customers; and, on the other, it will help us to coordinate and reinforce our commitment to economic and financial education, which is vital for the well-being

of citizens. In addition, it will allow us to harness all the potential of our various offices in Spain.

Specifically, in the area of supervision of the institutions' conduct, numerous actions were carried out in relation to advertising and distance marketing of banking products and services, payment services, consumer credit and real estate credit. Of particular note in the area of financial education were the actions in various fields, such as personal finance, economic education, the use of means of payment and training on banknotes and coins. The ability to access the target population in most of these initiatives relies on an extensive network of partner organisations and agreements, such as, for example, the one entered into with RTVE to disseminate financial literacy.

In order to promote continuous improvement and increase the transparency of our institution, in 2022 the first three external evaluations commenced as part of the systematic programme of independent evaluations, which will address the Banco de España's research activity, the preparation of macroeconomic projections and the use of supotech tools in prudential supervision. Also, to bring our institution closer to the public, the Bank participated for the first time in Open Government Week, offering workshops in which, among other aspects, the functions of the institution and its publications were explained.

Modernising the Banco de España to make it more efficient, flexible and innovative is one of our strategic objectives. As regards digitalisation, our institution continued with the robotisation of processes and the automation of tasks, which enabled resources to be allocated to the performance of actions with greater added value. The Digital Data Analytics Hub was also launched, offering new cross-cutting data analytics capabilities, aimed at the exploitation and visualisation of data through the use of new technologies and artificial intelligence systems.

In the area of environmental sustainability, the analysis of the implications of climate change for the economy and the identification of the risks associated with climate change for the financial system also constituted analytical and research priorities for our institution. As part of our institutional social responsibility, we continued to make the Bank's Collection available to society. In view of the success demonstrated by high visitor numbers, the period to visit the exhibition "*2328 reales de vellón. Goya and the origins of the Banco de España Collection*" -which opened our permanent exhibition space-, was extended. Subsequently, the exhibition "Flowers and fruits" was held.

This Institutional Report contains many more data and references, which show, once more, the great work that the staff of the Banco de España has performed, in an efficient and committed manner, to ensure that our institution fulfils the functions assigned to it and promotes stable economic growth. To this end, it is necessary to

persevere in the pursuit of price and financial system stability, and to continue contributing with our analysis to the formulation of other economic policies.

**Pablo Hernández de Cos**  
Governor of the Banco de España

# Introduction by the Deputy Governor Margarita Delgado Tejero



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Since 2016, within the framework of the necessary accountability to society and the promotion of transparency – which are principles that govern the actions of our institution – the Banco de España has been publishing its annual Institutional Report. Over the years we have made changes and improvements to its structure, design and content, with the aim of bringing the Banco de España’s reality closer to the public, in an increasingly straightforward and accessible format.

As evidenced by the various turbulences at the beginning of the year, the role of central banks, as monetary policymakers and supervisory authorities, is a fundamental pillar in ensuring both financial and price stability, and the soundness of our financial system. We therefore believe it necessary to highlight the Banco de España’s activity and apprise society of it, through this Institutional Report, in line with our commitment to transparency and public service.

Furthermore, this commitment is one of the cornerstones of the Banco de España’s Strategic Plan 2024. Indeed, the Institutional Report, along with the promotion of other transparency-related actions, is a fundamental tool for instilling confidence in our institution, which is one of the cornerstones of the Plan. To this end, and insofar as some of our actions are not fully known by the public, it is essential to publicise who we are, how we carry out our tasks and our main achievements during the year, in our dual capacity as central bank and national banking supervisor.

Moreover, as in previous years, this publication is in digital format. Nevertheless, the Institutional Report 2022 aims to make further headway in the accessibility of information vis-à-vis the previous year. Accordingly, a more visual format has been adopted, incorporating numerous hyperlinks to publications and documents, to the Bank’s website, and to the numerous fora and organisations in which the Bank participates, all of which are designed to enable the reader to gain a quicker and more comprehensive insight into our organisation.

The Institutional Report presents, in four chapters, the configuration of the Bank and its functions, as well as the main activities carried out in 2022. The inclusion of four chapters was a new development in last year’s report, in order to differentiate the main frameworks in which the Bank carries out its activities into

four specific subject areas, aimed at providing a consistent view of its structure, organisation, resources and financial results.

In this respect, the first chapter, entitled “Functions, organisation and transparency”, describes in eight sections the main functions performed by the Bank, the progress and results of the mid-term review of the Strategic Plan 2024 and of the Banco de España’s evaluation programme, and provides information on its governing bodies, senior officers and committees, as well as on its internal structure and organisation. This chapter also includes information on the main publications issued in 2022 and on transparency and accountability, principles that guide the Banco de España’s activity and which have materialised in the aforementioned year, among other actions, in the participation of our institution, for the first time, in Open Government Week. Also, a new section is included to report on the Bank’s commitment to technological innovation, through digital transformation and the integrated management of information and cyber risks, with the aim of making the Bank more efficient, flexible and innovative.

The second chapter, “Activities report”, describes the Banco de España’s main areas of activity and the most representative activities carried out in 2022. Thus, it includes actions in the areas of economic analysis, research and statistics; the implementation of monetary policy, asset and financial risk management and payment systems; banknotes and coins; the supervision of institutions; and financial stability and preventive resolution. Also of note are the sections on the resolution of complaints and enquiries and on financial education: in the first case, due to the intense activity carried out in 2022 in terms of complaints submitted, and in the second, in addition to other initiatives, due to the signing of the cooperation agreement with RTVE to promote financial literacy among the public. Information is also provided on the progress made in the framework of environmental sustainability; the Eurosystem and other international organisations in which the Bank participates; international cooperation with other central banks and international financial institutions; and the regulatory instruments approved in 2022 that apply to the Bank’s activities.

The third chapter, entitled “Institutional social responsibility”, details the Bank’s most notable activities related to our artistic, historical and bibliographic heritage, linked both to its conservation and maintenance and to the promotion of initiatives that enable a greater number of people to acquaint themselves with the Bank’s Collection. Highlights in 2022 include the preparation of the catalogue raisonné of Banco de España timepieces and the inauguration of the second exhibition to be held in the renovated space of the Bank’s headquarters in Madrid, entitled “Flowers and fruits”. The pages of chapter three also contain information on the grants awarded by the Bank, as a centre for the promotion of economic research, to encourage the presence, collaboration and participation of researchers at the Bank, as well as on the beneficent-social assistance awarded in 2022. The last



section of the chapter, as a new feature, includes a recap of the main initiatives promoted to enhance the improvement and knowledge of the Bank's artistic, historical and bibliographic heritage as set out in the reports published since 2016.

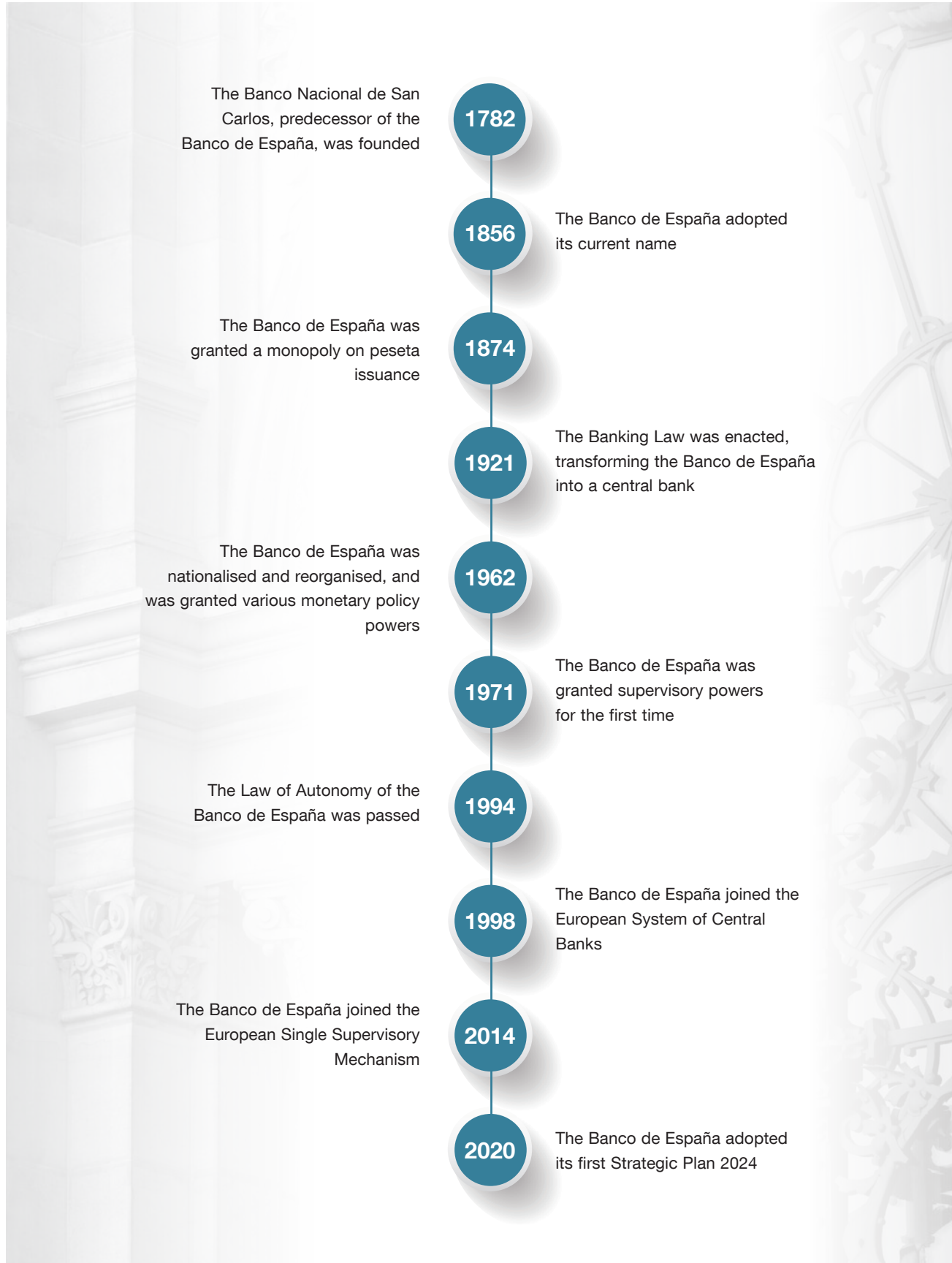
Lastly, the fourth chapter, "Financial information of the Banco de España", addresses the following issues from a financial standpoint: the results of the activities carried out by this institution, through a detailed description of the main items on its balance sheet, both in terms of the resources available to it (assets) and of the sources of financing used (liabilities); capital and reserves, generic provisions and revaluation accounts (financial resources); and the profit and loss account. The annual profit is allocated in full to the Treasury. This chapter also contains information on the financial and operational risks faced by the Banco de España and the plans in place to mitigate them.

I would like to conclude this introduction by referring once again to the Strategic Plan 2024, which is the driving force through which we intend to consolidate the Banco de España as a benchmark central bank, more dynamic and committed to the public, with independence, transparency, integrity and excellence as some of our most representative values. This vision is based not only on this institutional strategy, but rather it is also supported by the actions of its employees, whose contribution and commitment continue to be essential to achieving these goals, particularly in these times of profound global change and uncertainty, in which the role of public institutions such as ours and the proper exercise of their functions take on significant relevance in this common task of promoting the positive development of our society.

**Margarita Delgado Tejero**

Deputy Governor of the Banco de España.

## 240 YEARS OF HISTORY OF THE BANCO DE ESPAÑA 1782-2022





# 1

## FUNCTIONS, ORGANISATION AND TRANSPARENCY



## AUTONOMY

The legislation establishes the Banco de España's separate legal personality and autonomy from the central government, affording it the status of an independent institution



## COOPERATION

It performs its functions in the European institutional context, in which it is integrated as part of the European System of Central Banks and the Eurosystem, as well as of the Single Supervisory Mechanism and the Single Resolution Mechanism



## EVALUATIONS

It is at the forefront of global central banking thanks to the initiation of a set of independent evaluations of the institution's performance



## PLURALITY

Its governing bodies are the Governor, the Deputy Governor, the Executive Commission and the Governing Council. In 2022 the gender composition of the voting members of the Governing Council was five men and five women



## PROXIMITY

It operates out of 15 cities in Spain: A Coruña, Alicante, Badajoz, Barcelona, Bilbao, Las Palmas de Gran Canaria, Malaga, Murcia, Oviedo, Palma, Seville, Santa Cruz de Tenerife, Valencia, Valladolid and Zaragoza, in addition to its headquarters in Madrid



## PUBLICATIONS

It reports on its activity through various annual publications. It also publishes, with varying frequency, other documents, bulletins and reviews, and publishes research papers on subjects related to the economy, finance, the history and organisation of the Banco de España, as well as other current affairs



## TRANSPARENCY

It participates in the Open Government Week, promoted worldwide by the Open Government Partnership (Open Gov Week) and organised in Spain by the Subdirector General for Open Government of the Ministry of Finance and Civil Service



## PUBLIC SERVICE

Its Virtual Office provides citizens, companies, financial institutions and authorities with a secure digital environment in which to carry out their transactions in a swift, effective and efficient way from any location, available 24 hours a day, 365 days a year

## 1 MAIN FUNCTIONS OF THE BANCO DE ESPAÑA

The Banco de España is the public entity that performs the role of a **national central bank** in Spain. It is also responsible for the **supervision of the Spanish banking system** and other financial intermediaries operating in Spain.

These functions are performed in a **European institutional context**, in which it forms part of the European System of Central Banks (ESCB) and the Eurosystem, as well as the Single Supervisory Mechanism (SSM) and the Single Resolution Mechanism (SRM).

The main characteristics of the ESCB and the Eurosystem are described in Figure 1.1.

The Banco de España has its own **separate legal personality and autonomy** from the central government, and is an independent institution, as established in its legislation.

Accordingly, neither the government nor any national or EU body may issue the Banco de España with instructions, and the latter may not request or accept such instructions in the exercise of its functions, except for those that derive from its membership of the ESCB, which must be followed in accordance with the guidelines issued by the European Central Bank (ECB).



Illumination of the European Central Bank headquarters building to mark the 20th anniversary of the euro.

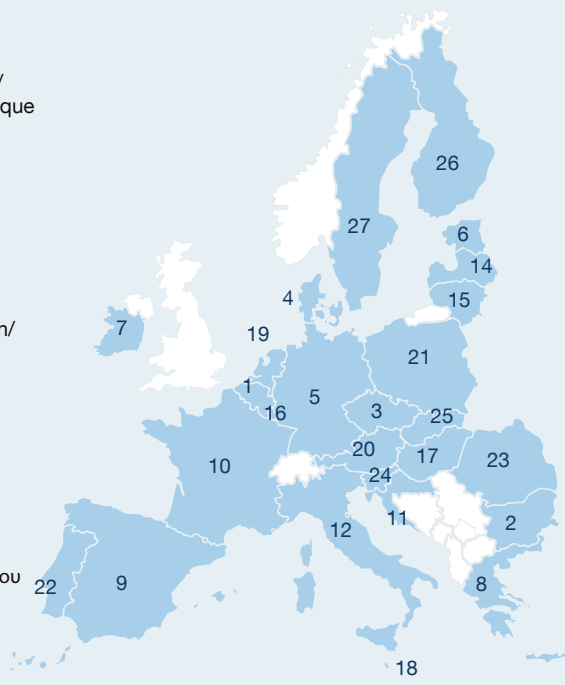
Figure 1.1

**THE ESCB AND THE EUROSYSTEM**

**THE ESCB**

The ESCB, comprising the ECB and the central banks of the Member States of the European Union, including the Banco de España, was established pursuant to the Treaty on the Functioning of the European Union and is regulated by the Statute of the ESCB and of the ECB. It lacks separate legal personality and is governed by the ECB's decision-making bodies, in which the Governor of the Banco de España participates.

- € European Central Bank
- 1 Nationale Bank van België/  
Banque Nationale de Belgique
- 2 Българска народна банка  
(National Bank of Bulgaria)
- 3 Česká národní banka
- 4 Danmarks Nationalbank
- 5 Deutsche Bundesbank
- 6 Eesti Pank
- 7 Banc Ceannais na hÉireann/  
Central Bank of Ireland
- 8 Τράπεζα της Ελλάδος  
(Bank of Greece)
- 9 Banco de España
- 10 Banque de France
- 11 Hrvatska narodna banka
- 12 Banca d'Italia
- 13 Κεντρική Τράπεζα της Κύπρου  
(Central Bank of Cyprus)



- 14 Latvijas Banka
- 15 Lietuvos bankas
- 16 Banque centrale du Luxembourg
- 17 Magyar Nemzeti Bank
- 18 Bank Ċentrali ta' Malta/  
Central Bank of Malta
- 19 De Nederlandsche Bank
- 20 Oesterreichische Nationalbank
- 21 Narodowy Bank Polski
- 22 Banco de Portugal
- 23 Banca Națională a României
- 24 Banka Slovenije
- 25 Národná banka Slovenska
- 26 Suomen Pankki/  
Finlands Bank
- 27 Sveriges Riksbank

With the ESCB, the Eurosystem groups together the ECB and the national central banks of the 20 Member States that have adopted the euro. In January 2023, Croatia became the latest country to join the euro area.

**MEMBER STATES OF THE EUROSYSTEM**

The Eurosystem is the monetary authority of the euro area entrusted with the following core functions:

1. To define and implement the euro area's monetary policy, with the primary objective of maintaining price stability.
2. To carry out foreign exchange transactions.
3. To hold and manage the official currency reserves of euro area countries.
4. To promote the sound functioning of payment systems
5. Other tasks related to banknote issuance, statistics, supervision and financial stability, and an advisory role regarding financial legislation, and European and international cooperation functions.



SOURCE: Banco de España.

**REGULATION OF THE BANCO DE ESPAÑA'S ACTIVITIES**

**The Banco de España's activities are regulated** by the following legislation:

a) At the **national level**:

- Law 13/1994 of 1 June 1994 of Autonomy of the Banco de España.
- Internal Rules of the Banco de España, approved by the Banco de España's Governing Council Resolution of 28 March 2000.

b) At the **European institutional level**:

- Treaty on the Functioning of the European Union (see, in particular, Part Three, Title VIII, Articles 123 and 124, and Chapter 2: Monetary Policy; Article 271(d); Part Six, Title I, Chapter 1, Section 6, and, in particular, Articles 282(1) and 283(1); and Protocol (No 4) on the Statute of the European System of Central Banks – ESCB – and of the European Central Bank – ECB –).
- Statutes of the ESCB and of the ECB.
- Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions.

The actions of the Banco de España are subject to private law, except where acting in the exercise of administrative powers, including those related to its supervisory functions.

Box 1.1 summarises the legislation that regulates the Banco de España's activity. In turn, Schema 1.1 details the main functions performed by the Banco de España.



For more information on the supervisory functions performed by the Banco de España, see the [Banco de España's Supervision Report](#).



## MAIN FUNCTIONS OF THE BANCO DE ESPAÑA

### AS A MEMBER OF THE ESCB/EUROSYSTEM

The Banco de España is entrusted with various functions as a member of the ESCB and the Eurosystem, and is subject to the guidelines issued by the ECB's decision-making bodies.

- Participates in the implementation of the euro area's **single monetary policy**.
- Manages the settlement of national and cross-border payments through the **TARGET2 system**.
- Manages foreign **currency reserves** as an agent for the ECB.
- Carries out tasks relating to the issuance and processing of **euro banknotes** in Spain.

### AS THE NATIONAL CENTRAL BANK

The Banco de España, as the national central bank, has other functions assigned to it by its specific regulations.

- Holds and independently manages the **foreign reserves which have not been transferred to the ECB**.
- Puts **cash** into circulation.
- Provides **State treasury services**, for which the Banco de España holds accounts for the Treasury and the regional governments if they so request.
- Acts as a financial agent for **government debt**.

### AS THE SUPERVISORY AUTHORITY

The Banco de España exercises the function of microprudential supervisor within the SSM, and also carries out supervision in other areas.

- Implements **macroprudential policy**.
- Supervises **market conduct and transparency**.
- Collaborates with the Commission for the Prevention of Money Laundering and Monetary Offences and its Executive Service (Sepblac, by its Spanish abbreviation), to supervise compliance with the legislation on the **prevention of money laundering and terrorist financing** by the institutions supervised by the Banco de España.

The supervisory functions are aimed at preserving the solvency and sound functioning of financial intermediaries, with the ultimate objective of **safeguarding the stability of the financial system**. Direct supervision of significant institutions is the responsibility of the ECB, which is assisted by the National Competent Authorities (NCAs). **Direct supervision of less significant institutions is the responsibility of the NCAs**. The Banco de España is the supervisor of financial institutions other than credit institutions, including payment institutions, electronic money institutions and specialised lending institutions. The Banco de España also supervises compliance with banking transparency rules.

### OTHER FUNCTIONS

The Banco de España's regulations assign it the task of compiling statistics and preparing reports and of promoting the stability of the financial system. The Banco de España is also responsible for the preventive resolution of credit institutions in accordance with the European framework.

- **Advises the Government**, for which it produces a variety of reports and studies
- Compiles and publishes **economic and financial statistics related to its functions**, such as those included in the National Statistics Plan. In addition, it compiles and provides the ECB with monetary, banking and financial statistics, and figures on interest rates and the balance of payments.
- Promotes the **smooth operation and stability of the financial system**, analysing the risks and vulnerabilities of the Spanish financial system and monitoring financial stability.
- It is the designated authority responsible for **implementing the macroprudential policy instruments** provided for in the legislation on the supervision of credit institutions, in order to address systemic risks which may affect the stability of the banking system. It participates in the Spanish macroprudential authority (AMCESFI), whose goal is to contribute to preserving the stability of the Spanish financial system as a whole.
- It is also tasked with the **preventive resolution of credit institutions**, a function that it exercises independently of its supervisory tasks.
- Has the role of **regulator**; management of the **CCR**; resolution of **complaints from users of banking services**; keeping the **official registers** of the Banco de España; ensuring the **quality and authenticity of banknotes and coins**; management and administration of **internal services and functions** (among many more).

SOURCE: Banco de España.

## 2 STRATEGIC PLAN 2024

### 2.1 Overview of the Strategic Plan 2024

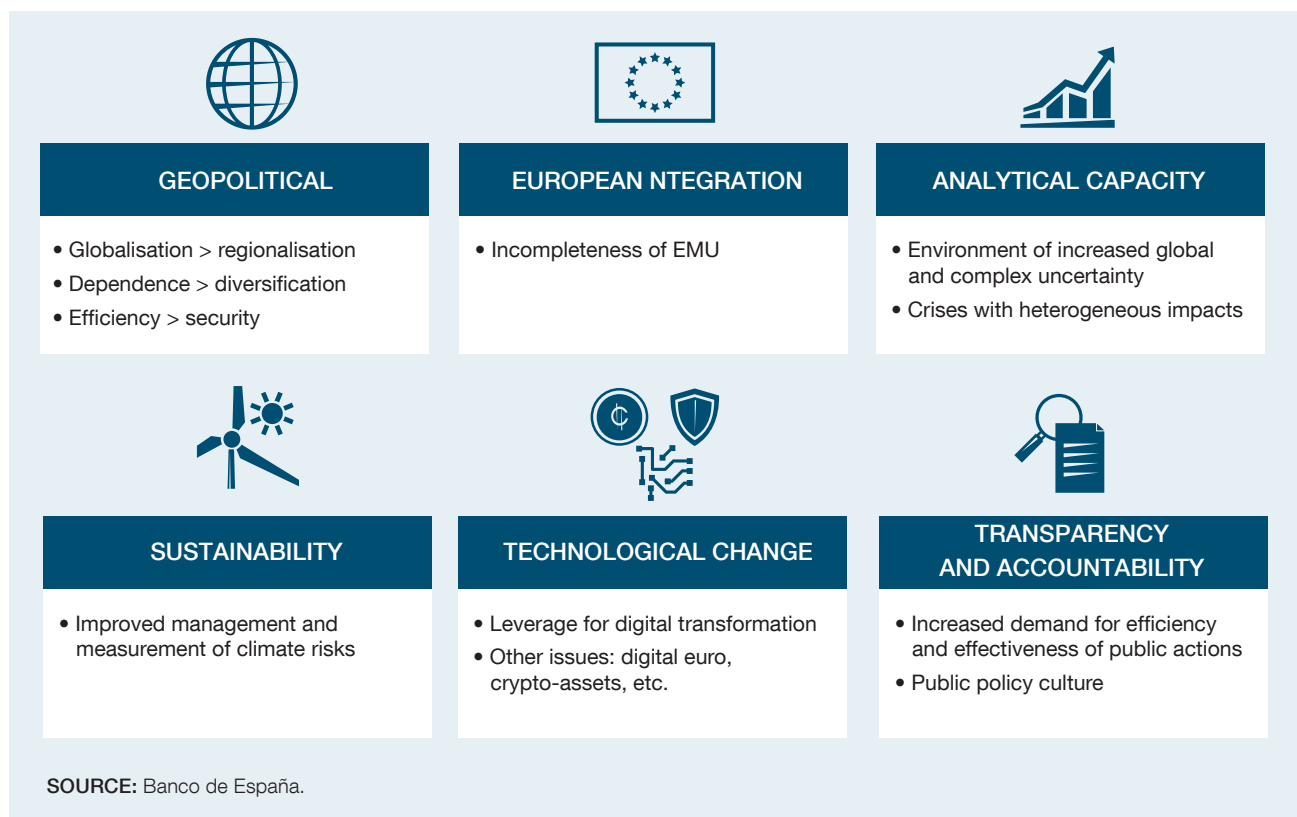
In September 2022 the Governing Council approved the results of the mid-term review of the Strategic Plan 2024 (SP 2024), which confirmed the **validity of the Strategic Framework established in 2020**.

This review involved, on the one hand, updating the analysis of the current backdrop and its impact on the Banco de España in accordance with the changes that had occurred since the approval of the SP 2024 and, in particular, those arising from the impact of the pandemic and the invasion of Ukraine in different areas (see Schema 1.2): **geopolitics, European integration, analytical capacity, sustainability, technological change, and transparency and accountability**.




An in-depth review was also carried out of the plans and initiatives of the SP 2024, including the promotion of those areas with the greatest impact on the Banco de España's capacity for transformation and with the greatest potential to contribute to achieving the strategic objectives.

Schema 1.2

#### UPDATE OF THE ANALYSIS OF THE ENVIRONMENT AND ITS IMPACT ON THE BANCO DE ESPAÑA



**BOOSTING PLANS RELATED TO DIGITALISATION, COMMUNICATION, FINANCIAL LITERACY AND HUMAN CAPITAL**

|  |   |
|--|---|
|  <b>Digitalisation</b>                    | Turn the Banco de España into a <b>digital organisation</b> .     |
|  <b>Strategic communication framework</b> | Optimise and harness possible improvements in communications.     |
|  <b>Financial education</b>               | Boost <b>financial education and inclusion actions</b> .          |
|  <b>Human capital</b>                     | Strengthen the initiatives of <b>objective 3</b> (human capital). |

**SOURCE:** Banco de España.

As part of the review of action plans and initiatives, the decision was taken to boost plans relating to **digitalisation, communication, financial education and human capital**.

## 2.2 Headway on the Strategic Plan 2024 in 2022

In 2022, halfway through the term of the SP 2024, progress continued to be made in the implementation of the foreseen actions, which represents significant progress in achieving the aim of making the Banco de España a leading central bank, more dynamic and more socially committed.

### Objective 1. Early reaction to risks to financial and economic stability

In relation to the Banco de España's capacity to identify and pre-empt these risks, significant progress was made in 2022 in its implementation. In particular, work was carried out on the definition of an appropriate framework for the identification, discussion, communication and global treatment of risks to financial stability, and on the analysis of the impact of other new risks – e.g. climate change and technological innovation –, as well as on various research articles and occasional papers for the development of theoretical and empirical models analysing these impacts, such as the analysis of the

capacity to use capital buffers during the crisis triggered by COVID-19 (Occasional Paper No 223).

## Objective 2. Modernisation of the Banco de España

In 2022 a systematic programme of independent evaluations was launched, placing the Banco de España at the forefront of central banking in such important matters such as continuous improvement and transparency.

As regards digitalisation, and as part of the Digital Transformation Programme, the robotisation of processes and the automation of tasks continued, bringing the total number of initiatives since the inception of the programme to 36, which represents a challenge in terms of adapting work and processes, and generates significant efficiencies that enable the Banco de España to focus efforts on activities with greater added value. Furthermore, the Digital Data Analytics Hub was launched, which provides new cross-departmental data analytics capabilities at the institution, aimed at the exploitation and visualisation of data using new technologies and artificial intelligence models.

In addition, headway was made in modernising the Banco de España's organisational framework through the analysis and organisational diagnosis of all the general directorates, with the approval of a new corporate space and building management policy.

## Objective 3. Boosting excellence through talent management

In 2022 the Banco de España adopted a new model of remote working and digital disconnection, which has boosted flexibility in the internal functioning of the institution.

In addition, intense work was carried out on improving the training and development of employees, and on defining a talent and leadership model that describes the competencies that guide the way Banco de España employees work and collaborate. Also, in the area of equality, diversity and inclusion, work continued on actions to promote these values, thereby recognising their importance for the institution.

## Objective 4. Increasing influence of the Banco de España

As part of the programme to increase prominence in economic and social debates, the *Banco de España's Analytical and Research Priorities 2020-2024* were updated in the third quarter of 2022.

In order to promote greater influence and improve its positioning in national and international forums and committees, in 2022 the Banco de España implemented a coordination framework for strategically significant groups, which aims to ensure the consistency of its institutional messages and generate synergies. In addition, cooperation with other Latin American central banks and international organisations was strengthened by organising events.

As regards the presence of employees in international economic organisations, a new policy on temporary stays was approved and the BeGlobal community was launched, aimed at former and expatriate employees of such organisations, to foster their ties with the Banco de España and enable them to share their valuable experiences

### Objective 5. Generating greater confidence in the Banco de España

As a further development of the action plan to improve the Banco de España's external communication, in December a multi-year communication strategy was approved for the first time. This strategy endeavours to bring the Bank closer to society, shoring up communication with the expert public and also focusing on a gradual approach to the general public, using appropriate content and formats. One of the objectives is to improve knowledge of the Bank's mandate and functions and to contribute to greater economic education for the general public.

In order to bring the Bank closer to society, increasing transparency and accountability, the Banco de España's database laboratory (BELab) continued to be strengthened, making its proprietary databases, tools and analysis methodologies available to external analysts and researchers. In this respect, in 2022 the Banco de España incorporated new databases – such as the Banco de España Business Activity Survey (EBAE) –, updating existing ones, and developed various tools that facilitated the management and transmission of information from the BELab.

Furthermore, in order to better inform the public as to its own functions, the Banco de España participated for the first time in Open Government Week, offering a total of 25 workshops<sup>1</sup> which explained, inter alia, the functions of the institution, its publications and the modus operandi of the Central Credit Register (CCR).

<sup>1</sup> The workshops took place at the central headquarters in Madrid and at the branches in Barcelona, Bilbao, Las Palmas de Gran Canaria, Malaga, Murcia, Santa Cruz de Tenerife, Seville and Valladolid. Some of them were also offered in online format.



The Europa Room is part of the latest extension to the Banco de España's headquarters building.



For further information on the SP 2024, this [document](#) may be consulted.

## 2.3 Evaluation programme to assess the Banco de España's actions

March 2022 saw the approval of a programme of evaluations of the Banco de España and, as part of this programme, its first annual plan was also approved, which includes three evaluations, scheduled to be carried out between 2022 and 2023:

- 1 **Research activities** – initiated in 2022 –: comprising the critical review of the Banco de España's research since the last external evaluation, which was published in January 2012, with a focus on governance and the impact of research activity on the exercise of the Banco de España's functions, at both national and international level.
- 2 **Macroeconomic projects** – initiated in 2022 –: an evaluation focusing mainly on the procedures and methodology used in the preparation of projections, on analysing how the tools (models) used are adapted to a changing context, and on the usefulness and relevance of the Banco de España's forecasts at both national and international level.

- 3 **Application of technological innovation to the prudential supervision function (*suptech*)** – initiated in 2023 –: this includes a critical review of the use of innovative technologies to improve the prudential supervision processes of credit institutions, placing particular emphasis on the governance of the technical development processes – tools – and human development – supervisory capacity in the *suptech* area – on alignment with the Banco de España's strategic digitalisation objectives established in the Information Technology Strategy 2024 and on coordination and interaction with the SSM in the *suptech* area.



For more information about the evaluation programme guidelines, the evaluations completed and those scheduled for 2022 and 2023, see the [Transparency Portal of the Banco de España](#).

## 3 GOVERNING BODIES OF THE BANCO DE ESPAÑA

### 3.1 Governing bodies

The governing bodies of the Banco de España are **the Governor, the Deputy Governor, the Governing Council and the Executive Commission**. Schema 1.4 summarises their functions and describes the members forming part of the collegiate bodies.

Schema 1.4

#### GOVERNING BODIES OF THE BANCO DE ESPAÑA



##### GOVERNOR

- Heads the institution, chairs its collegiate governing bodies and acts as its legal representative.
- Appointed by the King, at the proposal of the Prime Minister, for a non-renewable six-year term.
- **The current Governor is Pablo Hernández de Cos.**



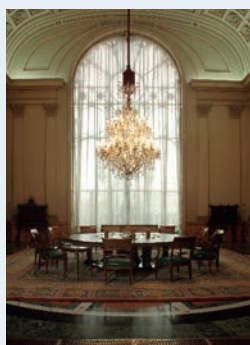
##### DEPUTY GOVERNOR

- Stands in for the Governor when the post is vacant or in the event of the latter's absence or illness, and performs the duties established by the Internal Rules of the Banco de España or delegated by the Governor, the Governing Council or the Executive Commission.
- Appointed by the Spanish Government, at the Governor's proposal.
- **The current Deputy Governor is Margarita Delgado.**



##### GOVERNING COUNCIL

- It is composed of the Governor, the Deputy Governor, six council members appointed by the Government and two ex officio members (the General Secretary for Treasury and International Financing and Vice-Chair of the CNMV). The gender composition of the voting members of the Governing Council in 2022 was five men and five women.
- Meetings are attended, in a non-voting capacity, by the General Secretary, the Directors General (from January to May 2022, four men and two women; from May to December 2022, five men and one woman), and a staff representative.
- Its **main functions** are: approving the general guidelines for the Bank's activity; supervising the Bank's contribution to the implementation of ESCB monetary policy; approving Banco de España circulars, and reaching decisions on sanctioning proceedings.



##### EXECUTIVE COMMISSION

- It is composed of the Governor, the Deputy Governor and two elected members —in 2022, one man and one woman— appointed by the Governing Council from among its non-ex officio members.
- Meetings are attended, in a non-voting capacity, by the General Secretary and the Directors General.
- Its main functions are: deciding on the internal organisation and administration of the Bank; approving internal circulars; helping to implement ESCB monetary policy; reaching decisions on the administrative authorisations requested by the institutions it supervises; adopting intervention measures relating to the replacement of directors; bringing sanctioning proceedings and issuing requests and recommendations to the supervised institutions.

SOURCE: Banco de España.





Further information on the institution's governing bodies can be found on Banco de España's [website](#).

## 3.2 Banco de España senior officers

**The functions of the Banco de España are exercised through its governing bodies and its directorates general.** The members of the governing bodies, along with the directors general and associate directors general, are the Banco de España's senior officers.

Schema 1.5 shows the composition of the Governing Council of the Banco de España and indicates the members who also sit on the Executive Commission – comprising the Governor, who chairs it, the Deputy Governor and two executive directors –, the Audit Committee – comprising three members of the Governing Council – and the Steering Committee – comprising the Governor, the Deputy Governor and the directors general –. In addition, it provides details of the Banco de España's other senior officers.

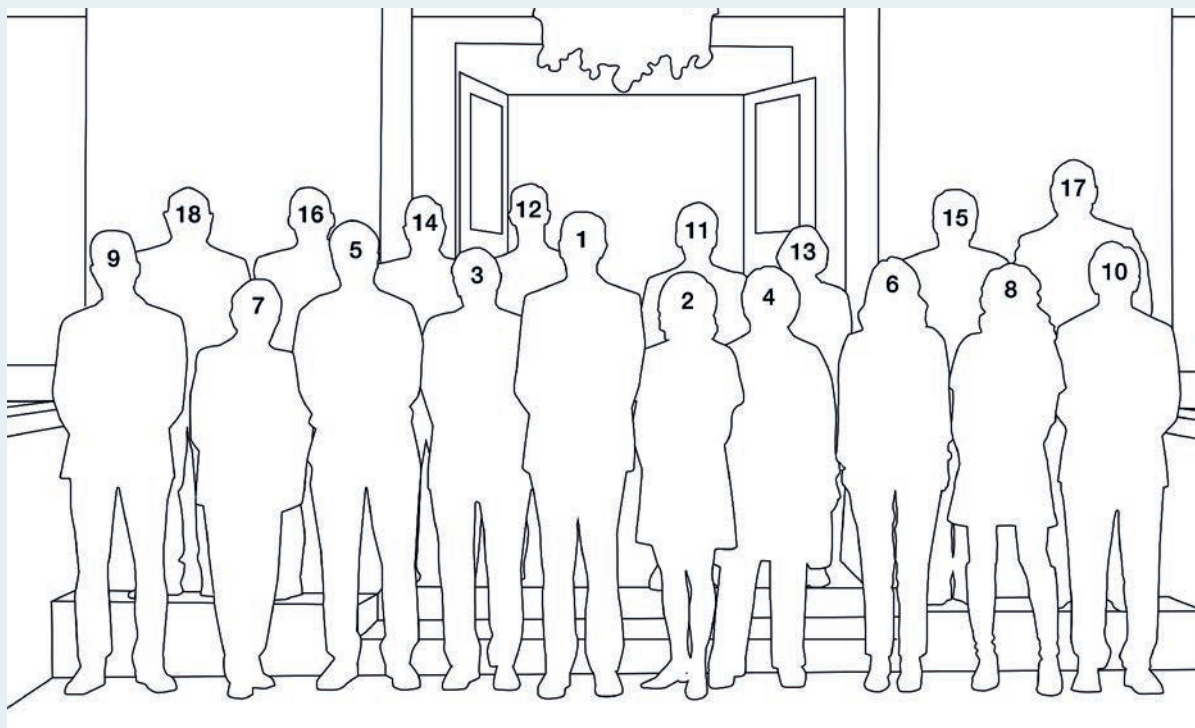


For more information about the professional experience and curriculum vitae of the members of the Governing Council, see the Banco de España's [website](#).

Figure 1.2

**GOVERNING COUNCIL OF THE BANCO DE ESPAÑA. 21.12.2022**

The members of the Governing Council of the Banco de España on the landing of the staircase in front of the door of the Executive Commission room in 2022.

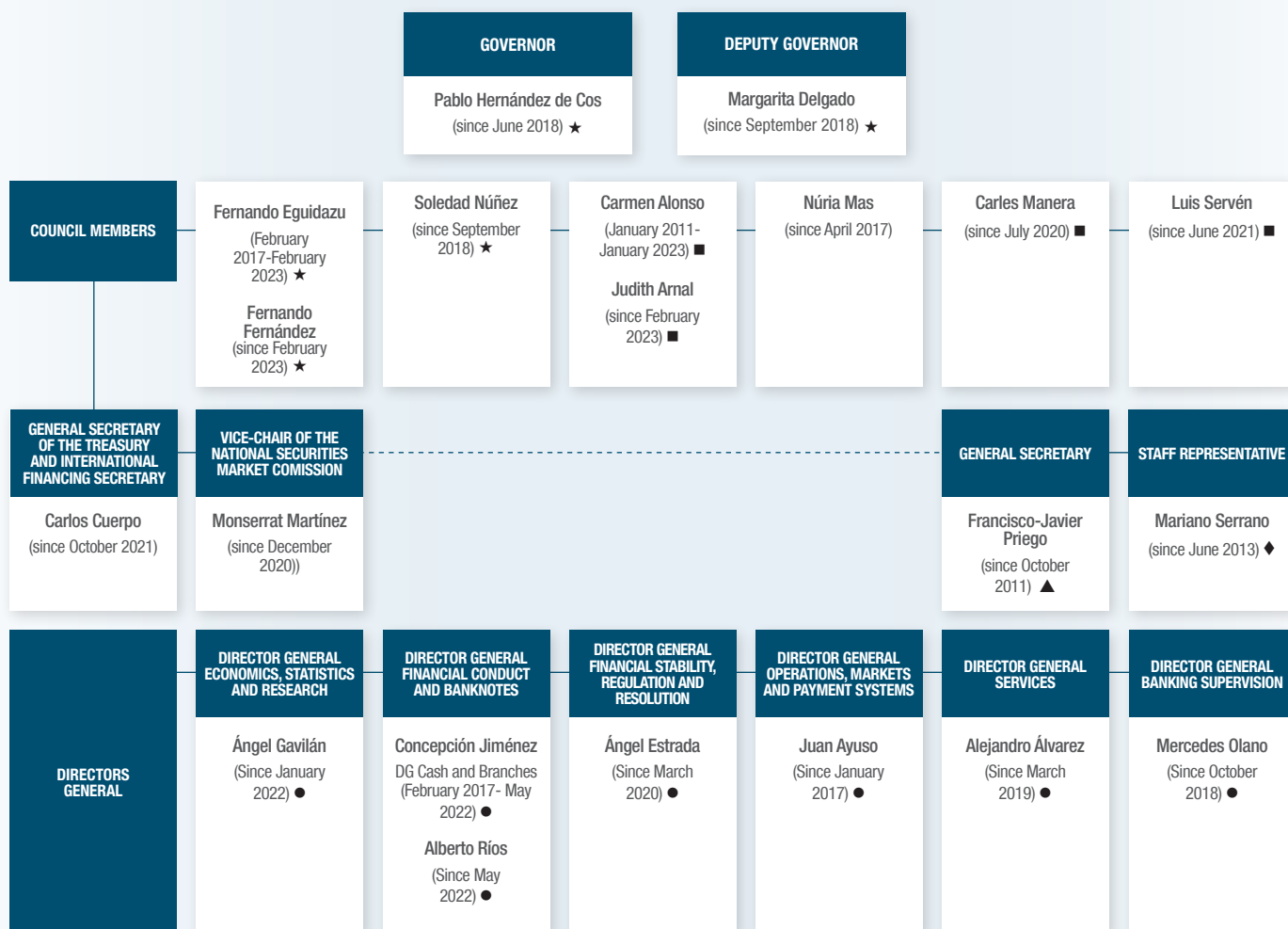


1. Pablo Hernández de Cos; 2. Margarita Delgado; 3. Fernando Eguidazu; 4. Soledad Núñez; 5. Carlos Cuerpo; 6. Montserrat Martínez; 7. Carmen Alonso; 8. Núria Mas; 9. Carles Manera; 10. Luis Servén 11. Francisco-Javier Priego; 12. Juan Ayuso; 13. Mercedes Olano; 14. Alejandro Álvarez; 15. Ángel Estrada; 16. Ángel Gavilán; 17. Alberto Ríos; 18. Mariano Serrano.

**SOURCE:** Banco de España.

**BANCO DE ESPAÑA SENIOR OFFICERS**

**MEMBERS OF THE GOVERNING COUNCIL**



- ★ Members of the Executive Commission.
- ▲ The General Secretary acts as non-voting secretary to the Governing Council and the Executive Commission.
- The Directors General of the Banco de España attend meetings of the Governing Council and the Executive Commission as non-voting members.
- Members of the Audit Committee.
- ◆ A staff representative attends the meetings of the Governing Council.

**ASSOCIATE DIRECTORS GENERAL**



SOURCE: Banco de España.



For further information on the organisation of the Banco de España, see the institution's [website](#).

### 3.3 Committees


Along with the Governing Council and the Executive Commission, there is a second organisational level: the Audit Committee and the Steering Committee, whose functions are shown in Schema 1.6 below.

In addition, there is a third organisational level, as the Executive Commission has the power to create internal committees to resolve the matters it deems necessary. The most significant committees are described in Schema 1.7.

Schema 1.6

#### AUDIT COMMITTEE AND STEERING COMMITTEE OF THE BANCO DE ESPAÑA

|                    | COMPOSITION  | FUNCTIONS   |
|--------------------|--|---|
| AUDIT COMMITTEE    | Made up of three Members of the Governing Council, appointed by the latter from among the elected council. | This committee is responsible for auditing the <b>draft annual accounts</b> of the Banco de España, as well as other functions, including: i) the supervision of the internal <b>audit and control services</b> , and ii) the supervision of <b>relations with the external auditors</b> . In 2022 the Audit Committee was composed of three members (two men and one woman, who chaired it).   |
| STEERING COMMITTEE | Made up of the Governor, Deputy Governor, and the heads of the Directorates General.                       | The main functions of the Steering Committee are: I) <b>to advise the Governor and the Deputy Governor</b> on any matters or decisions, as required; and ii) to assist in the <b>preparation of the matters</b> to be submitted for decision to the Governing Council and the Executive Commission. It also coordinates the activities of the Directorates General. In terms of its composition, six men and three women participated in its meetings from January to May 2022 and seven men and two women from May to December 2022. |



SOURCE: Banco de España.

Schema 1.7

**INTERNAL COMMITTEES OF THE BANCO DE ESPAÑA**

|  |   |   |
|--|---|---|
| <p><b>FINANCIAL STABILITY BOARD</b></p> <p>Identifies and assesses the risks to financial stability and proposes macroprudential measures for mitigating them.</p>   | <p><b>RISK MANAGEMENT AND CONTINUITY COMMITTEE</b></p> <p>Proposes measures for the management of financial and operational risks, metrics for such risks and an appropriate level of provisioning, and monitors their evolution. In addition, it submits the business continuity plans and approves the continuity plans of the areas.</p> | <p><b>INFORMATION SYSTEMS COMMITTEE</b></p> <p>Approves and monitors the annual information systems plan of the Banco de España.</p>  |
| <p><b>INTERNATIONAL COOPERATION COMMITTEE</b></p> <p>Defines the strategic lines of action as regards international cooperation, adopts high-level decisions and carries out strategic coordination in this area.</p>  | <p><b>SUPERVISORY COMMITTEE OF THE IRPH</b></p> <p>Reviews, reports on and adopts recommendations and decisions to ensure the integrity and quality of key interest rates “average rate of mortgage loans at more than three years, for the acquisition free-market housing, granted by credit institutions in Spain” (IRPH).</p>           | <p><b>FINANCIAL EDUCATION COMMITTEE</b></p> <p>Defines and reviews the financial education strategy of the Banco de España and coordinates its implementation.</p>  |
| <p><b>BUDGET COMMITTEE</b></p> <p>Analyses the Banco de España's draft annual budget, reports on its outturn and monitors the approved budget. In addition, approves and supervises the Annual Procurement Plan.</p>   | <p><b>COMPREHENSIVE SECURITY COMMITTEE</b></p> <p>Proposes the adoption of decisions by the Banco de España relating to corporate security matters.</p>   | <p><b>FINANCIAL AND PRUDENTIAL INFORMATION COMMITTEE</b></p> <p>Coordinates the Banco de España's position and internal procedures regarding the financial and prudential reporting requirements to which institutions are subject.</p> |
| <p><b>DOCUMENTARY POLICY AND ASSESSMENT COMMITTEE</b></p> <p>Defines the standards for the classification, use and preservation of Banco de España documents.</p>  | <p><b>INTERNAL COMMITTEE FOR THE PREVENTION OF MONEY LAUNDERING AND TERRORIST FINANCING</b></p> <p>Responsible for complying with internal regulations on the prevention of money laundering and terrorist financing.</p>   | <p><b>LEAVE OF ABSENCE ASSESSMENT COMMITTEE</b></p> <p>Assesses the leave of absence requests submitted by Banco de España employees to work for supervised institutions or institutions in the financial sector.</p>                   |
| <p><b>OCCUPATIONAL RISK PREVENTION COMMITTEE</b></p> <p>Proposes policies and basic criteria for action on the prevention of occupational risks and coordinates and supervises preventive activity in this area.</p>   | <p><b>COMMITTEE FOR THE ASSESSMENT OF BSF FINANCIAL ASSISTANCE</b></p> <p>Assesses financial assistance applications made to the Beneficent Social Fund (BSF).</p>  |   |
| <p><b>COMMITTEE OF INDEPENDENT EXPERTS FOR THE EVALUATION OF SUPERVISED INSTITUTIONS' SENIOR OFFICERS</b></p> <p>Comprises three external members and acts in an advisory capacity in the suitability analysis of senior officers at supervised institutions in certain cases, where the individual in question has been sentenced for the commission of offences or misdemeanours, or is subject to a criminal investigation.</p> | <p><b>COMMUNICATION COMMITTEE</b></p> <p>Its main mandate is to design and implement the Banco de España's communication strategy, as well as to promote coordination and the identification of synergies between the communication actions undertaken by the various areas of the institution. (*)</p>                                     |   |

**SOURCE:** Banco de España.

(\*) The Communication Committee has been operational since February 2023.

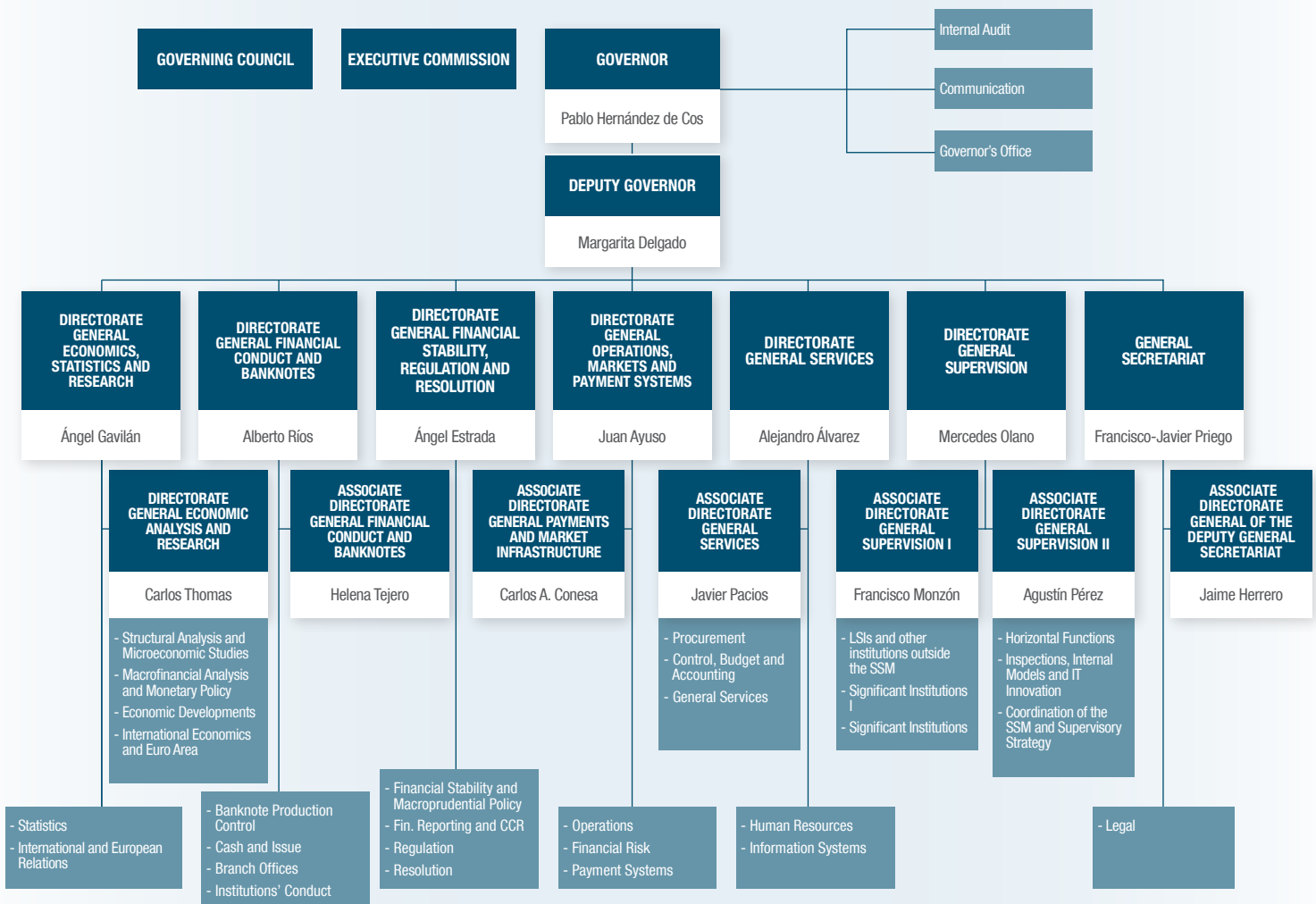
## 4.1 Organisation chart and structure of the Banco de España

The Banco de España's organisation chart is approved by the Executive Commission and is currently structured around six Directorates General and a General Secretariat, as shown in Schema 1.8.

The Executive Commission is the body responsible for determining, at the proposal of the Governor, the functions and scope of action of the Directorates General and the General Secretariat. The [Resolution](#) describing these functions is available on the Banco de España's website.

Schema 1.8

### ORGANISATION CHART OF THE BANCO DE ESPAÑA







SOURCE: Banco de España.

**FUNCTIONS OF THE DIRECTORATES GENERAL AND THE GENERAL SECRETARIAT**

| DIRECTORATE GENERAL  | MAIN FUNCTIONS  |
|--|---|
|  <p><b>DIRECTORATE GENERAL ECONOMICS, STATISTICS AND RESEARCH</b></p>               | <ul style="list-style-type: none"> <li>– Economic and financial studies and research.</li> <li>– Compilation, analysis and dissemination of statistics.</li> <li>– Drafting of the Annual Report and other publications on economic and monetary policy issues.</li> <li>– Preparatory, advisory and monitoring work relating to the Banco de España’s participation in European institutions. Development and management of international relations outside the scope of European institutions.</li> <li>– Coordination of international cooperation (including technical assistance) with other national central banks, financial supervisors and other similar public agencies.</li> <li>– Monitoring political, economic and solvency-related developments in material countries in terms of the financial risk assumed by Spanish institutions.</li> <li>– Management of the Banco de España Library.</li> </ul>   |
|  <p><b>DIRECTORATE GENERAL FINANCIAL CONDUCT AND BANKNOTES</b></p>                  | <ul style="list-style-type: none"> <li>– Supervision of market conduct, banking transparency and customer protection.</li> <li>– Resolution of enquiries, complaints and claims from users of banking services regarding actions by supervised institutions in relation to transparency and customer protection regulations or good banking practices and customs.</li> <li>– Controlling euro banknote production entrusted to IMBISA, including the coordination and audit of the company.</li> <li>– Issuing euro banknotes and putting cash into circulation, along with their withdrawal, exchange, safekeeping and recirculation, and promoting the quality and authenticity of the banknotes and coins in circulation, and supervising those involved in the processing and handling of cash.</li> <li>– Detection and analysis of counterfeit banknotes and coins through the National Analysis Centres for banknotes and coins.</li> <li>– Exchange of unfit banknotes and providing cash services to general government agencies.</li> <li>– Management of the Banco de España branch network.</li> </ul>                                     |
|  <p><b>DIRECTORATE GENERAL FINANCIAL STABILITY, REGULATION AND RESOLUTION</b></p> | <ul style="list-style-type: none"> <li>– Analysis and monitoring of financial stability and drafting of the Financial Stability Report.</li> <li>– Analysis and formulation of macroprudential policy proposals.</li> <li>– Drafting reports and proposals relating to rules on the regulation and disciplining of institutions subject to Banco de España supervision, and processing external enquiries (except in matters pertaining to bank-related accounting, market conduct, banking transparency and customer protection).</li> <li>– Contributing to defining regulatory policy on technical and economic aspects in the framework of the Financial Stability Board, the Basel Committee on Banking Supervision and the European Banking Authority.</li> <li>– Carrying out the Banco de España’s statutory functions in respect of resolution.</li> <li>– Preparing draft rules and regulations on the periodic reporting required from supervised institutions.</li> <li>– Receipt, quality control, custody and dissemination of the periodic information reported by supervised institutions.</li> <li>– Management of the CCR.</li> </ul> |
|  <p><b>DIRECTORATE GENERAL OPERATIONS, MARKETS AND PAYMENT SYSTEMS</b></p>        | <ul style="list-style-type: none"> <li>– Implementing the operations of the Banco de España in its capacity as a central bank and member of the Eurosystem.</li> <li>– Managing the gold, foreign exchange reserves and euro-denominated financial assets owned by the Banco de España.</li> <li>– Measuring, assessing and managing the financial risks arising from the implementation of monetary policy and the management of the Banco de España’s financial assets.</li> <li>– Providing financial services for government debt.</li> <li>– Providing payment services and other banking operations to the Treasury and to other public-sector entities.</li> <li>– Promotion and oversight of the proper functioning of payment systems and instruments.</li> <li>– Providing, managing and maintaining market infrastructures.</li> <li>– Monitoring and analysis of innovations in financial markets.</li> </ul>   |

SOURCE: Banco de España.

**FUNCTIONS OF THE DIRECTORATES GENERAL AND THE GENERAL SECRETARIAT** (cont'd.)

| DIRECTORATE GENERAL   | MAIN FUNCTIONS  |
|---|---|
|  <p><b>DIRECTORATE GENERAL OPERATIONS, MARKETS AND PAYMENT SYSTEMS</b> (cont.)</p> | <ul style="list-style-type: none"> <li>– Supervision of compliance with the specific rules and regulations for payment institutions, account information service providers and electronic money institutions (except in respect of solvency, market conduct, banking transparency and customer protection), and supervision of other supervised institutions in matters relating to the provision of payment services.</li> <li>– Contributing to defining the Banco de España’s supervisory policy and preparing supervisory reports and proposals affecting the institutions supervised by the Banco de España, in relation to the provision of payment services (except in matters pertaining to market conduct, banking transparency and customer protection).</li> </ul>   |
|  <p><b>DIRECTORATE GENERAL SERVICES</b></p>  | <p>Entrusted with the management and administration of the internal services and functions common to the entire Bank, and responsible for:</p> <ul style="list-style-type: none"> <li>– Human resources.</li> <li>– Workplace health and safety.</li> <li>– Preparation of the draft expenditure and investment budget.</li> <li>– Preparation of the draft accounts (balance sheet, profit and loss account and notes to the accounts); the accounting and control of operations.</li> <li>– Hiring arrangements.</li> <li>– Acquisition, maintenance and administration of assets and the art collection.</li> <li>– Information systems.</li> <li>– Administration and organisation of internal security services and, in general, whatsoever tasks and areas are required to carry out the function entrusted to it.</li> </ul>   |
|  <p><b>DIRECTORATE GENERAL BANKING SUPERVISION</b></p>                           | <ul style="list-style-type: none"> <li>– Supervision of the solvency of credit institutions –under the framework of the single supervisory mechanism– and other financial institutions and markets subject to Banco de España supervision, and their compliance with the specific regulatory and disciplinary rules governing them, by means of the ongoing supervision of supervised institutions and their groups, and of those of their shareholders, directors and managers, through analysis of the information available and inspection visits.</li> <li>– Formulating the necessary proposals for the adoption of preventive, disciplinary and cautionary measures in respect of the above-mentioned institutions, groups and individuals.</li> <li>– Contributing to defining the Banco de España’s supervisory policy, except in respect of the functioning of payment systems and instruments, the provision of payment services, market conduct, banking transparency and customer protection.</li> <li>– Reporting and proposing decisions where appropriate, on requests by credit institutions and other financial agents which the Banco de España has to assess or authorise, in the areas entrusted to this Directorate General.</li> <li>– Drawing up draft accounting standards for credit institutions and other supervised institutions, and addressing enquiries in this connection.</li> </ul> |
|  <p><b>GENERAL SECRETARIAT</b></p>   | <ul style="list-style-type: none"> <li>– Secretariat to the governing bodies of the Banco de España, and assistance to the Council Members.</li> <li>– Legal advice to the governing bodies and, in general, to the Bank.</li> <li>– Conduct of sanctioning proceedings.</li> <li>– Reporting and proposing decisions where appropriate, on requests by credit institutions and other financial agents which the Banco de España must address or authorise, in the areas entrusted to this General Secretariat.</li> <li>– Management of the official registers of the Banco de España.</li> <li>– Management of the Virtual Office and of compliance with obligations in respect of transparency and access to public information, protection of personal data, the General Archive, the Historical Archive and the Numismatic Service, and coordination of the Bank’s document management.</li> </ul>   |

SOURCE: Banco de España.





For further information on the structure of the Banco de España, see the institution's [website](#).

Schema 1.9 summarises the functions of the six directorates general and the General Secretariat, the description of which was agreed by the Executive Commission with effect from 5 May 2022.

Lastly, in addition to these six directorates general and the General Secretariat, there are **other cross-cutting departments** that report directly to the Governor, such as the Internal Audit Department, the Communications Department and the Governor's Office.

## 4.2 Head offices and branches

**The Banco de España has two buildings in Madrid:** the main head office at Calle de Alcalá, 48, and that located at Calle de Alcalá, 522.

The main head office is located in one of Madrid's most emblematic buildings, representative of 19th and early 20th century Spanish architecture. It was built on a site previously occupied by the palace of the Marquis of Alcañices and was extended on three occasions until it reached its current form. The building contains elements of great historic and artistic value, most notably the grand staircase and the banking hall, which is currently the library, which boasts a cast iron structure commissioned from the Mieres foundry.



Façades of the València (left) and Valladolid (right) branch buildings.

Figure 1.3

### BRANCH OFFICES OF THE BANCO DE ESPAÑA



Functionally, the head office houses the Bank's central services and is where the Banco de España's governing bodies are located.

In the 1980s, the Banco de España acquired a second headquarters in Madrid in order to decongest its main building. The new building was located on Avenida de Aragón, which at the time was an extension of Calle de Alcalá and which is now part of it.

This second building is reserved for various operational and general service functions.

The Bank also occupies a small office space on Calle Prim in Madrid, very close to its headquarters.

**The Banco de España is also present in 15 other cities in Spain:** A Coruña, Alicante, Badajoz, Barcelona, Bilbao, Las Palmas de Gran Canaria, Malaga, Murcia, Oviedo, Palma, Seville, Santa Cruz de Tenerife, Valencia, Valladolid and Zaragoza. The branch offices of the Banco de España are shown in Figure 1.3.

**These branches not only provide a cash service to credit institutions, but also offer certain services to the public at all their branches**, such as the exchange of euro banknotes and coins – even damaged ones –, the collection of suspected counterfeit cash, government debt subscriptions and operations, the consultation of CCR data, the submission of complaints or enquiries about the conduct of institutions, the performance of transactions on accounts opened by public bodies and, in the case of the Barcelona branch, on-site access to BELab. In addition, in 2022 in-person activity was fully resumed, mainly with the holding of workshops, financial training days and information days on various publications produced by the Banco de España.

The branches also carry out supervisory support tasks in the area of the conduct of institutions and cash.



For further information on the territorial organisation of the Banco de España, see the institution's [website](#).

## 4.3 Staff composition and internal administration

### a) Staff composition

**At 31 December 2022, the total number of Banco de España employees was 3,431.**

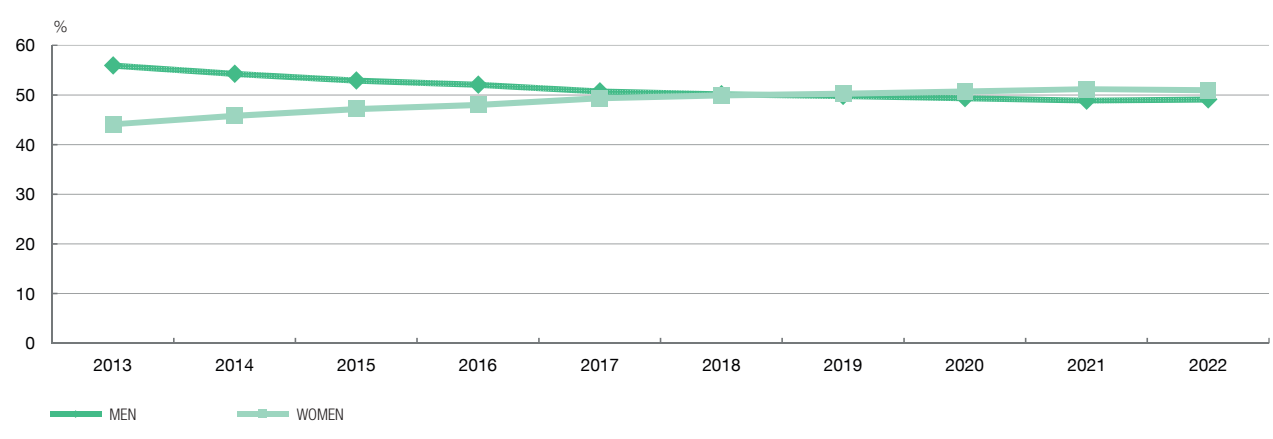
The average age of employees rose slightly compared with 2021 to stand at 46.32 years. By gender, women account for 51% of staff and men 49%, with the gender balance of recent years holding steady.

Notably, over the last ten years, the proportion of total Banco de España female staff has increased by approximately seven percentage points, as shown in Chart 1.1.

Also, Chart 1.2 illustrates the composition of staff according to the various professional groups that comprise it: i) individuals in management positions; ii) individuals in middle management positions; iii) senior experts and experts; and iv) individuals in support positions – administrative staff and various support services –.

Chart 1.3 shows the distribution of men and women in each of the professional groups making up the Banco de España's total staff.

Chart 1.1  
**STAFF COMPOSITION (2013-2022)**

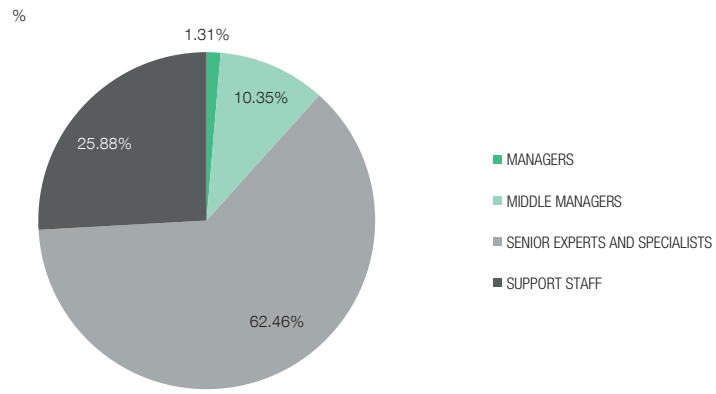


As a percentage

|       | 2013  | 2014  | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  | 2022  |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Men   | 55.92 | 54.21 | 52.89 | 52.01 | 50.67 | 50.11 | 49.77 | 49.30 | 48.84 | 49.08 |
| Women | 44.08 | 45.79 | 47.11 | 47.99 | 49.33 | 49.89 | 50.23 | 50.70 | 51.16 | 50.92 |

SOURCE: Banco de España.

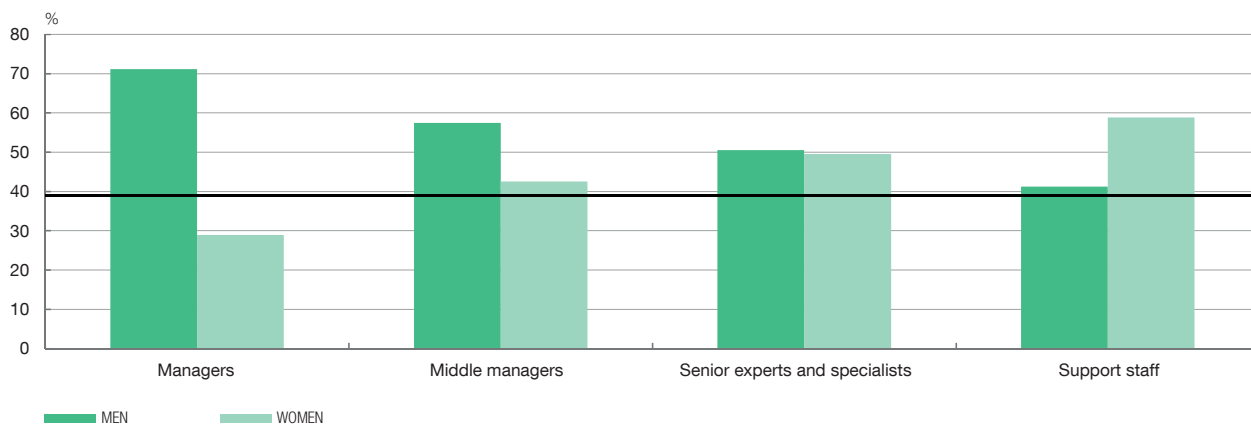
Chart 1.2  
**STAFF COMPOSITION, BY PROFESSIONAL GROUP**



SOURCE: Banco de España.

At the end of 2022, there were 427 employees at the Banco de España's 15 branch offices. There is a director in charge of each branch, who represents the Banco de España and is responsible for its facilities and administrative and support services. In general, two business units report to this director: Cash-Operations, which carries out cash and bank operations, and Financial Control, which audits and accounts for all operations.

Chart 1.3

**STAFF COMPOSITION, BY GENDER. 31 December 2022**

SOURCE: Banco de España.

**b) Internal administration**

The development and dissemination of the Banco de España brand continue to be priorities to attract the best professionals, and are included in the SP 2024. In 2022 the number of general interest posts on LinkedIn doubled to 181 releases of new content. The number of followers also increased to over 75,000.

In 2022 the Banco de España continued to disseminate its value proposition at the main employment forums in Spain, and also participated for the first time in



Attendees at the workshop "How to access the Banco de España", held as part of Open Government Week.

the 13th Employment Fair for People with Disabilities and in the 2022 Open Government Week, at which it informed the general public about the most common selection procedures and recruitment methods available at the institution.

With the aim of improving the candidate's experience, **the application procedure was optimised and the image of the Banco de España website's vacancies and scholarships portal was revamped**, expanding its content and making it more accessible, thereby making it easier to navigate and offering a more attractive design.

**The Banco de España continues to be a benchmark as a partner institution in the internship programmes offered by universities** and has increased the number of academic internships offered in recent years, as well as the degree programmes at which they are aimed. In 2022 it hosted 81 internship students.

Also, **the new Banco de España work model was launched in 2022: BEFlex**. The model is based on principles of flexibility, adaptability and efficiency.

BEFlex aims to establish the Bank's new ways of working and is based on the following principles: trust in people, responsibility for meeting objectives and achieving results, and capitalising on the benefits of technology and workspaces. One of its cornerstones is remote working, which, depending on the nature of the job, can be up to two days a week. The BEFlex framework also introduces more flexible working hours to facilitate the work-life balance for Banco de España staff.

Also, **throughout 2022 Banco de España staff participated in training courses and professional development programmes at an average of 32 hours per person**, which represents an increase in the levels of training and development activity compared with the year prior to the pandemic. Among the most noteworthy initiatives of the year were the departmental workshops, held at the Banco de España's training centres and attended by 2,300 individuals, as well as various training initiatives in which 900 employees continued to improve the way they work in the new hybrid environments.

It should also be noted that in 2022 the Banco de España continued to promote an intense diversity agenda aimed at being at the service of a plural society of which the Bank wishes to be a reflection, **fostering equal opportunities and promoting diversity and inclusion**.

Accordingly, our institution has focused on offering options that facilitate the reconciliation of employees' professional and personal lives and has undertaken initiatives aimed at strengthening female talent, such as, for example, the development of specific mentoring programmes, the consolidation of the Hipatia programme for female leadership or training in unconscious biases aimed at a broad cross section of the workforce.

**IMPRESA DE BILLETES, S.A.**

Imprenta de Billetes, S.A. (IMBISA) (Spanish version only) is a publicly owned commercial-law company whose sole corporate purpose is the **production of euro banknotes**. It was created in response to the need to adapt to the legal framework for euro banknote production, following approval of Guideline (EU) 2015/280 of the European Central Bank of 13 November 2014 on the establishment of the Eurosystem Production and Procurement System (ECB/2014/44).

Since its establishment, IMBISA has been entrusted with **producing the quota of euro banknotes allocated annually to the Banco de España by the ECB**. IMBISA's processes are subject to extremely high quality and security requirements.

IMBISA began work in June 2016 to build a **new banknote printing works**. Work on the new premises began in March 2020 and was successfully completed in 2022. The printing works will be operational in 2023, once the work to

install the new machinery has been completed and the existing assets have been moved from the current facilities, located in calle Jorge Juan (Madrid). The construction of the new premises has taken into account **sustainability criteria, making effective use of materials and energy** so as to minimise its environmental impact.

It is a **state-of-the-art facility** in a sector that is as emblematic as it is unique. The new printing works will be more efficient, has greater productive capacity and is equipped with the most advanced banknote production technology. For reasons of efficiency and savings, these premises will also house facilities for certain **Banco de España cash operations**, in order to facilitate storage and distribution tasks and ensure business continuity. The location of the new printing works, in Avenida de Daroca (Madrid), is close to important communication hubs and the airport, and also midway between the Bank's head offices at Cibeles and Calle de Alcalá, 522, making it ideal for logistical and security purposes.



Panoramic view of the new IMBISA printing works.

**CEMFI**

The **Centre for Monetary and Financial Studies (CEMFI)** is a foundation created by the Banco de España to promote education and research in economics, focusing particularly on monetary and financial issues.

Its activity focuses on **post-graduate education and research**:

- As regards **post-graduate education**, CEMFI offers, jointly with the Menéndez Pelayo International University, a **post-graduate programme** which leads to a Master's Degree in Economics and Finance and to a PhD in Economics and Governance. It also organises a **summer programme** for undergraduate students and a summer school for the training of economics and finance professionals.

- With respect to research, the CEMFI was awarded the **“María de Maeztu Unit of Excellence” distinction** granted by the Spanish National Research Agency to public research centres and units that have shown global leadership and influence. In 2022 it worked alongside the Ministry of Inclusion, Social Security and Migration in carrying out projects, based on randomised control experiments, for the **evaluation of inclusion pathways linked to minimum living income**.

On 20 July 2022, CEMFI entered into an **agreement with the Banco de España** to promote the activities and initiatives of both institutions in pursuit of their goals, as well as to strengthen CEMFI's role as a centre for training and research in areas of interest to the Banco de España.

**The Banco de España continues to commit to the professional development of its employees** through the promotion of a broad technical offer, management development programmes and national and international career opportunities. In addition, the institution continued to encourage and support the promotion of employees to managerial positions with responsibility for teams. In 2022, 54 individuals were promoted to such positions, 33% of whom were women.



The Banco de España's section on job vacancies and scholarships can be accessed through its [website](#).

## 4.4 Special purpose entities

**The commercial-law company Imprenta de Billetes, SA (IMBISA) and the Fundación Centro de Estudios Monetarios y Financieros (CEMFI) are special purpose entities of the Banco de España.** Thus, the Banco de España is supported by these entities, the main characteristics of which are described in Boxes 1.2 and 1.3.



## 5 PUBLICATIONS

### 5.1 Reports and other annual publications

**The Banco de España regularly reports on its activity through various publications.** Some of the most important of these are set out in Figure 1.4 and are published annually.

### 5.2 Other periodic publications

In addition to its annual publications, the Banco de España also publishes other documents, bulletins and journals with varying frequency. Figure 1.5 illustrates some of the most relevant documents published.

### 5.3 Other non-periodic publications

In addition to the aforementioned periodic publications, the Banco de España publishes other documents and research papers on topics related to the economy, finance, the history and organisation of the Banco de España, and other topical issues.

Figure 1.6 lists the most relevant occasional papers, working papers and analytical articles published in 2022.

Figure 1.4

**KEY ANNUAL PUBLICATIONS**

REPORTS AND OTHER ANNUAL REPORTS



**Annual Report**

This report reviews the economic and financial performance of the Spanish economy and the main risks and vulnerabilities facing it in the short and long term. It places particular emphasis on the international context, the euro area and economic policy.



**Institutional Report**

This report provides the general public with an in-depth look at the organisation and structure of the Banco de España and its various functions. It also summarises the main activities carried out in the year.



**Annual Accounts**

These comprise the balance sheet, the profit and loss account and the notes to the accounts. They are prepared in accordance with the Banco de España's internal accounting rules and policies, which are based on the accounting framework established for ESCB national central banks.



**Supervision Report**

This report analyses the supervisory functions and actions performed by the Banco de España in the year. It includes a detailed description of how banking supervision is organised, the supervisory priorities and strategies adopted, the Banco de España's circulars relating to supervision and its participation in international fora on banking regulation and supervision.



**Complaints Report**

This report summarises the activities of the Institutions' Conduct Department. It includes a statistical analysis of the complaints handled and a summary of the transparency legislation and best practice criteria applied by the aforementioned department in the year.



**Central Credit Register Report**

This report summarises the activities carried out by the CCR in the year, focusing on the salient matters affecting the credit risk information it receives and processes and the services provided to the Register's users.

STATISTICAL INFORMATION



**Central Balance Sheet Office**

This publication contains the last ten years' aggregate data of listed and unlisted Spanish non-financial corporations and corporate groups (balance sheets, income statements, employment and wages, ratios, etc.) and information compared with that of other European central balance sheet data offices.

All the annual publications can be found at the [Banco de España website](https://www.bde.es).



Figure 1.5

**OTHER PERIODIC PUBLICATIONS**

## ECONOMIC ANALYSIS AND RESEARCH



**Economic Bulletin**  
A quarterly publication that analyses the macroeconomic performance of the Spanish economy. It comprises the “Quarterly Report on the Spanish economy”, a chronological list of Analytical Articles on economic issues and finance, Economic Notes published in the quarter on the Bank’s website, and various boxes on key economic topics.



**Research Update**  
This update provides a half-yearly summary of research activities at the Banco de España. It is targeted at the international research community and is therefore published in English.

## FINANCIAL STABILITY AND MACROPRUDENTIAL POLICY



**Financial Stability Report**  
A half-yearly publication (spring and autumn) that analyses the risks to the Spanish financial system and the profitability and solvency of Spanish deposit institutions, and sets out the Banco de España’s macroprudential policy and measures.



**Financial Stability Review**  
A half-yearly publication designed to serve as a platform for communication and dialogue on financial stability related issues, with a particular focus on macroprudential policy, regulation and supervision matters.  
  
It is open to personal collaborations from financial sector experts and researchers, subject to an anonymous refereeing process.

## STATISTICAL INFORMATION



**Statistical Bulletin**  
A monthly publication which contains statistics compiled by the Banco de España, a summary of general economic statistics, compiled by the National Statistics Institute (INE) and other public bodies, and a set of indicators for other countries.













All the periodic publications can be found at the [Banco de España website](https://www.bde.es).



**SOURCE:** Banco de España.

Figure 1.6

## THE MOST DOWNLOADED OCCASIONAL PAPERS, WORKING PAPERS AND ANALYTICAL ARTICLES IN 2022

| WORKING PAPERS   |   |
|--|---|
|   | <b>2202. Sectoral regulation in Spain. Quantitative Results</b>   |
|   | <b>2204. Inequality and psychological well-being in times of COVID-19: evidence from Spain</b>  |
|   | <b>2205. Housing prices in Spain: convergence or decoupling?</b>  |
|   | <b>2243. Do buffer requirements for European systemically important banks make them less systemic?</b>  |
| OCCASIONAL PAPERS  |   |
|   | <b>2203. Designing a price index for the Spanish commercial real estate market</b>  |
|   | <b>2204. Analysis of ESG disclosures in Pillar 3 reports. A text mining approach</b>  |
|   | <b>2217. Government spending in Spain from a European perspective</b>   |
|   | <b>2219. Estimation of the impact of changes in the period used to calculate the regulatory base on new retirement pension amounts</b>                        |
| ANALYTICAL ARTICLES  |   |
|   | <b>The impact of the surge in inflation and the war on Spanish households' economic outlooks</b>  |
|   | <b>Economic consequences of a hypothetical suspension of Russia-EU trade</b>  |
|   | <b>Economic and financial performance of Spanish firms in 2021 and in the first three quarters of 2022 according to the Central Balance sheet data office</b> |
|   | <b>The recent performance of underlying inflation in the euro area and in Spain</b>   |
| All the occasional papers, working papers and analytical articles are available on the <a href="#">Banco de España website</a> , listed by publication date or by their thematic content. They can also be found in the <a href="#">Institutional Repository</a> . |   |
| SOURCE: Banco de España.   |   |

## 6 TRANSPARENCY AND ACCOUNTABILITY

### 6.1 Transparency Portal

Law 19/2013 of 9 December 2013 on transparency, access to information and good governance (Transparency Law) imposes certain obligations on the Banco de España, which are set out in Box 1.4.

In 2022 the Transparency and Good Governance Council assessed the institution's compliance with the Transparency Law and issued a **rating of 99.2%** – 4.1 percentage points higher than in 2021 –.

Box 1.4

#### TRANSPARENCY: A PRINCIPLE THAT GUIDES THE BANCO DE ESPAÑA'S ACTIVITIES

The Transparency Law lays down two fundamental obligations that the Banco de España must fulfil:

- To publish certain periodic information on the Transparency Portal (**active disclosure obligation**).
- To guarantee the right of citizens to access information in the possession of the Banco de España which has been prepared or acquired in the exercise of its functions subject to administrative law (**management of the right of access to public information**).

#### THE TRANSPARENCY PORTAL

The **Transparency Portal** is the website on which the Banco de España publishes, on a regular and updated basis, relevant information aimed at extending and reinforcing the transparency of the institution as a mechanism to facilitate the control of its public actions. This information is organised into the following sections: "**Institutional and planning information**", "**Legally relevant Information**", "**Economic information**" and "**Right of access**".

#### MANAGEMENT OF THE RIGHT OF ACCESS TO PUBLIC INFORMATION

The Banco de España guarantees that citizens can access the contents or documents, whatever their format or medium (physical or digital), which have been prepared or acquired by the Banco de España with respect to those activities it carries out that are subject to administrative law. The Virtual Office explains the process and requirements for requesting this information.

In 2022 citizens submitted **30 requests for access to public information** held by the Banco de España: in eleven cases the Banco de España issued a ruling affording access to all the information requested, one request was partially granted and five were rejected – four of them due to the confidential nature of the information requested, as it related to documentation obtained in the exercise of the Banco de España's supervisory function, and one of them because the limits on the right of access established in letters c) and g) of Article 14.1 of the Transparency Law applied –. Also, in eight other cases the Banco de España was not the competent body to grant the requests, so it referred them to the competent body concerned; in one case, the request was rejected because the information requested was not held by the Banco de España, and on four occasions the applicants themselves did not remedy the defects apparent in their requests, so the requests were filed (withdrawal).



For more information on the right of access to public information held by the Banco de España, see the following video

PLAY ▶



**OPEN GOVERNMENT WEEK AT THE BANCO DE ESPAÑA**

Open Government Week, promoted globally by the Open Government Partnership ([Open Gov Week](#)) and organised in Spain by the Subdirector General for Open Government of the Ministry of Finance and Civil Service, was held from 27 June to 1 July 2022. It aims **to bring governments closer to citizens and to promote transparency, accountability, citizen participation, public integrity and social collaboration.**

At the Banco de España's headquarters in Madrid and at branches in Barcelona, Las Palmas de Gran Canaria, Malaga, Murcia, Seville and Santa Cruz de Tenerife, various activities were held free of charge and aimed at all citizens. Specifically, **seven different types of workshops were held, in both face-to-face and remote formats, and even hybrid** – where citizens could choose whether they wanted to attend face-to-face or remotely –.

The workshops provided information on the Banco de España, its publications, certain aspects of financial education, the functioning of the Central Credit Register, tools for recognising genuine banknotes and the career

opportunities offered by the institution. **More than 500 people took part in this activity, which was highly valued by the attendees, who expressed their interest in repeating it in the future.**



During Open Government Week, the Banco de España offered various activities aimed at all citizens free of charge.



More information on the [Open Government Week at the Banco de España](#) is available on the [Transparency Portal](#).

To make further headway in its commitment to transparency, in 2022 the Banco de España participated for the first time in Open Government Week. Box 1.5 summarises the main elements of this initiative.

In addition, in order to strengthen institutional transparency, on its website's Transparency Portal the Banco de España publishes the agendas of the Governor and Deputy Governor. These agendas provide information on institutional meetings, appearances, conferences and speeches, as well as meetings with third parties, including the media, unless disclosure of such information would undermine the protection of the public interest. The speeches given by the Governor and Deputy Governor at different fora and organisations are available on the Banco de España's website. The following sections summarise the appearances before Parliament and some of the key speeches delivered at international and national fora.

## 6.2 Parliamentary appearances

Parliamentary appearances are one of the Banco de España's main channels of accountability. The Governor, as the representative of the institution before the Spanish Parliament, regularly appears before the lower and upper houses (*Congreso and Senado*). Also, in accordance with the Law of Autonomy of the Banco de España, the Governor

Box 1.6

### THE GOVERNOR'S PARLIAMENTARY APPEARANCES

#### APPEARANCE BEFORE THE COMMITTEE ON ECONOMIC AFFAIRS AND DIGITAL TRANSFORMATION OF THE CONGRESS OF DEPUTIES FOR THE PRESENTATION OF THE BANCO DE ESPAÑA ANNUAL REPORT 2021

On 1 June 2022, the Governor presented the Banco de España's **Annual Report 2021**, which provides **an analysis of recent developments in the Spanish economy within the global context**, as well as its foreseeable **future evolution** and the **challenges it faces**. In his address, the Governor set out the main economic policy recommendations for tackling the challenges that lie ahead in the short, medium and long term, with the aim of achieving a robust and sustained growth path that will offer opportunities in the years to come.

#### APPEARANCE BEFORE THE CONGRESS OF DEPUTIES BUDGET COMMITTEE IN RELATION TO THE DRAFT STATE BUDGET FOR 2023

To mark the processing of the General State Budget (GSB) for 2023, the Governor appeared before the Lower House on 17 October 2022 to present **the macroeconomic developments and outlook for the Spanish economy and the role to be played by the various economic policies**. In this respect, based on the analysis of the Draft GSB for 2023, the channels through which the inflationary scenario could affect public finances were analysed and some reflections were presented on the medium-term challenges for fiscal policy in Spain. In addition to the European Central Bank's monetary policy measures aimed at containing inflation, it was pointed out that it would be advisable to take advantage of the transformative impact of the **Next Generation EU** funds, promote measures to support the most vulnerable and a fiscal consolidation strategy that strengthens public accounts.

#### APPEARANCE BEFORE THE SENATE BUDGET COMMITTEE IN RELATION TO THE DRAFT GENERAL STATE BUDGET FOR 2023

In line with the presentation made during his appearance before the Congress of Deputies Budget Committee, on 29 November 2022 the Governor analysed before the Upper House the main aspects of the Draft Budget for 2023, setting out the developments, prospects and challenges facing the Spanish economy, as well as the **proposals that would contribute to boosting the growth capacity of our economy**.



Appearances by the Governor of the Banco de España, Pablo Hernández de Cos, before the Economic Affairs and Digital Transformation Committee of the Congress of Deputies (left) and before the Senate Budget Committee (right).

**OTHER PUBLIC APPEARANCES BY THE GOVERNOR**

In 2022 the Governor participated in numerous **international fora**, most notably his presentation at the **Annual Economic Conference of the European Investment Bank**, in which he addressed the asymmetric impact of the pandemic in the European Union and the role of the Next Generation EU. He also spoke at the **public hearing on the EU reform package**, organised by the European Economic and Social Committee, at the **webinar on gender equality in central banks**, organised by the International Economic Association, the Banco de la República de Colombia and the Banco de España, and at the **Conference of Mediterranean Central Banks**, on safeguarding financial stability and promoting investment, organised by the Banco de España, the Central Bank of the Republic of Turkey, the European Institute of the Mediterranean and the Organisation for Economic Cooperation and Development.

At the **national level**, he appeared at the **La Toja Forum**, at the **Spain Investors Day** and at the event organised on the occasion of the 20th anniversary on the introduction of the single currency by the General Council of Colleges of Economists of Spain. He took part in the presentation and signing of the **Action Plan against Financial Fraud**, of the **Banking Protocol for the financial inclusion of the elderly** and of the **Agreement on the Financial Education Plan**, which this year was joined by the Ministry of Economic Affairs and Digital Transformation. He also gave the welcome address at this year's **1st Banco de España Conference on the Spanish Economy**. In the academic sphere, he participated in the meeting organised by the Menéndez Pelayo International University with a **speech on the Spanish banking industry and the economic challenges ahead**; he also gave a **conference on the challenges of the economic situation** at Malaga University.

submits to Parliament the **Annual Report**, which examines in detail the developments and main challenges facing the Spanish economy.

In 2022 the Governor made three parliamentary appearances, detailed in Box 1.6.

## 6.3 Other public speeches

In 2022 the Governor and Deputy Governor spoke at numerous international and national fora. Some examples are given in Boxes 1.7 and 1.8.



**PUBLIC APPEARANCES BY THE DEPUTY GOVERNOR**

In 2022 the Deputy Governor took part in numerous **international fora**, most notably the **seminar organised by the World Wildlife Fund and the Banco de España**, on the climate commitment of the banking sector, and in the **Annual Conference of the Central Bank Research Association**, which analysed the new paradigm of central bank money for the digital age. It is also worth mentioning her intervention at the **Women in Finance Workshop** organised by the Florence School of Banking of Finance, in which she presented the Banco de España's model for the integration of diversity. Within the framework of the annual meeting promoted by the Bruegel Centre, she participated in the **round table on the impact of Brexit on provision of financial services**.

At the **national level**, she presented the **PwC report on the banking union**, as well as the **speech “European funds for economic recovery”** at the closing session of the meeting organised to mark the 3000th issue of the magazine *Actualidad Económica*. She also took part in a number of events, such as the **event organised by *El Economista***, in which she focused her intervention on the strategic sectors for the Spanish economy; at the **Fintech & Open Banking Forum - *Expansión newspaper***, on the digitalisation of payment services, or at the **Financial Sector Meeting (“Challenges and opportunities in a sector in transformation”)**, organised by the ABC newspaper, Deloitte and Sociedad de Tasación, in which she addressed the situation of the Spanish sector in the face of the challenges posed by the macroeconomic scenario for companies and households.

### 7.1 The Banco de España website and portals

The website [www.bde.es](http://www.bde.es) is the Banco de España's main channel of communication, as evidenced by the more than 5.2 million visitors and 51 million page views in 2022. It provides detailed information on the Banco de España, the services it provides and its main areas of activity: economic analysis and research, banknotes and coins, the Central Balance Sheet Data Office, financial conduct, public debt, financial stability, statistics, monetary policy, resolution, payment systems and supervision.

The Banco de España's website provides access to the main economic and financial indicators and to the most relevant news related to its activity. Also available on the website is a database of sectoral legislation, electronic versions of all the Bank's publications, press releases, public speeches and full information on the Banco de España's job vacancies and scholarships.

It is currently undergoing a transformation process, which will foreseeably be completed in the first half of 2023.

It also provides access to various portals of interest to the general public. These include the Transparency Portal, the Virtual Office, the Bank Customer Portal, the Education Portal, the Finance for All portal, the Banco de España Art Collection (artistic heritage portal), the Economic Research Portal – available only in English – and the CEMFI foundation portal.

Schema 1.10 describes the content of each of these portals.

### 7.2 Virtual Office and other services

#### a) Virtual Office

**The Virtual Office is available to all users wishing to conduct business with the Banco de España online.**

The Virtual Office offers citizens, companies, financial institutions and public authorities a secure digital environment for them to carry out their transactions in an agile, effective and efficient manner from any location, available 24 hours a day, 365 days a year.

Table 1.1

**MOST VIEWED PROCEDURES AND CONTENTS IN 2022**

|   |  |
|---|--|
| Request for credit reports from the CCR   | 1,884,184 page views<br>(45% of the total) |
| Complaints and enquiries about transparency legislation and good banking practice criteria  | 242,701 page views<br>(6% of the total)    |
| Reporting by residents in Spain on cross-border economic transactions and balance of external financial assets and liabilities (ETE form) | 180,831 page views<br>(4% of the total)    |
| Certificates and electronic access  | 96,339 page views<br>(2% of the total)     |
| Electronic register: general information, technical requirements and instructions   | 63,920 page views<br>(1% of the total)     |
| Complaint against an institution over information reported to the CCR   | 57,504 page views<br>(1% of the total)     |
| Changing euro banknotes and coins for other denominations   | 57,191 page views<br>(1% of the total)     |
| Access to the public information held by the Banco de España  | 39,553 page views<br>(1% of the total)     |
| Submission of information through the Electronic Register   | 33,839 page views<br>(1% of the total)     |
| My notifications  | 24,998 page views<br>(1% of the total)     |

**SOURCE:** Banco de España

Each year the range of business that may be conducted online is broadened – requests for reports, filing of declarations, claims, complaints, enquiries, etc.– and the services offered are improved and developed.

In 2022 seven new procedures were added to the Virtual Office, bringing the total number of electronic procedures to 117.

The number of visits to the Virtual Office in 2022 was 1,878,186, 4% lower than in the previous year.

The most visited sections of the Virtual Office are those of procedures – containing an alphabetical list of all the procedures and services offered –, with 59% of visits; Citizens, with 17%; Companies with 15%; Public authorities, with 7% and Financial Institutions, with 2%. In 2022 a total of 416,330 files were downloaded from the Virtual Office. In addition, 4,147 general enquiries relating to the Virtual Office were handled via e-mail.

**BANCO DE ESPAÑA PORTALS**



**Transparency Portal**

Includes relevant information to broaden and strengthen the institution's transparency as a mechanism for facilitating control of its public actions. In 2022 it received 15,79 visits



**Virtual Office**

Offers a range of services and procedures that can be provided online by the Banco de España. In 2022 it received 1,878,186 visits



**Bank Customer Portal**

Provides access to information on the main banking products, services and practices. In 2022, the number of visits reached 8,029,227



**Education Portal**

Makes various educational resources for students and teachers available to the school community. In 2022 there were 27,439 visits



**Finance for All**

A portal run by the Ministry of Economic Affairs and Digital Transformation, the CNMV and the Banco de España that provides information and learning resources on operational and personal financial issues. In 2022 it received 73,972 visits



**Economic Research Portal**

Provides information on the research projects undertaken at the Banco de España, the priority areas of research and the research staff. In 2022 there were 13,954 visits to the portal



**Art Collection**

Contains information on the Banco de España's artistic heritage. In 2022 it received 98,201 visits

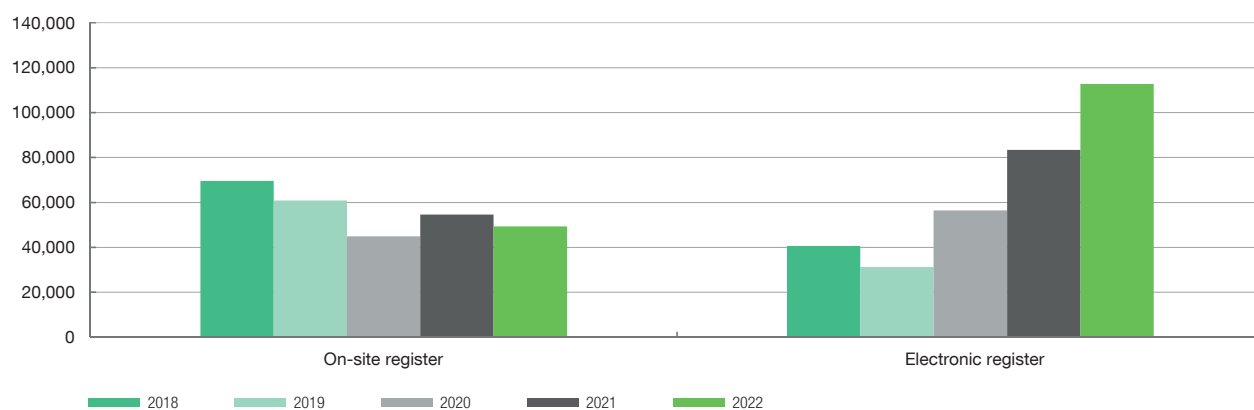


**CEMFI**

Provides information on CEMFI, a foundation of the Banco de España set up as a special purpose entity to promote education and research in economics. In 2022 it received 52,961 visits

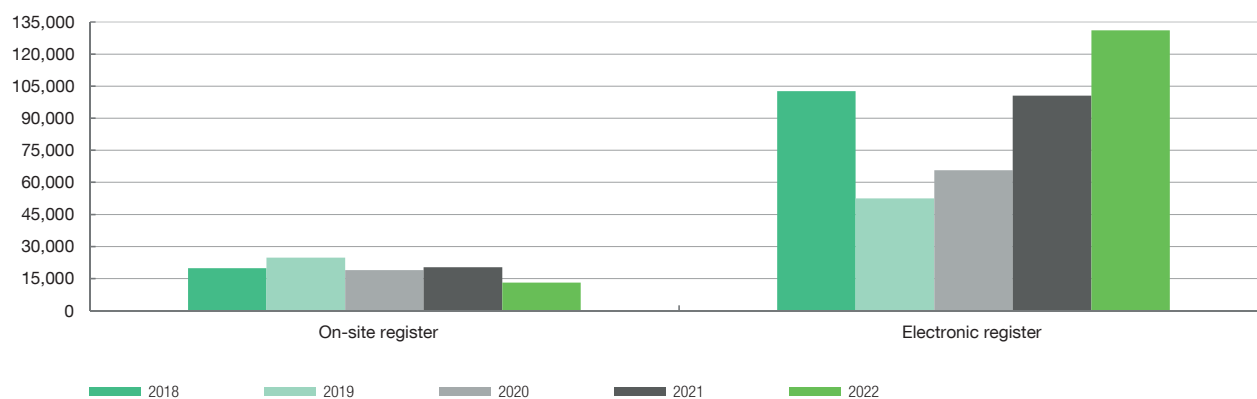
SOURCE: Banco de España.

Chart 1.4

**REGISTERS, INCOMING**

SOURCE: Banco de España.

Chart 1.5

**REGISTERS, OUTGOING**

SOURCE: Banco de España.

**b) General Register and information for the public**

**The Banco de España has a Single General Register System** – Central Register, Auxiliary Registers and Electronic Register – for the receipt and delivery of requests, documents and communications corresponding to the procedures and services within its remit.

The Central Registry – in Madrid – and the Auxiliary Registries – at branch offices – make up the on-site registries. The Electronic Register, available through the Virtual Office, is the channel for electronic receipt of requests, communications and other

documents relating to procedures available in the Office that require registration. **It is operational 24 hours a day, all year round.**

Chart 1.4 illustrates the significant increase in electronic submissions as opposed to on-site submissions, owing to the integration of different applications with the Electronic Register and the requirement for legal entities to conduct their business with the Banco de España by electronic means. Moreover, citizens' use of electronic means in their dealings with the Banco de España has increased steadily.

Similarly, in recent years the volume of outgoing documentation from the Electronic Register has been very high (see Chart 1.5) as a result of the integration of the various applications.

**There is also a general on-site information point available to citizens,** both at



For further information on the General Register of the Banco de España, see the institution's [website](#).

the head office and at branch offices, to respond to any queries or clarifications they may have on the procedures, formalities and services of the Banco de España. In 2022 the general information desk handled 2,159 enquiries. Compared to previous years, the number of consultations dealt with remained stable in 2022. The Banco de España **also provides other face-to-face services to the general public**, such as dealing with borrowers' requests for data reported to the Central Credit Register, government debt subscriptions and operations, the withdrawal of suspected counterfeit cash or cash-to-cash euro operations.

In 2023, the Banco de España will continue to work on its integration with different electronic platforms and services provided by central government.

### c) Electronic notification service

From 1 September 2022, **all citizens and interested parties will have access to the electronic notifications and communications issued by the Banco de España through the Single Enabled Electronic Address (DEHú)**, as the Citizen's Folder as a means of access to or availability of information will be eliminated.

In 2022, 17,220 electronic notifications and 2,895 electronic communications were made available to interested parties.

As part of the robotisation initiatives implemented at the Banco de España, processes were created for the mass sending of notifications; 45% of notifications were sent in this way.

## 8 INNOVATION AND DIGITAL TRANSFORMATION AT THE BANCO DE ESPAÑA

**The Banco de España is committed to digital transformation.** This commitment, which was reinforced in 2018 with the creation of the cybersecurity framework to address new cyber risks, was consolidated with the adoption of the SP 2024. In fact, it includes, as one of the strategic objectives, the modernisation of the institution to make it more efficient, flexible and innovative.

Figure 1.7 identifies the main modernisation projects promoted over the years, which, together with those action plans that will be promoted in the future, will allow for continued progress in the institution's innovation – robotisation of processes, task automation, microdata bases, etc. –, through digital transformation, integrated information management and cybersecurity risk management.



Figure 1.7

**MILESTONES IN TECHNOLOGICAL INNOVATION AT THE BANCO DE ESPAÑA**

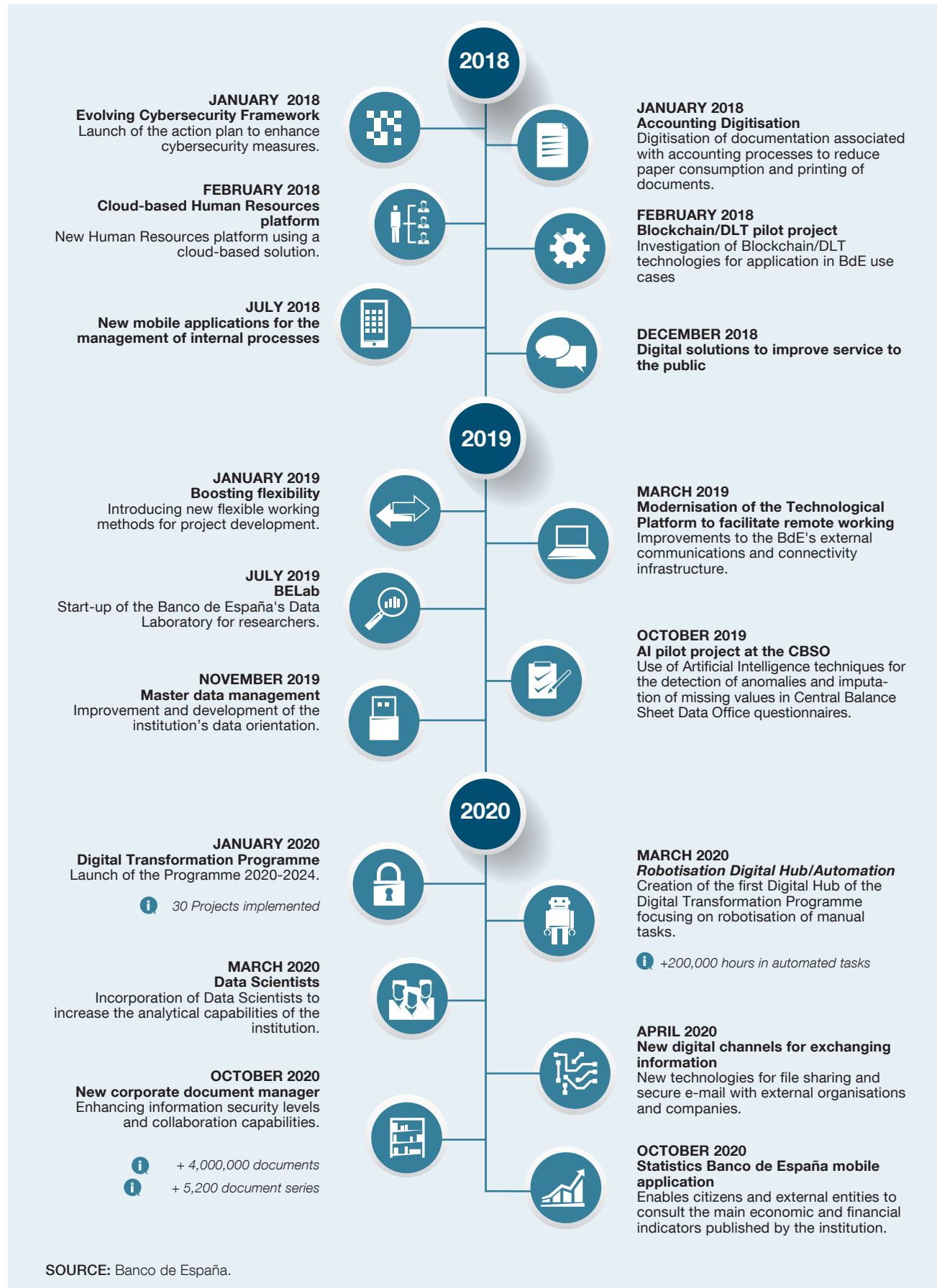
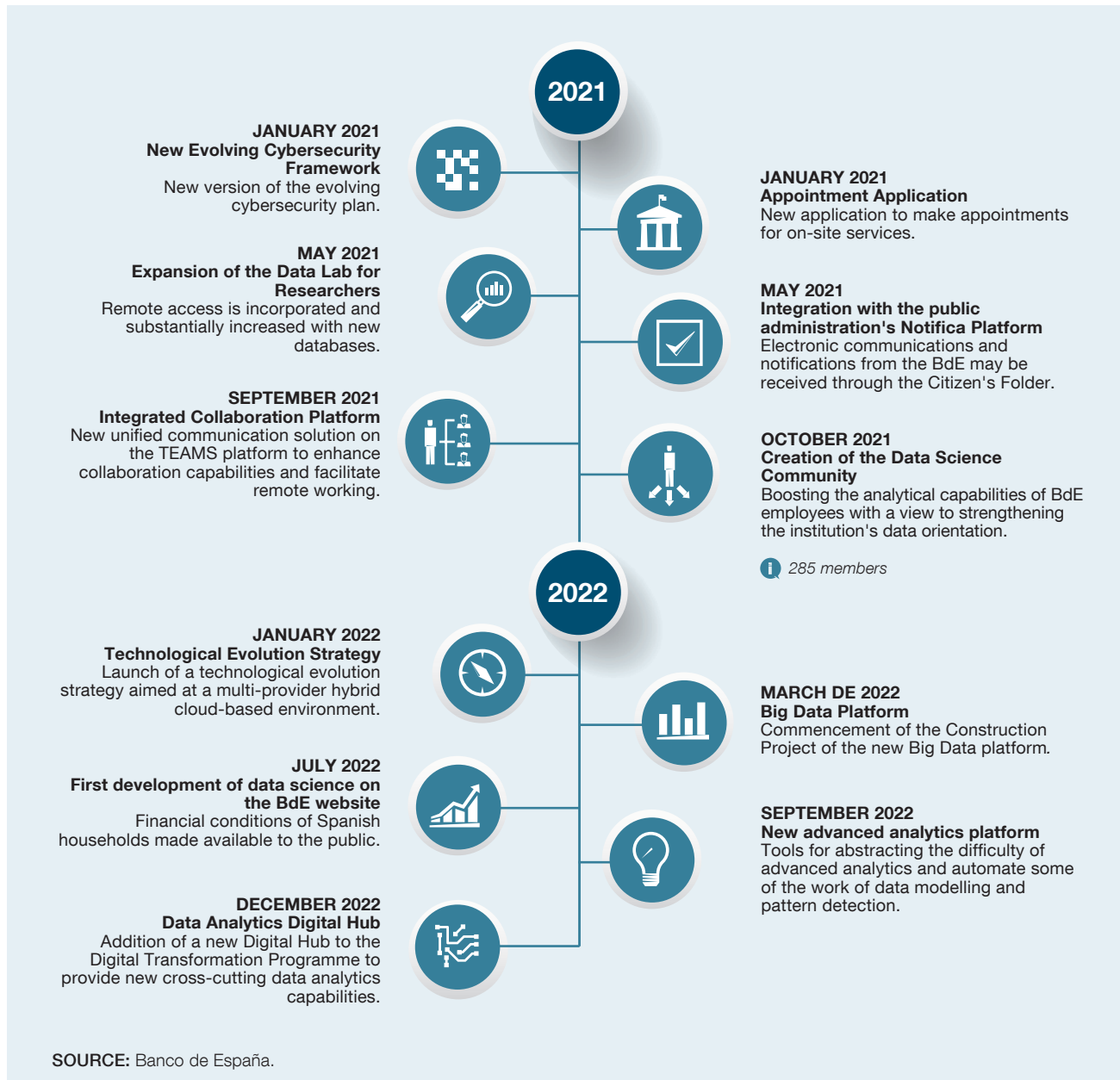


Figure 1.7

**MILESTONES IN TECHNOLOGICAL INNOVATION AT THE BANCO DE ESPAÑA** (cont'd)



SOURCE: Banco de España.



# 2

## ACTIVITY REPORT

## JANUARY



### 20 January

For the first time in the Bank's history, a live television programme was made and broadcast from the Cibeles headquarters: "La hora de la 1", on TVE, which included an interview with the Governor, Pablo Hernández de Cos

### 26 January

The Banco de España and the Ministry for Ecological Transition and the Demographic Challenge organised a conference on "The demographic challenge, rural depopulation and data"

## FEBRUARY



### 15 February

Renewal of the Statement of Commitment to the FX Global Code by the ESCB, of which the Banco de España is a member

### 21 February

Extension until the end of April of the exhibition on the origins of its art collection associated with Goya

## MARCH



### 3 March

Increase in the Banco de España's loan to the IMF Poverty Reduction and Growth Trust of SDR 350 million (€438 million)

### 25 March

The final of the Generation Euro school competition for students organised by the Banco de España and eleven euro-area central banks was held

## APRIL



### 25 April

The Banco de España approves a raft of measures to strengthen the institutional approach to financial education

### 29 April

The Banco de España, the CNMV and other institutions sign up to the Action Plan against Financial Fraud

## MAY



### 5 and 6 May

Organisation of the 112th meeting, co-organised by the Banco de España, of central bank governors of the Centre for Latin American Monetary Studies (CEMLA)

### 6 May

Signing of a cooperation agreement between the Banco de España and the Banco Central del Ecuador for the development of projects of interest to both institutions

## JUNE



### 22 June

Publication of the principles for the supervision of climate risks by the Basel Committee on Banking Supervision (BCBS), in which the institution participates

### 30 June

Re-election of the Governor of the Banco de España as Chairman of the Advisory Technical Committee (ATC) of the European Systemic Risk Board (ESRB)

## JULY



### 13 July

Publication of the six-monthly Latin American Economic Report, which analyses macro-financial developments in the region's economies

### 28 July

Signing of the cooperation agreement between the RTVE Corporation, the Banco de España, the CNMV and the Ministry of Economic Affairs and Digital Transformation, as part of the development framework of the Financial Education Plan

## AUGUST



### 1 August

Publication of the one-year Euribor rate for July, which rose to 0.992% from 0.852% in June

### 31 August

Release of data on the financing capacity of the Spanish economy at June 2022: €1.4 billion, compared with €1.5 billion a year earlier

## SEPTEMBER



### 8 September

The Banco de España contributes up to €1,757 million to the Resilience and Sustainability Fund managed by the IMF

### 29 September

The ESRB, on which the Banco de España is represented, issues a warning to all Member States for the first time, on vulnerabilities in the Union financial system

## OCTOBER



### 3 October

Staging of the main event of Financial Education Day at the CNMV headquarters in Barcelona, under the slogan "Education for Safer Finances"

### 31 October

The 7th Conference of Mediterranean Central Banks was held, co-organised by the Banco de España with the European Institute of the Mediterranean, the OECD and the Central Bank of the Republic of Turkey

## NOVEMBER



### 2 November

Publication of the conclusions reached by the ECB in its technical review of banks' practices in relation to climate and environmental risks

### 29 November

Training seminar on monetary policy at the Banco de España's headquarters in Cibeles, organised in collaboration with the Spanish financial press association (APIE), which was attended by some thirty journalists

## DECEMBER



### 5 December

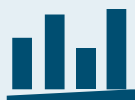
Launch of the call for proposals on collaborating on wholesale digital token experiments with the Banco de España

### 21 December

Presentation of the Banco de España's projections for the Spanish economy and analysis of the main economic challenges for the period 2022-2025

# 1 ECONOMIC ANALYSIS, RESEARCH AND STATISTICS

## ECONOMIC ANALYSIS, RESEARCH AND STATISTICS



Analyses the economic situation in Spain and abroad, and compiles the statistical data necessary for such analysis.

### Why is it important?

It is necessary to provide information on the ECB's monetary policy decisions, in which the Banco de España participates, as well as measures aimed at ensuring financial stability. It also makes it possible for the Banco de España to advise the Spanish Government.

### What do we do at the Banco de España?

We prepare and publish reports, research and statistics on the current economic situation and future projections for both the real and financial sectors of the economy.

### Our objective

Facilitate economic decision-making in the public and private sectors, and in particular decisions on monetary policy and financial stability.

## 1.1 Economic analysis and research

**In 2020, the Banco de España defined the strategic framework for its medium-term research and analytical priorities.** These priorities were structured around five main themes: central bank policies and their interactions; the main long-term trends in the Spanish economy; risks and opportunities arising from the international environment; the aggregate consequences of the heterogeneity of individuals and firms; and the challenges posed by new technologies.

**For each of these priority analysis blocks, different lines of work were established in 2020.** Consistent with a changing economic environment, these are reviewed as part of an annual monitoring and updating exercise. The [2022 update](#) established that, for the upcoming quarters, analytical efforts will focus mainly on:

- **The current inflationary episode and its implications** for the evolution of key macroeconomic aggregates and financial stability, the positioning and implementation of monetary policy and macroprudential policy.
- **The uneven impact of the inflationary spike**, the change in stance in terms of monetary policy and the energy crisis on certain groups of households and firms, and on the financial system.
- **The risks of trade and financial fragmentation at global level, and the European response to the current complex situation**, with

particular focus on the measures proposed in the field of energy policy and "open strategic autonomy", and in the framework of the review of European fiscal rules.

- **The structural reforms recently approved** – or under discussion – in Spain and the **implementation of the European Next Generation EU programme**, as well as the capacity of both developments to increase the potential growth of the Spanish economy in the medium and long term.
- **The challenges and opportunities for financial institutions, consumers and for the stability of the financial system as a whole posed by various technological innovations** currently at the development phase, such as the digital euro, or which have already been gradually introduced in financial operations.

**Research work related to the monitoring and analysis of the economic and financial impact of the energy crisis gained importance in 2022.** In addition, the usual research activities at the Banco de España's headquarters continued, such as seminars (37 seminars by external speakers and 42 by internal researchers) and conferences (12 organised or co-organised by the Banco de España), which were held in either on-site or hybrid formats. The 2022 annual research conference focused on the medium- and long-term consequences of the pandemic and the policies required to address them. In addition, 2022 saw the first edition of a new annual conference dedicated to issues of particular relevance to the Spanish economy. Mention should also be made of the involvement of researchers from Banco de España in Eurosystem and international research initiatives and networks, such as the Eurosystem Research Clusters (this year with a new one on



Research work on the economic and financial impact of the energy crisis gained importance in 2022.



climate change), the annual CEMLA joint research, and numerous top-level specialised seminars and conferences.

Box 2.1 provides a summary of the main publications relating to economic analysis and financial stability in 2022.

**Research activities** throughout 2022 covered a wide range of areas.

**In relation to the analysis of the economic situation in Spain**, once the worst of the pandemic was over, the priorities for analysis were directed towards the effects of the reopening of the economy, with particular emphasis on the recovery of international tourism flows. Issues related to economic players' spending decisions also received attention. From February onwards, issues related to the war in Ukraine and the energy crisis gained particular importance. Of particular note in this context was the analysis of inflation, specifically, the effects of persistently high price increases in energy and food components on the more stable components and the knock-on effect of inflation on margins and labour costs. Work also began to determine the impact of inflation on tax revenues. In addition, the impact on the economy of potential gas supply problems was analysed in detail.

On a longer-term horizon, resources were given over to further study the factors affecting the economy's potential growth. In this respect, work was carried out to study the role of the Next Generation EU funds and the associated structural reforms as essential levers of dynamism. On the fiscal side, the characteristics of the measures taken to limit the effects of inflation were studied, and specifically whether their design is focused on helping the most vulnerable agents.

**In the area of international economics and the euro area**, a priority focus was the analysis of the effects of the war in Ukraine in various dimensions. First, the effects on economic activity and prices as a result of the energy and other commodity crises. Second, the implications of possible de-globalisation due to geopolitical reasons. Thirdly, the push for the agenda for greater EU strategic autonomy.

Inflation received particular attention in preparation for the ECB Governing Councils. Numerous analyses were conducted to gain an insight into the source of consumer price increases in the euro area from different angles. Work focused on pressures from energy – including electricity and natural gas – and also on the food component. In the case of underlying inflation, the relevance of the items most affected by the pandemic and energy costs was identified. The differing influence of supply factors such as bottlenecks or energy was also quantified, as opposed to the upward shift in demand following the lifting of pandemic restrictions. This analysis was partly supported by the construction of a new text indicator for monitoring supply problems in global value chains. In this context, particular attention was also paid to the effects of inflation on public finances, as

## PUBLICATIONS RELATED TO ECONOMIC ANALYSIS AND FINANCIAL STABILITY

- In 2022, 43 [working papers](#) and 24 [occasional papers](#) were published. In terms of external publications, a total of 41 articles were published in peer-reviewed academic and professional journals, with a further 21 articles accepted and awaiting subsequent publication at the end of the year; seven articles were published in other journals and books (and seven more were accepted and await publication)..
- The [Annual Report](#) contains numerous original analytical contributions both in chapters 1 and 2 – on recent developments in the Spanish economy and the challenges facing economic policies in Spain, respectively – and in the thematic chapters. In 2022 these dealt with [rising global inflation](#) and [the Spanish economy and the climate challenge](#).
- Four times a year the Banco de España publishes its [macroeconomic projections for the Spanish economy](#), through which it offers its vision of the outlook over a time horizon of around three years. On the same day as their publication, these projections are presented to the media at a press conference. The uncertainty implicit in the projection exercises was heightened in 2022 as a result of the energy crisis, the Russian invasion of Ukraine and developments in the pandemic.
- The [Economic Bulletin](#) of the Banco de España, besides including the “[Quarterly report on the Spanish economy](#)” with the most recent projections and developments concerning both our economy and its external environment, contains links to the publications published during the quarter in the series of [Analytical Articles](#) and [Economic Notes](#), which aim to convey the Bank’s analysis to a wider audience. In 2022, 31 analytical articles and ten economic notes were published.
- Twice a year the Banco de España publishes the [Report on the Latin American Economy](#), which analyses the keys to recent macro-financial developments in Latin American economies, particularly those with which the Spanish banking system is most involved. The July 2022 report examined issues such as the effects of the war in Ukraine on Latin America, the surge in inflation being felt in the region and the rapid and intense monetary policy response, as well as its external and fiscal vulnerabilities.
- Also on a half-yearly basis, in spring and autumn, the Banco de España publishes the [Financial Stability Report](#) (FSR), which appraises the main risks and vulnerabilities affecting the stability of the Spanish financial system, analyses the resilience of banks and reviews the main macroprudential analysis and policy issues. The FSRs published in 2022 analysed, in particular, the impact on risks to households, firms and banks of the backdrop of economic uncertainty and heightened geopolitical tensions, prevalent since the start of the Russian invasion of Ukraine. Particular attention was also paid to the monitoring of imbalances in the real estate sector, both in terms of real estate activity and mortgage lending standards.
- In 2022 two editions of the [Financial Stability Review](#) (REF) were published, in the spring and autumn, with ten articles by in-house researchers and experts from the Banco de España as well as external ones. In addition to addressing recent developments, such as the growth of the weight of fees in bank earnings and the stock market impact of bank dividend restrictions during the pandemic, the REF dedicated several articles to structural issues in the banking sector, in particular the effects and challenges of digitalisation, and the development of non-cyclical systemic risk indicators. Other papers published in this issue analysed the European Systemic Risk Board since its inception and the adaptation of the supervisory approach to the changing business model of banks in Europe.



For more information on the publications of the Banco de España see [Sections 5.1 y 5.2](#) of Chapter 1 of this Report.

well as to discretionary measures taken by governments to moderate the impact of the energy shock on household incomes.

Projects aimed at the analysis of the most significant emerging economies for Spain in terms of banking system exposure, particularly in Latin America, and those related to climate change, continued to play a major role.

With regard to **research on financial issues**, the financial vulnerability of companies was studied in 2022, in terms of the varying impact of the COVID-19 crisis and their exposure to rising energy prices. Several studies were also conducted on recent developments in business margins and the characteristics of companies that would explain these developments, and the line of research that assesses the business liquidity and solvency support programmes rolled out in Spain during the COVID-19 crisis continued. As regards bank intermediation, a series of studies were conducted on the transmission of the increase in benchmark interest rates to the cost of financing for households and companies in Spain and in the Economic and Monetary Union (EMU). Particular attention was paid to the heterogeneity of the pass-through of the increase in interest rates to the cost of the various credit segments in the EMU countries, as well as to the impact of these rises on the financing burden of Spanish companies and households, especially those under high financial pressure.

**Research in the area of monetary policy** focused on the analysis of the normalisation of the Eurosystem's monetary policy, both conventional and unconventional. Work also continued on matters such as the effects of monetary policy on productivity, the interactions between monetary and fiscal and/or macroprudential policy, the redistributive effects of inflation, the implications for monetary policy of the hypothetical launch of a digital euro and the relationship between monetary policy and the risks associated with climate change.

Research work encompassed multiple projects **in the area of financial stability and macroprudential policy**, including, most notably, the following:

- The **study of growth-at-risk models of bank credit**, which allow the impact of various factors on future credit developments in central and adverse scenarios to be assessed, disaggregating heterogeneous effects across the household and business sectors, and studying the effect of the level of bank profitability, was continued.
- **Studies also continued to identify the effects of different policies and institutional designs** (government guarantee programmes, taxation, etc.) on the supply of credit.

- The **effect of uncertainty and contagion from tensions in interbank markets** was analysed, as well as the amplifying effect of information frictions on disruptions in securitisation markets.
- In relation to the real estate market, the **study of the effect of borrower entrenchment on mortgage credit characteristics** continued, and both empirical and heterogeneous agent model-based analyses of the effects of lending conditions (e.g. loan-to-value ratios or appraised housing unit values) on the growth and risks associated with mortgage credit, as well as the possible effect of macroprudential measures that constrain these conditions, were highlighted.
- The **capacity of systemic buffers to reduce the contribution of systemically important institutions** to systemic financial risk was analysed.
- The **negative and destabilising effect of environmental disasters** on price dynamics in the real estate sector was studied.

**In terms of microeconomic research**, the main contributions can be grouped into the following areas:

- **At the household and individual level**, internal migration dynamics in 2020 and accessibility to household banking services in Spain were analysed. This was followed by the measurement of household credit conditions and gender gaps in financial literacy and central banking. Lastly, the consequences of taxation on household spending were analysed and the minimum income scheme was monitored and evaluated.
- **In relation to firms**, work was published in conjunction with other central banks using micro data on end-consumer prices over the period 2008-2019 to document new results on price rigidities. The analysis of business innovation and its relationship with business acquisitions, advertising spending or research and development (R&D) subsidies was further explored. Work was also carried out on the factors that determine the use of unstable contracts by companies. Lastly, the news items chosen by media companies were studied and used to measure the anticipatory effects of monetary policy and uncertainty.
- **In relation to the labour market**, at institutional level, indicators were collected to assess the impact of the labour reform of December 2021, and the duration of vacancies and wage rates agreed in collective bargaining agreements were quantified. In addition, the effectiveness of Temporary Redundancy Programmes (ERTE) in getting workers back to work was



In the area of pensions, the impact of tax incentives on retirement savings, among other matters, was analysed.

- analysed. With regard to new developments, an analysis was initiated of the challenges posed by the measurement of work on digital platforms, their effects on employment and future wages in Spain and several neighbouring countries, and the effects of the temporary nature of employment contracts.
- **In the area of education**, human capital formation during childhood - including foster care - and its persistence across generations were measured. Also, randomised experiments of teaching tutoring programmes for primary school teachers and financial education in secondary education were evaluated. With regard to higher education, work began on the creation of a database of university entrance qualifications in order to analyse the factors that explain the choice of career and university and to characterise the capacity of vocational training to meet increases in demand for certain professions.
  - **In the field of energy and climate change**, the local macroeconomic impact of renewable investments and the distributional impact of subsidies for the purchase of electric vehicles and fuels were analysed. The study also included the energy expenditure and CO<sub>2</sub> emissions of Spanish companies and households, as well as their reaction to changes in temperature and prices.
  - **In relation to pensions**, the impact of the regulatory base calculation period on the amount of new retirement pensions, pension expenditure in international comparison and the reaction of retirement according to the level of the expected pension, longevity, unemployment benefit and wages

were analysed. In the area of private pensions, the impact of tax incentives on retirement savings was analysed.



For further information on the macroeconomic projections prepared by the Banco de España, see the institution's [website](#).

## 1.2 Statistics

**The statistical activity of the Banco de España, and of official institutions in general, faces challenges such as increasing demand for data and improving user accessibility to statistical information,** while at the same time maintaining the quality thereof at all times. These challenges are increased by technological developments, which have changed the ways in which data can be accessed and used, and by the implications of the extraordinary globalisation and digitisation of economic and financial activities.

**The emergence of new tools suitable for handling larger and more heterogeneous datasets, driven by the increasing presence of big data,** can help to expand the statistical offering in certain domains, although it is still far from being the core of official statistical production. Another challenge that has emerged, closely linked to big data, is the incorporation of data science into more traditional statistical production processes. The possibilities that new tools offer in terms of automation and robotisation of processes that currently require some degree of manual work will contribute to improving the efficiency of statistical production.

Financial activities are constantly evolving. **Phenomena such as fintech, non-bank financial intermediaries and other new forms of financial innovation have required statistical tools to be adapted for their processing.** This is also the case with regard to climate change and economic sustainability in the field of financial activity, an area which is of particular interest to the Banco de España. In this area, the challenge faced is to compile standardised information and develop common methodologies that make it possible to approximate the impact that financial activity may have on climate change and its possible effect on the solvency of financial institutions.

COVID-19 and the invasion of Ukraine by Russia, as events **with a high impact on the world economy and on the Spanish economy itself, have given rise to new statistical information requirements,** both in terms of the availability of new indicators and the speed with which the data should be made available, which also calls for a response from the authorities.

The Banco de España is devoting considerable resources to this long list of challenges and certain fruits are starting to be reaped in the form of an improvement and increase in statistical production.

**In particular, significant progress was made in 2022 for users of Banco de España statistics (see Schema 2.1). The statistical offering was broadened** with greater detail on non-monetary financial sectors in the Financial Accounts and an expansion of the catalogue of historical data, with data on population and interest rates applied by the Banco de España. The data laboratory (BELab) incorporated new micro data sets and, in addition, the possibilities for remote access to these data were extended. **The Survey of Household Finances (EFF)**, for its part, published the main results of its 2020 wave, as well as its new website, from which it is possible to visualise, chart and download numerous descriptive results for all waves of the EFF in an interactive and straightforward way. Lastly, the fieldwork for the second edition of the **Survey of Financial Competences** was completed between November 2021 and July 2022, which, through face-to-face interviews, collected information on both the financial literacy of those randomly selected to take the interview and the level of financial literacy of their households.


**Statistical communication and data dissemination continued to be a priority.** In the case of the BELab laboratory, several dissemination sessions were held at Spanish universities. In addition, for the first time a newsletter was published to inform about the latest developments. As for the rest of the statistical offering, in 2022 the cycle of informative sessions for users continued and the catalogue of informative videos was expanded. Accessibility to the most important data was increased with the publication of tables with the latest data available on the various websites with



To foster interest in historical statistical information, an interactive dashboard was published with historical data on the main aggregates of the Spanish economy.


statistical information. Lastly, in order to foster interest in statistical information in general, and historical information in particular, an [interactive dashboard](#) was published with historical data on the main aggregates of the Spanish economy.

**The Statistical Information Service handled more than 1,600 enquiries in 2022**, mainly via telephone calls and the online contact form. The volume of enquiries was up 10% on 2021. The topics on which most information was sought were interest and exchange rates. The main user group for this service (with 40% of enquiries) was "lawyers, consultants and other professionals". Private individuals accounted for 20% of total enquiries. For some years now, this service of the Statistics Department has been managed via an application. This application makes it possible for competent experts to control incoming queries and resolve them swiftly.



To gain an insight into the statistical offering of the Banco de España, the following video may be consulted:





[REPRODUCIR ▶](#)





## Schema 2.1

## DEVELOPMENTS IN THE BANCO DE ESPAÑA'S STATISTICAL ACTIVITIES IN 2022

|  |   |
|--|---|
|  <p><b>BELab</b></p>                      | <ul style="list-style-type: none"> <li>– New datasets:               <ul style="list-style-type: none"> <li>Spanish non-bank Fintech institutions; non-financial business groups with a parent company in Spain; general government debt by unit and financial instrument; data from the Banco de España survey on business activity (EBAE) combined with information from the Central Balance Sheet Data Office.</li> </ul> </li> <li>– Remote access to the CCR dataset on loans to legal entities.</li> <li>– New Newsletter to inform users.</li> <li>– List available to the public of ongoing projects applied for.</li> <li>– Dissemination meetings at Spanish universities.</li> </ul>     |
|  <p><b>Statistical offering</b></p>       | <ul style="list-style-type: none"> <li>– Creation of the Synthesis of the real estate market indicators from the previous synthesis of the real estate market indicators and the publication of the latest information on the commercial property market.</li> <li>– Breakdown of the sector Other non-monetary financial institutions in the Financial accounts: other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders (infographic).</li> <li>– New datasets on Historical statistics for researchers: population and the Banco de España's interest rates.</li> <li>– Main results of the Survey of Household Finances for 2020.</li> </ul> |
|  <p><b>Statistical communication</b></p> | <ul style="list-style-type: none"> <li>– Conclusion of the first cycle of Briefing sessions begun in 2021, with five sessions in total.</li> <li>– Increased offering of informative videos with one devoted to public debt according to the Excessive Deficit Procedure.</li> <li>– Inclusion of tables with the latest data on the statistical information websites.</li> <li>– Publication of a dashboard with the historical statistics of most interest.</li> <li>– Publication of the new website of the Spanish Survey of Household Finances that affords access and visualisation of all waves of the survey.</li> </ul>  |
|  <p><b>Publications</b></p>             | <ul style="list-style-type: none"> <li>– An estimation of the carbon footprint in Spanish credit institutions' business lending portfolio. Occasional Paper – Banco de España. 22020.</li> <li>– Statistical notes related to the historical series of interest rates applied by the Banco de España 1938-1998. Statistical Notes – Banco de España. 16.</li> <li>– Survey Of Household Finances (EFF) 2020: methods, results and changes since 2017. Analytical Article. Economic Bulletin, 3/2022.</li> </ul>   |

SOURCE: Banco de España.

Figure 2.1

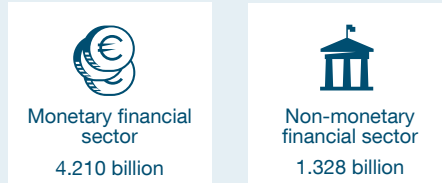
**THE INFORMATION IN THE FINANCIAL ACCOUNTS OF THE SPANISH ECONOMY IS EXTENDED FOR BETTER ANALYSIS OF FINANCING AND INDEBTEDNESS**



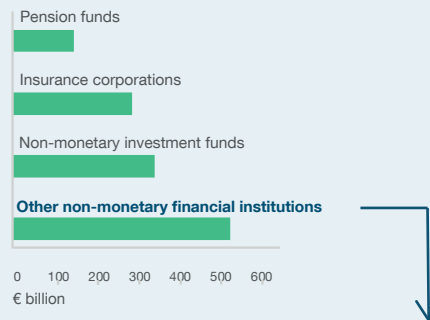
**FINANCIAL SECTOR**  
**Financial assets Q II 2022**

**5.538 billion**

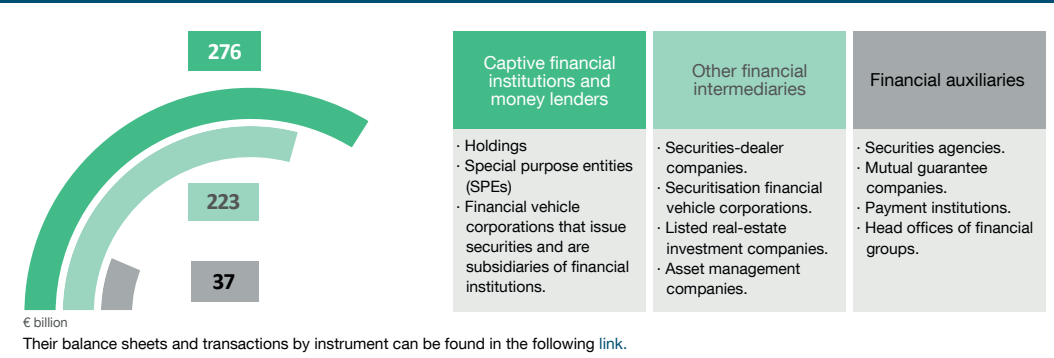
How are they distributed?



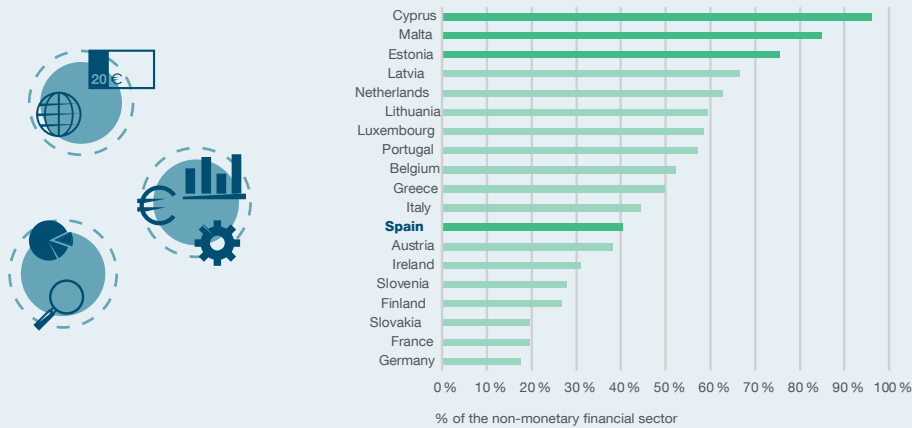
Which sectors include non-monetary financial assets?



**New breakdown**



How important are these sectors in the Eurosystem countries?



An initiative coordinated among Eurosystem central banks, as set out in Guideline (EU) 2021/827 of the European Central Bank of 29 April 2021 (ECB/2021/20).

SOURCE: Banco de España.

## 2 MONETARY POLICY IMPLEMENTATION, ASSET AND FINANCIAL RISK MANAGEMENT, AND PAYMENT SYSTEMS

### MONETARY POLICY



Monetary policy is the set of decisions and measures taken by the monetary authority, the Eurosystem, to influence the cost and availability of money in the economy, with the primary objective of achieving price stability.

#### Why is it important?

Our economy functions better when prices remain stable, as money retains its value and people and businesses can better plan their spending and investments.

#### What do we do at the Banco de España?

As part of the Eurosystem, we work together with the ECB and the other central banks of the euro area in the design and implementation of monetary policy.

#### Our objective

The Eurosystem aims for an inflation rate of 2% at medium term.

Throughout 2022 we witnessed the gradual withdrawal of the easing measures introduced by central banks in the aftermath of the COVID-19 pandemic and the commencement of monetary policy normalisation. Monetary policy was conditioned by persistently high inflationary pressures, largely caused by sharply rising energy and food prices, as well as supply constraints that contributed to bottlenecks in manufacturing.

## 2.1 Monetary policy implementation

2022 saw a gradual withdrawal of the accommodative stance of the ECB's monetary policy in response to the strong and persistent rise in inflation in the euro area, which entered a phase of normalisation. This change mainly took the form of the end of net asset purchases, the end of the pandemic emergency purchase programme (PEEP) in March and the end of the asset purchase programme (APP) in July, and increases in key interest rates since July. Also, given the highly uncertain economic and geopolitical environment, the ECB abandoned forward guidance, which provided indications of the future path of policy rates, and adopted a more short-term, "meeting-by-meeting", data-driven approach to decision-making.<sup>1</sup>

As regards key interest rates, the main instrument of monetary policy, July saw the first increase therein since 2011. The 50 basis point (bp) increase in July

<sup>1</sup> Every six weeks, the ECB Governing Council takes monetary policy decisions. These decisions are available on the ECB's website.



Monetary policy has been shaped by persistently high inflationary pressures.

marked the abandonment of negative interest rates. In addition, subsequent Governing Council meetings in September, October and December agreed further increases of 75 bp in each of the first two cases (an all-time high for an individual increase), and 50 bp in the last meeting. Following these changes, by the end of 2022 the main refinancing rate stood at 2.50% and the marginal lending facility and deposit facility at 2.75% and 2.00% respectively.

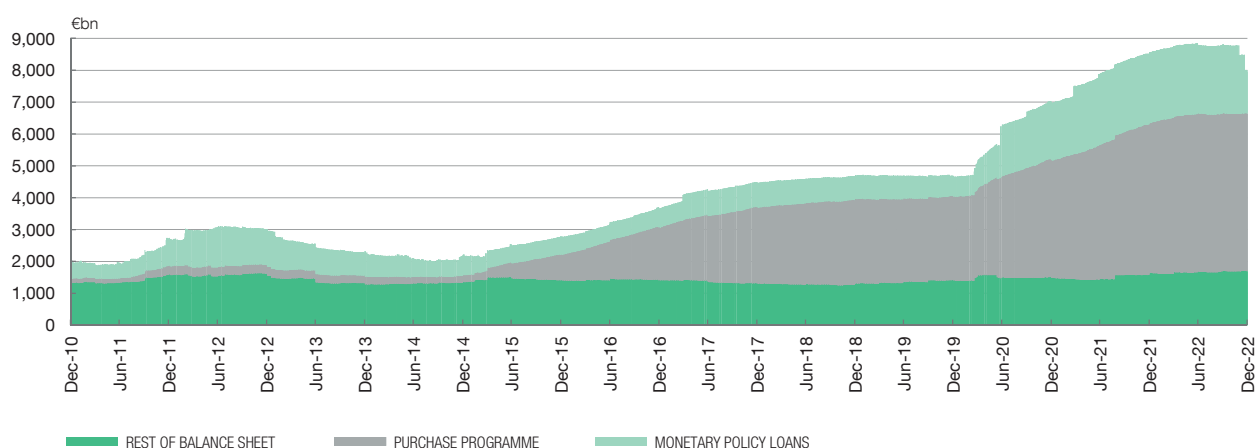
With the return to positive interest rates in September, the Two-tier System<sup>2</sup> for remuneration of reserves above the minimum reserve requirements for banks introduced in 2019 was suspended. Also, in October the remuneration of minimum reserves was set at the deposit facility rate, rather than at the main refinancing rate, in order to align it more closely with money market conditions.

### a) Longer-term refinancing operations

In October the rates applicable to the third series of targeted longer-term refinancing operations (TLTRO-III) were adjusted and participating banks were offered three additional windows for voluntary early repayment of these operations, with the aim of ensuring consistency with the process of monetary policy normalisation and strengthening the pass-through of increases in key rates to bank financing conditions.

<sup>2</sup> In September, the BCE set the multiplier at 0.

Chart 2.1

**THE EUROSISTEM'S BALANCE SHEET**

SOURCE: Banco de España.

**The first such additional early repayment window opened in November**, resulting in a reduction in the outstanding amount of almost €300 billion for the Eurosystem as a whole, to which a further €450 billion was added in the December window. Together with the voluntary early repayments in March, June and September and the first two maturities of the TLTRO-III series of operations in September and December, this led to a reduction in the outstanding amount of TLTRO-III of 40% to €1,317 billion.

These TLTRO-III repayments contributed to the reduction in the Eurosystem's balance sheet, as shown in Chart 2.1.

## b) Collateral framework

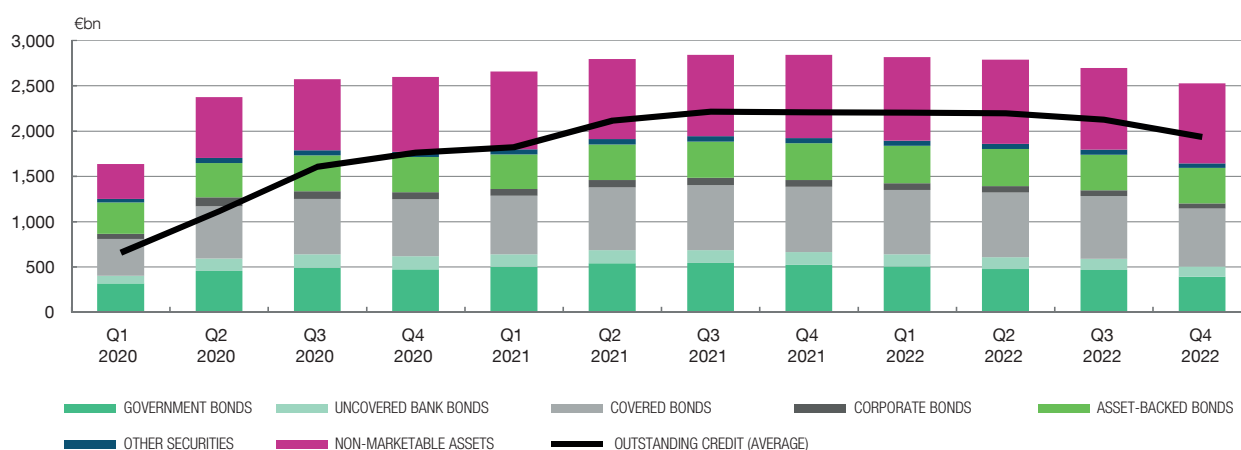
**As regards the eligible collateral framework, the phasing-out of the collateral framework easing measures that were adopted in April 2020 to address the effects of COVID-19 began in 2022.** Of particular note are the reduction from 20% to 10% in the temporary decrease of the valuation haircut applied to all eligible assets, the elimination of the loss of rating eligibility for marketable assets, or the return from 10% to 2.5% of the concentration limit for bank bonds.<sup>3</sup>

Chart 2.2 shows the decrease over the year in total collateral assets used (11 %), due mainly to the drop-off in the use of government bonds (25%), covered bonds (1%) and non-marketable assets (11%).

<sup>3</sup> See the ECB [press release](#) of 24 March 2022 for further details.

Chart 2.2

## USE OF COLLATERAL WITH THE EUROSYSTEM



SOURCE: ECB.

### c) Asset purchase programmes

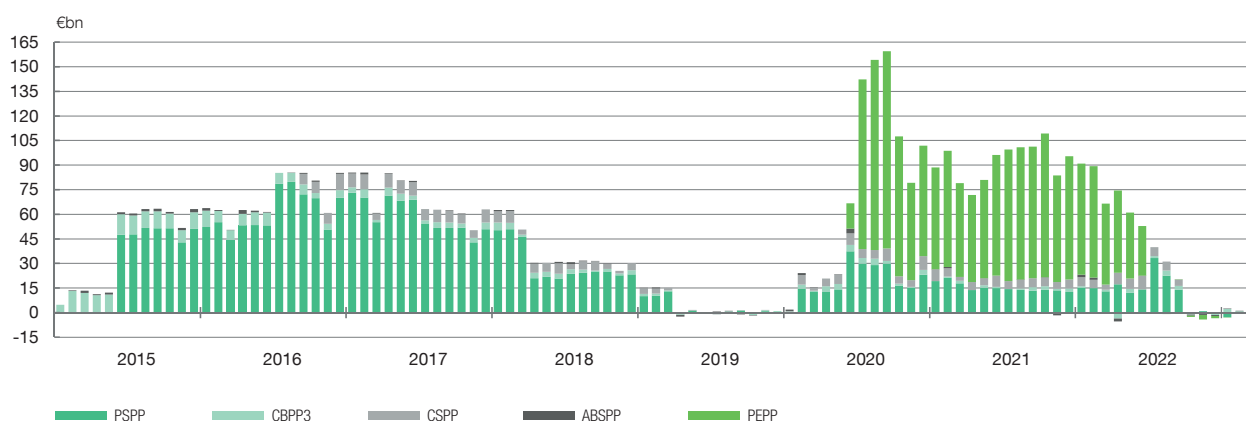
The asset purchase programmes were put in place to provide monetary stimulus to the economy, in a setting in which the key ECB interest rates were very low. They also helped to ease monetary and financial conditions, lowering funding costs for firms and households with the objective that inflation levels return to around the symmetric target of 2% at medium term. The programmes currently in force are the PEPP and the APP, whose net purchases ended in March and July 2022, respectively, with only reinvestments currently being made in accordance with the maturities of each programme. Their characteristics are as follows:

#### Asset purchase programme

The APP has been implemented since late 2014. It comprises several sub-programmes, defined by the type of asset acquired (public sector purchase programme (PSPP), covered bond purchase programme (CBPP3), corporate sector purchase programme (CSPP) and asset-backed securities purchase programme (ABSPP)).

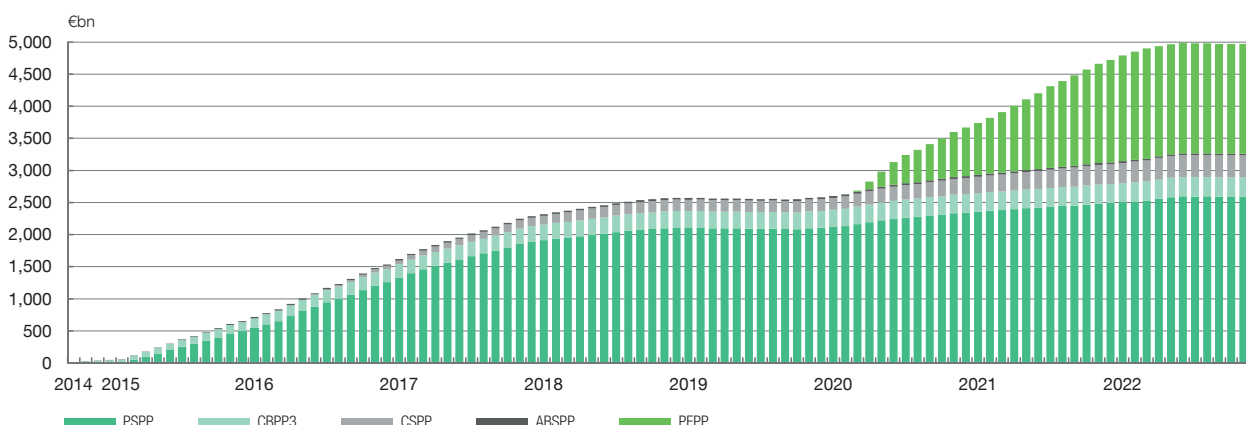
In June 2022 the Governing Council decided to suspend net asset purchases under the APP as of 1 July 2022 and to fully reinvest maturities for an extended period after the commencement of policy rate hikes and, in any case, for as long as necessary to maintain ample liquidity conditions and an appropriate monetary policy stance. In December 2022, it announced that the full reinvestment of maturities would continue

Chart 2.3  
MONTHLY PURCHASES, BY PROGRAMME (APP AND PEPP)



SOURCE: ECB.

Chart 2.4  
CUMULATIVE PURCHASES UNDER THE APP AND THE PEPP



SOURCE: ECB.

until February 2023, and that thereafter reinvestments would be reduced at a limited and predictable pace. Specifically, it stated that until the end of the second quarter of 2023, the reduction in reinvestment would amount to €15 billion per month on average, with the pace of reduction for subsequent periods to be determined at a future date.

In July 2022 the Governing Council resolved to take further steps to include climate considerations in the Eurosystem's monetary policy framework: (i) to adjust its holdings of corporate bonds in the monetary policy portfolios and its collateral framework; (ii) to introduce climate disclosure requirements; and (iii) to improve its risk management practices. The aim of these measures is to take into account the

financial risk associated with climate change in the Eurosystem's balance sheet and to support the green transition of the economy in line with the EU's climate neutrality objectives. The measures also aim to provide incentives for companies and financial institutions to reduce their carbon emissions and to be more transparent about them.

## Pandemic emergency purchase programme

This programme was launched in March 2020 to counter the impact of the pandemic on the monetary policy transmission mechanisms and on the outlook for the euro area. Eligible assets for the PEPP are similar to those of the APP, however, the PEPP programme is endowed with greater flexibility. Its initial allocation was €750 billion, subsequently increased to €1,850 billion.<sup>4</sup>

Net purchases under this programme ended in March 2022, but the maturities of the securities purchased will be reinvested at least until the end of 2024. In the event of further pandemic-related market fragmentation, PEPP reinvestments can be adjusted at any time in a time-flexible manner across asset classes and across jurisdictions. This reinvestment adjustment mechanism is the first line of defence against fragmentation. In any case, the future roll-off of the PEPP portfolio will be managed so as to avoid interference with the appropriate monetary policy stance.

Also, with the aim of fostering the smooth functioning of markets, the Eurosystem has established securities lending facilities for APP and PEPP holdings, thereby helping to reduce tensions in the repo market, especially in the quarter-end and year-end periods. On 10 November 2022, the limit for securities lending against cash for the Eurosystem as a whole was raised from the previous €150 billion to €250 billion.

## Transmission Protection Instrument

The Governing Council approved the establishment of the TPI in July 2022. This tool can be activated to counter disorderly market dynamics that jeopardise the effective transmission of monetary policy in the euro area as a result of unwarranted fragmentation of the central government, regional or agency debt markets.<sup>5</sup> If certain criteria are met,<sup>6</sup> the Eurosystem could make secondary market purchases of public sector bonds issued in jurisdictions experiencing a deterioration in their financing conditions that was not attributable to country-specific fundamentals. Purchases

<sup>4</sup> Cumulative final net purchases under the PEPP totalled €718 billion out of this €1,850 billion envelope.

<sup>5</sup> This programme is mainly oriented towards public sector securities with a maturity of between one and ten years; however, the possibility of including private sector securities is left open.

<sup>6</sup> 1) Compliance with the EU fiscal framework; 2) Absence of severe macroeconomic imbalances; 3) Sustainability of the country's public debt; 4) Sound and sustainable macroeconomic policy.





The best contribution monetary policy can make to economic growth and job creation is to maintain price stability.

under the TPI will be conducted in such a way that the programme does not have a permanent impact on the Eurosystem's balance sheet and, therefore, does not affect the monetary policy stance. The TPI programme will constitute the second line of defence against fragmentations.

Lastly, the OMT (Outright Monetary Transactions) programme announced in 2012 remains in place. This programme constitutes an additional line of defence to ensure appropriate monetary policy transmission and avoid fragmentation. The activation of OMT necessarily requires strict conditionality attached to a programme of the jurisdiction concerned by the EFSF/ESM.



Further information on the institution's monetary policy instruments can be found on Banco de España's [website](#).

## 2.2 Asset and financial risk management

**As regards the management of own portfolios, the diversification of foreign reserves holdings continued in 2022, both across currencies and across issuers with high credit ratings.** Likewise, the agent-brokered securities lending programme for the US dollar portfolio (in effect since 2020) continued, as did tasks undertaken for third parties, such as the management of a portion of the ECB's

foreign reserves and acting as a financial agency in relation to the portfolios of the Social Security Reserve Fund and the Deposit Guarantee Scheme.

**As regards the management of the financial risks arising from these portfolios, a strict control process continued to be applied to ensure that these risks are prudently assumed and that the investments provide an efficient risk/return mix.** The financial risks of own portfolios scarcely changed, with exchange rate risk being the most significant.

For the fourth consecutive year, and in response to the second of the recommendations published by the Network for Greening the Financial System (NGFS) in 2019,<sup>7</sup> **sustainability and responsibility principles were applied in own-portfolio investment decisions, increasing the proportion of green bonds through the broadening of an impact portfolio.** This increase owed both to direct investment in green bonds denominated in eligible currencies and to shares held in investment funds (denominated both in US dollars and in euro) managed by the Bank for International Settlements (BIS), which aim to promote sustainable finance through investments in renewable energy and energy efficiency projects, inter alia, and to support the adoption of best practices to deepen the green bond market.

**The inclusion of sustainability criteria in the Banco de España's management of its own portfolios is testimony to its commitment to the NGFS goal of**



The inclusion of sustainability criteria in the management of own portfolios reflects the commitment to the objective of promoting sustainable finance.

<sup>7</sup> For further detail see NGFS. (2019). *A call for action – Climate change as a source of financial risk*, April.

**promoting sustainable finance**, and to the common stance agreed by the Eurosystem in February 2021, whereby sustainable and responsible investment principles are to be adopted for non-monetary policy portfolios and disclosures based on the recommendations of the Task Force on climate change-related financial disclosures (TCFD) are to begin over the course of 2023. This common stance is the outcome of the work carried out by a high-level group within the Eurosystem, of which the Director General of Operations, Markets and Payment Systems is a member, and by other Eurosystem working groups in which other members of that Directorate General continue to participate. Within this area, the Banco de España continues to make progress in the process of identifying, assessing and managing the exposure of its own portfolios to climate change-related risks. These risks are monitored as part of the overall risk management process, which also includes the solvency analyses of non-financial corporations carried out by the Banco de España's in-house credit assessment system.



For more information on environmental sustainability at the Banco de España, see [Section 8](#) of this chapter, which summarises the main regulatory developments in environmental sustainability and the related work performed by the Banco de España in 2022.

## 2.3 Payment systems and market infrastructures

**The Banco de España manages the Spanish component of the large-value euro payments system (TARGET2), which in 2022 settled a total of close to 7 million transactions, with a value of more than €16 trillion.** With respect to 2021, these figures represented an increase of close to 4% in the number of transactions and of more than 12% in their total value.

In 2022 work intensified within the Eurosystem and with TARGET2 participants to prepare for the implementation of the T2-T2S consolidation project, scheduled for 20 March 2023.

As a service provider to other ESCB central banks in the area of market infrastructures, the Banco de España actively contributes to the construction of a single capital market through the Eurosystem's securities post-trading platform TARGET2-Securities, a service it provides alongside the central banks of Germany, France and Italy. In February 2022, the mechanism to calculate penalties for failed settlement instructions, which is offered centrally by the platform, came into effect. Also in 2022, TARGET2-Securities also made some changes aimed at consolidating the new TARGET2 service.

**MAPS: ORIGINS AND EVOLUTION**

In November 2012, the Executive Commission agreed on the development of the MAPS (Market Activities Process System) project, a system for the integrated management of central banks' capital market operations, including portfolio management, reserve management and foreign exchange operations, in cooperation with the Banque de France (2CB). MAPS went live in 2017 and has since been used, managed, maintained, operated and developed jointly by the two central banks.

From the outset MAPS was conceived as a project with a European vocation. The 2CBs have a programme to promote the incorporation as users of other national central banks belonging to the European System of

Central Banks. As a result of this work, in 2019 the Central Bank of Cyprus entered into an agreement with the 2CBs for its accession to MAPS, which took place in February 2020. In the same year, the agreement was signed with the Central Bank of the Netherlands, and in 2021 with the Central Bank of Malta. Both central banks effectively joined MAPS in 2022, when a new agreement was also entered into, this time with the Central Bank of Ireland; the latter is scheduled to join the MAPS community in 2024.

MAPS has therefore become a shared platform, designed by central banks for central banks, aimed at meeting common needs and maximising the benefits of a collective solution for the processing of market operations.



In addition, work continued on the project for the implementation of a common collateral management system for Eurosystem refinancing operations (ECMS) and user testing commenced, which will continue throughout 2023. The launch is scheduled for April 2024.

The common platform that the Banco de España and the Banque de France operate for central bank market operations (MAPS) handles the end-to-end processing of these operations from trading to final settlement and accounting. In 2022 the central banks of the Netherlands and Malta joined the central banks of France, Spain and Cyprus on the list of MAPS users. An agreement was also entered into for the Central Bank of Ireland to join in 2023. This will bring the list of user national central banks to six; the countries on this list account for almost 40% of euro area GDP. Box 2.2 provides more information on the origins and evolution of MAPS.

With regard to the digital euro initiative, the Banco de España continued to participate with the ECB and other Eurosystem central banks in the design and impact analysis thereof, as well as in the development of a prototype to allow experimentation with the various options. The current research period will foreseeably end in the third quarter of 2023, with the results to be reported to the ECB's Governing Council.

**CRYPTO-ASSETS: SOME KEY RISKS**

After reaching an all-time high in terms of capitalisation in November 2021, the crypto-asset market saw a visible downturn in 2022. Inflation, rising interest rates and worsening expectations for economic growth probably conditioned this price adjustment. The subsequent collapse of some leading *crypto* services and operators accentuated this development, significantly eroding public confidence in these assets.

These events further highlighted the diversity, nature and extent of the risks inherent in private digital assets. Consequently, financial authorities have stepped up efforts to ensure that investors are apprised of these risks and that they take them into account in their decisions.

Accordingly, in last spring's Financial Stability Report, the Banco de España pointed out that crypto-assets are prone to significant market, credit and liquidity risks, especially in those cases – such as bitcoin – where they lack the backing of traditional financial assets. The lack of maturity of the underlying technology, a high dependence on a small group of critical service providers, as well as inappropriate governance that dilutes responsibilities and hinders agile decision-making are, in turn, frequent causes of operational risks. These, by extension, have legal and reputational implications, and can also magnify the scale of the aforementioned problems.

The high environmental footprint associated with some of the mechanisms used to validate their transactions is also a major concern, due to their capacity to provoke

significant climate risks, both physical (an exacerbation of existing deterioration) and transitional (possible changes in regulations to endeavour to contain their impact).

Also, weaknesses in the protection of the users of these services and the opacity that characterises them are growing challenges. These circumstances not only leave users defenceless in the event of legitimate complaints or grievances, but also make it difficult for them to understand the risks and costs they incur. They also expose them to potentially harmful conduct, such as that resulting from inadequate management of conflicts of interest or the adoption of unsustainable and inefficient business and operating models.

Lastly, the anonymity or pseudo-anonymity surrounding crypto-asset transactions and the existence of transactions without intermediaries (person-to-person payments) configure them as a possible channel through which to try to evade money-laundering and terrorist-financing controls. These risks are compounded by the technical and legal difficulties encountered by the authorities in successfully completing the confiscation of assets associated with criminal activity.

In light of the foregoing, and in the absence of a developed and effective regulatory and supervisory regime, any increased interdependencies between crypto-assets and the traditional financial circuit will tend to give rise to risks of a systemic nature.

Box 2.3 explains some of the key risks of crypto-assets.



For further information on payment systems and market infrastructures see Banco de España's [website](#).

#### BANKNOTES AND COINS



The Banco de España's functions include the issuance of euro banknotes, carried out jointly with the Eurosystem, and bringing euro coins into circulation on behalf of the State.

Why is it important?

Cash fulfils two basic functions in society: it is a means of payment and a store of value. It is also accessible to all, is key to the social inclusion of vulnerable people, and permits payments to be settled without the intervention of third parties.

What do we do at the Banco de España?

Estimate future banknote and coin needs; control banknote production; safeguard and distribute cash; check cash for authenticity and its condition; and also destroy unfit banknotes.

Our objective

Ensure that the demand for cash is met throughout Spain and safeguard the integrity of banknotes and coins, thereby guaranteeing that they are in good condition and there are no counterfeits.

## 3.1 Banknote and coin management

**The Banco de España, as a member of the ESCB, has functions that include issuing legal tender euro banknotes,** which it does together with the ECB and the other euro area national central banks. **It also puts euro coins into circulation on behalf of the Spanish State.** Its objectives in this area are twofold: (i) to ensure that the demand for cash is met throughout Spain and (ii) to safeguard the integrity of banknotes and coins, i.e. to ensure that they are in good condition and there are no counterfeits.

### a) Banknote production

As part of the euro banknote issuance function entrusted to it, each year the Banco de España, together with the ECB and the other national central banks, estimates future euro banknote production needs, quantities which, once approved by the ECB's Governing Council, are allocated to each national central bank for production on the basis of its share of the ECB's capital, with each institution bearing the costs corresponding to it.

For 2022, the Eurosystem estimated a requirement of 6,088 million banknotes, and instructed the Banco de España to produce its corresponding quota. On this occasion it was a single denomination – €50 – which the Bank ordered from its in-house printing works, IMBISA.

## b) Banknote issuance

In 2022 the Banco de España delivered 2,584 million banknotes to credit institutions, for a total amount of €79,362 million, which represents an increase in the value of banknotes put into circulation of 0.4% on 2021. These banknotes were subsequently distributed by credit institutions over the counter and through ATMs both to the general public and firms to meet their payment needs (see Chart 2.5).

The euro value of both banknotes issued and withdrawn from circulation remained at 85% of the value of the years prior to the pandemic.

The withdrawal of banknotes from circulation increased as compared with 2021. In 2022 the Bank withdrew 2,866 million banknotes, amounting to €88,691 million, 10% more than in the previous period.

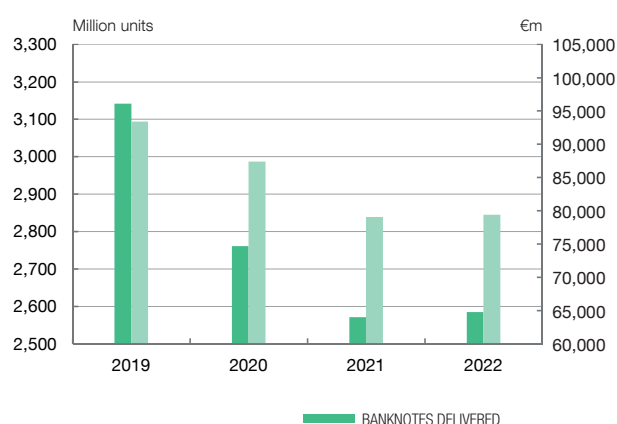
The difference between banknotes put into circulation and those withdrawn results in a **negative net issuance of 282 million banknotes, equivalent to €9,328 million**. This is due to the fact that in 2022 tourism picked up considerably, which affected cash flow, as tourists visiting Spain with money from their countries of origin contribute to the increase in currency in circulation (see Chart 2.6).

**The most demanded banknotes in 2022 were those usually issued by ATMs: the €50 banknote, with 43% of the total, followed by the €20 banknote, with 28.6%** (see Chart 2.6).

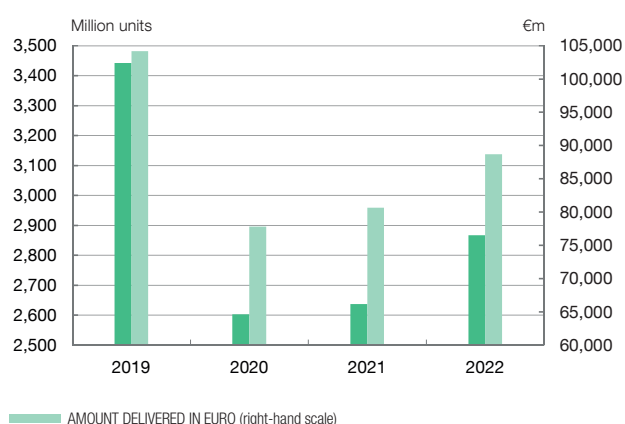
In order to ensure the quality of banknotes in circulation, the Banco de España:  
i) checks the authenticity and fitness of banknotes received from credit institutions,

Chart 2.5  
EURO BANKNOTES

### 1 PUT INTO CIRCULATION



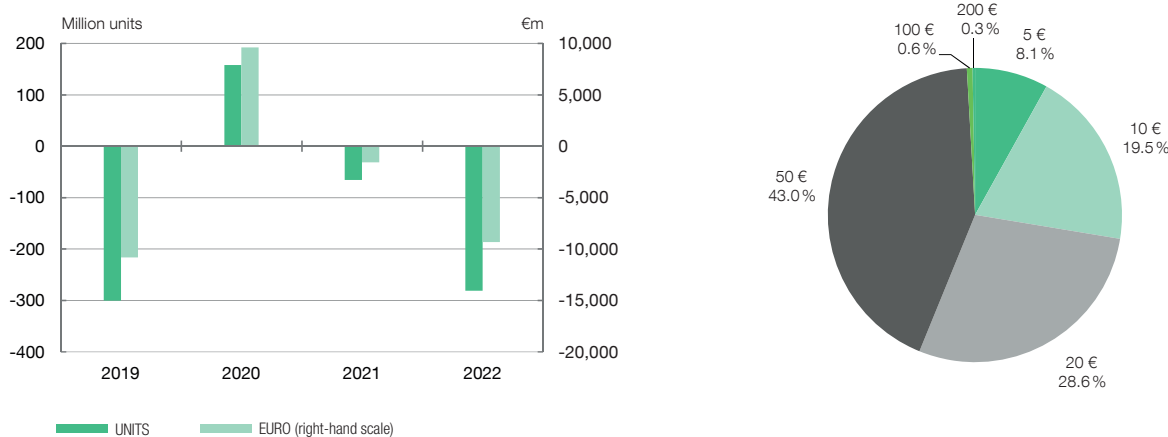
### 2 WITHDRAWN FROM CIRCULATION



SOURCE: Banco de España.

Chart 2.6

**NET BANKNOTE ISSUANCE BY THE BANCO DE ESPAÑA. TIME SERIES AND BREAKDOWN BY DENOMINATION IN 2022**



SOURCE: Banco de España.

companies and individuals, and ii) monitors the cash management carried out by cash-in-transit companies' sorting centres and credit institutions.

In 2022 the Banco de España checked approximately 2,781 million banknotes, using automated processing systems. Of these banknotes, 82.4 % were fit for recirculation and the rest were destroyed.

In addition, 514 control visits were made to the premises of cash-in-transit companies and 223 visits to bank branches, during which the operation of 724 processing machines was checked. These on-site visits verified, inter alia, compliance with applicable regulations and the procedures established for checking the authenticity and condition of euro banknotes and their recirculation.

**c) Coin issuance**

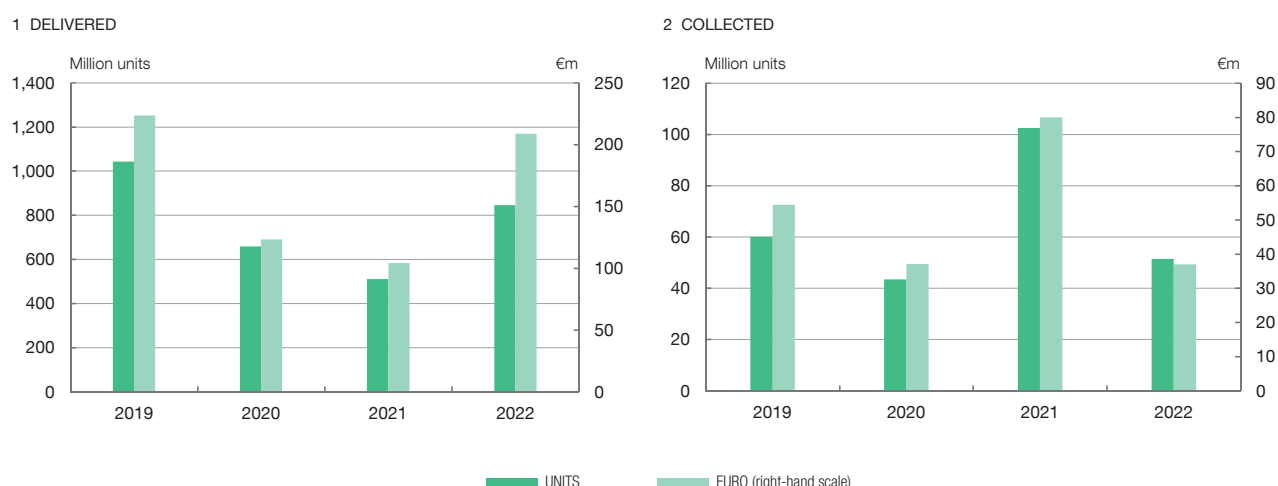
The circulation of coins increased in 2022 compared with 2021. The Banco de España put 845 million coins into circulation, for a total of €208.8 million; this was up 65.5 % on 2021 and just 6.6 % down on 2019 in terms of pre-pandemic levels. The growth in the average value per unit issued, which amounts to €0.25, may be indicative of a slide in demand towards higher values as a result of inflation.

A total of 51 million coins, amounting to €36.9 million, were withdrawn from circulation; 50% less than withdrawals in 2021. High denomination coins (€1 or €2) accounted for most of the withdrawals, representing 87.6% of the total value but just 43.3 % of the total units (see Chart 2.7).



Chart 2.7

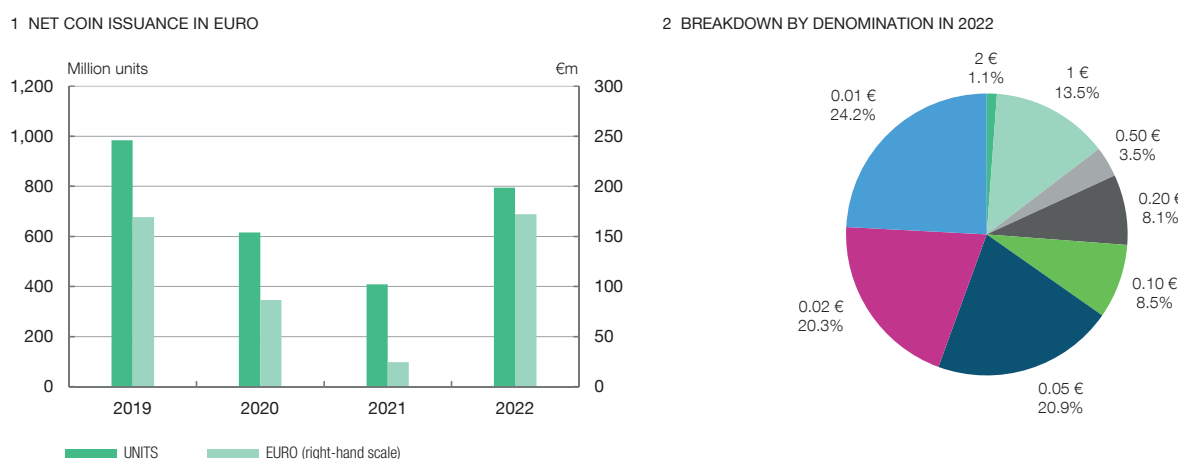
## COINS DELIVERED AND COLLECTED BY THE BANCO DE ESPAÑA



SOURCE: Banco de España.

Chart 2.8

## NET COIN ISSUANCE BY THE BANCO DE ESPAÑA. TIME SERIES AND BREAKDOWN BY DENOMINATION IN 2022



SOURCE: Banco de España.

The difference between the coins distributed and collected by the Banco de España, i.e. net issuance, was 794 million units, amounting to €172 million. As a result, in 2022 **the net issuance of coins in terms of units and euro value** saw two- and sixfold increases, respectively, on a year-on-year basis (see Chart 2.8).

Small coins of 1, 2 and 5 euro cents accounted for 65.3% of the year's net issuance. The most demanded coin (among those of high denomination) in Spain was the €1

coin (13.5 %). This is in contrast with other Eurosystem countries, which prefer the €2 coin (see Chart 2.8).

In order to ensure the authenticity and optimal condition of the coins in circulation, **in 2022 the Banco de España conducted inspection visits at 44% of coin processing centres** and checked the correct functioning of the coin processing machines. Overall, around 974 million coins of the three highest denominations (€2, €1 and €0.50 coins) were checked.



In the section [Banknotes and coins](#) of Banco de España's website, information on the issuance of banknotes and circulation of coins can be consulted.

## 3.2 Cash and other means of payment

### Box 2.4

#### “STUDY ON CASH USE HABITS”

Spanish society is immersed in constant change with regard to the use of means of payment, influenced by digitalisation, the popularisation of new means of payment, the pandemic and rural depopulation. Against this backdrop, in 2022 the Banco de España launched the “**Study on cash use habits**” to analyse in detail the habits of the Spanish population, small businesses and the hospitality sector, as well as large retail outlets in relation to the most common means of payment and, in particular, to cash.<sup>1</sup> This study also gathered information on other alternative means of payment – such as Bizum –, awareness of the digital euro project and the new forms of cash withdrawal in shops (cash-back).

According to this study, cash was the most widely used means of payment in Spain in 2022, followed by cards and mobile devices. 64% of citizens use cash for purchases in physical establishments on a daily basis, while 32% of citizens use cards, although their use varies according to age, gender and level of education.

By age group, the daily use of cash increases with age, rising from 43% among the youngest respondents to 71% among those aged 54 and over. Cards, on the

other hand, are used more by people in the 25-34 age group, and the daily use of mobile devices is higher among the under 35s. Approximately half of the 18-24 age group believe that their use of cash will decrease in a year's time.

According to data published by the European Central Bank (ECB), between 2019 and 2022, Spaniards reduced their use of cash by 17.6 percentage points (pp) for purchases in physical stores and by 19.5 pp for payments between private individuals. The decrease in the use of cash is due mainly to two factors: firstly, to the increase in online shopping, which limits the possibilities of using this means of payment, and secondly, to a change in the payment habits of consumers, who have increased their use of digital means of payment in their purchases.

In relation to alternative means of payment, the study devotes a section to Bizum. Forty-four percent of all respondents have it, and 36% use it occasionally when making purchases in shops. Of note is the fact that among the youngest population group (18 to 24 years old), 5% use it on a daily basis. It is already an accepted means of payment in 38% of establishments.

<sup>1</sup> A quantitative study was carried out on a representative sample of each group for the population and small businesses and the hospitality sector, as well as on an oversample in municipalities without a stable bank branch. For large retail outlets, a qualitative study was carried out by means of in-depth interviews with cash managers.

**“STUDY ON CASH USE HABITS” (cont'd)**

As regards the digital euro, the study highlights that only two out of ten citizens are aware that the ECB is analysing the possibility of issuing the digital euro. Furthermore,

35% of the population would use the digital euro, 21% as a complement to existing means of payment, and young people are the most likely to use it.

Table 1  
PERCENTAGE OF DAILY USE OF MEANS OF PAYMENT

|                        | Cash | Card | Mobile devices | Internet platforms | Transfers | Bizum |
|------------------------|------|------|----------------|--------------------|-----------|-------|
| Total                  | 64   | 32   | 7              | 0                  | 0         | 1     |
| Men                    | 68   | 29   | 7              | —                  | —         | 1     |
| Women                  | 60   | 35   | 6              | —                  | —         | 1     |
| 18-24 years            | 43   | 32   | 23             | —                  | —         | 5     |
| 25-34 years            | 53   | 48   | 16             | —                  | —         | 4     |
| 35-44 years            | 60   | 38   | 8              | —                  | —         | 1     |
| 45-54 years            | 70   | 35   | 3              | —                  | —         | 1     |
| 55-64 years            | 71   | 30   | 1              | —                  | —         | —     |
| 65 years and over      | 71   | 19   | 3              | —                  | —         | —     |
| Basic education        | 72   | 22   | 4              | —                  | —         | —     |
| Intermediate education | 63   | 36   | 7              | —                  | —         | 2     |
| Higher education       | 55   | 42   | 11             | —                  | —         | 2     |

SOURCE: Company awarded the study.



For more information on the “Study on cash use habits 2022” see the Banco de España’s website.

### 3.3 Combating banknote and coin counterfeiting

**The Banco de España is tasked with analysing and identifying suspected counterfeit euro banknotes and coins in Spain.** The detection of counterfeit banknotes and coins is coordinated with the Banco de España Monetary Offences Investigation Brigade (BIBE) and the police section attached to the Banco de España, which is responsible for investigating and prosecuting crimes related to the counterfeiting of national and foreign currency.

#### a) Banknote counterfeiting

**A total of 58,593 counterfeit euro banknotes were withdrawn from circulation in Spain** in 2022, up 3.8 % on the 2021 figure. In addition, in 2022 the NAC (National

Analysis Centre) recorded a further 28,557 counterfeit banknotes that were seized by the police before going into circulation.

In September, the BIBE (the Banco de España Monetary Offences Investigation Brigade) dismantled a printing works engaged in counterfeiting €500 banknotes; given the quality of the banknotes it produced, its dismantling had a major impact.

As in 2021, the bulk of the counterfeits identified in 2022 were unlawful reproductions of euro banknotes. These are banknotes that have inscriptions specifying that they are "copies", "not legal tender" or are to be "used only for films or as props".

Chart 2.9 shows developments in counterfeit euro banknotes withdrawn from circulation since 2017, and a breakdown by denomination in 2022.

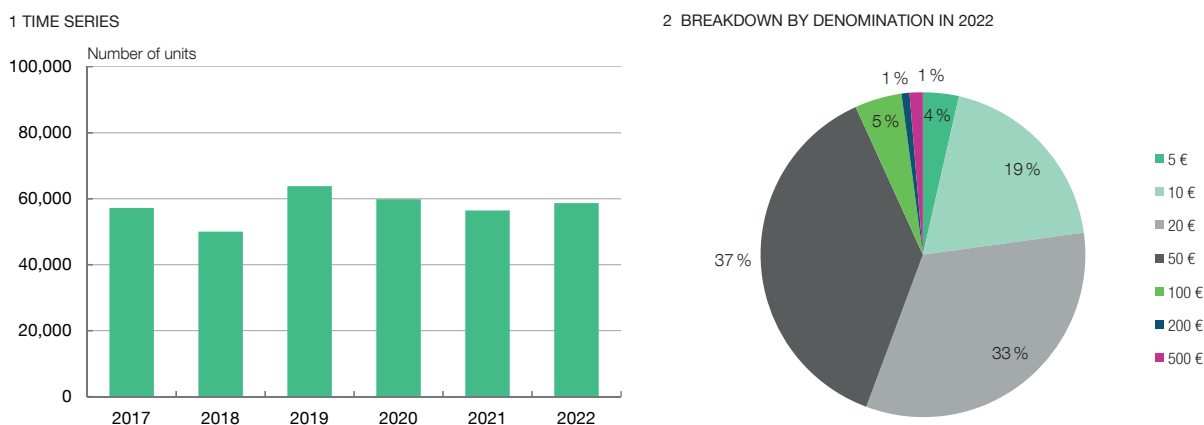
**The €50 denomination is the most counterfeited banknote, followed by the €20 and €10 denominations;** together, these account for approximately 89% of all counterfeits withdrawn from circulation.

The likelihood of receiving a counterfeit banknote was very low, with just 17 counterfeits per one million genuine banknotes in circulation.

**In 2022 Spain ranked third in the Eurosystem for the identification and withdrawal from circulation of counterfeit euro banknotes.**

Chart 2.9

**COUNTERFEIT BANKNOTES WITHDRAWN FROM CIRCULATION IN SPAIN. TIME SERIES (2017-2022) AND BREAKDOWN BY DENOMINATION**



SOURCE: Banco de España.

## b) Coin counterfeiting

In Spain, **the total number of counterfeit coins withdrawn from circulation in 2022 was 26,175**, down 10% on the 29,218 units recorded in 2021. However, no counterfeit euro coins were withdrawn prior to them being put into circulation.

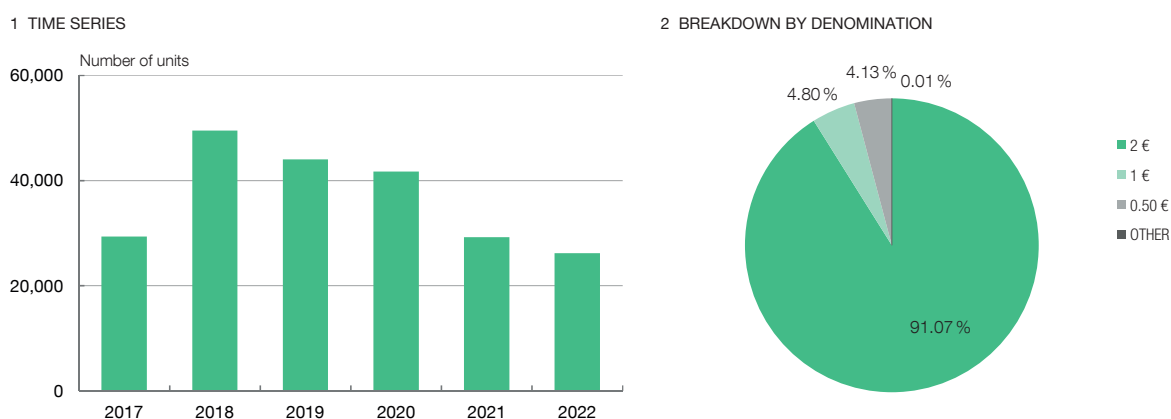
However, the counterfeit coins detected in 2022 are of a higher quality and more dangerous. This has made it necessary to monitor the reliability of the machines more closely and allocate more resources to training the professionals involved in coin recirculation.

Chart 2.10 shows developments in the amount of counterfeit euro coins withdrawn from circulation since 2017, and a breakdown by denomination in 2022.

**The most counterfeited denomination continues to be the €2 coin**, accounting for more than 91% of all counterfeit coins withdrawn from circulation in Spain. As with banknotes, the likelihood of receiving counterfeit coins is very low: the figure being seven counterfeits per million coins of the three highest denominations in circulation.

Chart 2.10

### COUNTERFEIT EURO COINS WITHDRAWN FROM CIRCULATION IN SPAIN. TIME SERIES (2017-2022) AND BREAKDOWN BY DENOMINATION



SOURCE: Banco de España.



Further information on euro counterfeiting statistics in Spain can be found in the [Banknotes and coins](#) section of the Banco de España's website, using the following links for [banknotes](#) and [coins](#).



The Banco de España promotes knowledge of the characteristics and security features of the euro banknotes and coins, with face-to-face and online training.

### c) Training on banknotes and coins


In order to contribute to the fight against counterfeiting, **the Banco de España promotes awareness of the characteristics and security features of euro banknotes and coins among professional cash handlers.** In 2022 the Banco de España continued its awareness-raising work in this area, providing training to over 9,000 specialist agents.

In addition to online and videoconference training, as a result of the improved health situation, the second half of the year saw the resumption of face-to-face courses for professional cash handlers. Among the most significant were the course on "Euro banknotes and coins" and the online course on "Manual cash selection".



For more information on courses on the design and security features of cash, for professional cash handlers and the general public, please consult the [Training Programme](#) on the Banco de España website

### SUPERVISION OF FINANCIAL INSTITUTIONS



The supervisory activity carried on by the Banco de España is aimed at verifying that the financial system's operations comply with regulations and good practices.

Why is it important?

The financial system plays a key role in economic development, channelling money from savers to the businesses and households that need it. Furthermore, payment systems provide efficient mechanisms for the payment of any purchase of goods and services.

What do we do at the Banco de España?

Verify compliance with rules related to the financial situation and solvency of institutions, payment services and customer protection.

Our objective

Promote the smooth functioning of institutions and the payment system with the ultimate aim of safeguarding the stability of the financial system.

### 4.1 Authorisation and registration of institutions

In general, financial institutions subject to the powers and functions of the Banco de España require **authorisation in order to operate as such**. This is due to the fact that some of the activities they perform are reserved activities or have a **reserved name**.

**The Banco de España's involvement in the authorisation processes of the various financial institutions** is not the same in all cases. Thus, it can be indicated that:

- a) Following the launch of the Single Supervisory Mechanism (SSM), the ECB is the competent authority for authorising the establishment of credit institutions in any of the Member States that participate in the SSM. However, the Banco de España has a major role in this process, as it is responsible for submitting a motion for resolution to the ECB in relation to the creation of Spanish credit institutions.
- b) The Banco de España is the competent authority to grant and revoke the authorisation or registration of electronic money institutions (ELMIs), payment institutions (PIs), payment service providers exempt under Article 14 of Royal Decree-Law 19/2018, account information service providers, specialised lending institutions (SLIs) that provide payment services (SLIs-PIs) or issue electronic money (SLIs-EMIs), real estate lenders, real estate intermediaries, currency-exchange bureaux, and

providers of services for the exchange of virtual currency for fiat money and the safekeeping of custodial electronic wallets. It is also the competent authority to decide on applications for approval of appraisal companies. Similarly, it is responsible for carrying out certain verifications in relation to payment service providers.

- c) Lastly, the Banco de España must issue a mandatory report on the authorisation of SLIs, mutual guarantee companies (MGCs) and reguarantee companies, which is granted by the Ministry of Economic Affairs and Digital Transformation.

Moreover, the official registers of the Banco de España contain information on the authorised activities and contact details of the institutions registered therein. In addition, to the extent that institutions are entitled to an EU passport, the official registers also provide information on the EU countries in which they can provide services.

These registers are publicly accessible via the Banco de España's website, where both current and historical data can be consulted. Therefore, the registers are configured as a tool available to the public for consulting the main data on registered institutions (name, address, date of registration and deregistration, code, etc.).

Details of the institutions registered in the registers of institutions since 2020 are set out in Tables 2.1 (for credit institutions) and 2.2 (for institutions other than credit institutions).

Table 2.1  
**REGISTER OF CREDIT INSTITUTIONS**

| Year-end data                          | 2020       | 2021       | 2022          |                 |            |
|--|------------|------------|---------------|-----------------|------------|
|  |            |            | Registrations | Deregistrations | Final      |
| Credit institutions                    | 193        | 195        | 4             | 5               | 194        |
| Banks                                  | 51         | 48         | 1             | 1               | 48         |
| Savings banks                          | 2          | 2          |               |                 | 2          |
| Credit cooperatives                    | 61         | 61         |               |                 | 61         |
| ICO                                    | 1          | 1          |               |                 | 1          |
| Branches of EU credit institutions     | 75         | 79         | 3             | 4               | 78         |
| Branches of non-EU credit institutions | 3          | 4          |               |                 | 4          |
| Financial holding companies            |            |            | 3             |                 | 3          |
| Mixed financial holding companies      |            |            | 1             |                 | 1          |
| <b>TOTAL</b>                           | <b>193</b> | <b>195</b> | <b>8</b>      | <b>5</b>        | <b>198</b> |

SOURCE: Banco de España.



Table 2.2

**REGISTER OF INSTITUTIONS OTHER THAN CREDIT INSTITUTIONS**

Year-end data

|   | 2020       | 2021       | 2022          |                 |            |
|---|------------|------------|---------------|-----------------|------------|
|   |            |            | Registrations | Deregistrations | Final      |
| Specialised lending institutions  | 26         | 23         | 2             | 1               | 24         |
| Specialised lending institutions - payment institutions                   | 8          | 9          |               |                 | 9          |
| Branches of financial institutions subsidiaries of EU credit institutions | 1          | 1          |               |                 | 1          |
| Real estate lenders   | 99         | 136        | 12            | 2               | 146        |
| Real estate credit intermediaries   | 234        | 384        | 118           | 7               | 495        |
| Branches of EU real estate credit intermediaries                          | 2          | 2          |               |                 | 2          |
| Mutual guarantee companies and reguarantee companies                      | 19         | 19         |               |                 | 19         |
| Appraisal companies   | 32         | 32         |               |                 | 32         |
| Currency-exchange bureaux (a)   | 17         | 16         |               |                 | 16         |
| Payment institutions  | 47         | 49         | 4             | 1               | 52         |
| Payment institutions exempt under Article 14 of Royal Decree-Law 19/2018  | 1          | 9          | 3             | 2               | 10         |
| Payment service providers excluded under Royal Decree-Law 19/2018         | 3          | 15         | 3             |                 | 18         |
| Account information service providers                                     | 1          | 1          | 2             |                 | 3          |
| Electronic money institutions   | 9          | 9          | 1             |                 | 10         |
| Branches of EU payment institutions                                       | 14         | 7          | 2             |                 | 9          |
| Branches of EU electronic money institutions                              | 8          | 3          | 1             |                 | 4          |
| Virtual currency for fiat currency exchange service providers (b)         |            |            | 50            |                 | 50         |
| Electronic wallet custody service providers (b)                           |            |            | 23            |                 | 23         |
| <b>TOTAL</b>  | <b>521</b> | <b>715</b> | <b>221</b>    | <b>13</b>       | <b>923</b> |

**SOURCE:** Banco de España.

a Excludes establishments authorised solely for the purchase of foreign currency with payment in euros.

b Law 10/2010, of 28 April, on the prevention of money laundering and terrorist financing, includes these providers as obliged parties for the purposes thereof and introduces an obligation to register with the Banco de España. This register was created for the purpose of ensuring compliance by registered entities with the requirements laid down in the regulations on the prevention of money laundering and terrorist financing. Law 10/2010 does not establish rules on financial supervision, prudential supervision, corporate governance, technological security, market conduct or information transparency.

As Tables 2.1 and 2.2 illustrate, the institutions registered in the Banco de España's registers are of a highly diverse nature. Their varying configuration and regulation also determine that the competencies that the Banco de España exercises over these institutions, by legal mandate, are also diverse.

## 4.2 Prudential supervision

**Since November 2014, the institutions of countries participating in the banking union have been supervised by the SSM, which comprises the ECB and the different national supervisory authorities (NSAs).** The ECB is responsible for direct supervision of the main credit institutions (“significant institutions – SIs –”), in close collaboration with the NSAs. All other credit institutions (“less significant institutions” – LSIs –) are directly supervised by the NSAs according to a common policy laid down by the ECB.

Besides being tasked with the direct supervision of Spain's LSIs, the Banco de España makes an essential contribution to the supervision of Spain's SIs, carrying out ongoing off-site supervision through the joint supervisory teams (JSTs) and on-site inspections and investigations of significant institutions' models.

**At 31 December 2022, there were ten Spanish groups of significant institutions,<sup>8</sup>** which accounted for 90.5 % of total assets in the Spanish banking system, and 56 Spanish institutions or groups classified as less significant, accounting for 5.5 %. The remaining 4.0 % related to subsidiaries and branches of foreign credit institutions.

**Supervisory activity in 2022, within a framework of continuity, was adapted to the backdrop of economic uncertainty,** initially created by the pandemic and subsequently amplified by geopolitical tensions, with adverse effects in terms of spiralling inflation, rising public and private indebtedness, asset valuations, and potential deterioration of credit quality in a context of a withdrawal of institutional support measures. The supervisory work focused on three broad areas:

- Strengthening institutions by assessing credit risk and the management of interest rates and credit spreads.
- Business model, digital transformation strategy and governance, in order to address possible structural weaknesses and ensure the sustainability and viability of banking activity.
- Emerging risks, with particular emphasis on climate risk, cyber risk, risks arising from the outsourcing of activities, and counterparty risk vis-à-vis non-banking financial institutions.

**The activities comprising the microprudential supervision of credit institutions are grouped into two distinct areas: ongoing off-site supervision and on-site supervision.** Ongoing off-site supervision assesses the institutions' situation and risk profile in order to adopt, on a timely basis, the appropriate supervisory measures and plan the required work and the depth thereof. In turn, on-site exercises comprise two types of action: inspections and internal model investigations. The latter specifically review capital requirement calculation models, while inspections analyse in depth any other area relating to the institutions.

**The ongoing off-site supervisory tasks notably include those relating to the supervisory review and evaluation process (SREP),** which provide a comprehensive view of the institutions' risk profile. In 2022 the return to relative normality allowed the JSTs to once more apply the full SREP methodology, as set

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<sup>8</sup> Santander, BBVA, Caixabank, Sabadell, Unicaja, Bankinter, Kutxabank, Ibercaja, Abanca and Banco de Crédito Social Cooperativo

out in the European Banking Authority (EBA) guidelines (EBA/GL/2014/13) and in the SSM supervisory manuals. In addition, among other tasks, the ongoing supervision teams devoted their efforts to the cross-cutting review of areas of supervisory priority.

**On-site supervision complements the off-site ongoing supervision of institutions.** In order to reinforce the independence and objectivity of the findings of the work, both types of supervision are carried out by different teams. In 2022 the inspections and investigations of internal models were mostly carried out using a hybrid working model, which combines visits by inspectors to the institutions' headquarters with off-site work.

In 2022 Banco de España staff participated significantly in 20 inspections (around half of which were part of the so-called "specific subject-matter campaigns") at significant SSM institutions. It also participated in all the teams of the 18 inspections of Spanish group institutions. Of these, 14 were led by Banco de España staff, three by ECB staff and one by Banque de France staff. It also led two inspections of significant institutions in other SSM Member States.

Credit risk was the main focus, but technology risk, capital, governance, business model and market risk were also highlighted.

**In 2022 the Banco de España participated in 12 model research missions (mainly on credit risk),** 11 of which involved Spanish institutions. The Banco de España led eight, and the Banco de Portugal, the Bundesbank and the ECB led one each.



The Chair and Vice-Chair of the ECB's Supervisory Board, Andrea Enria and Frank Elderson, presented the results of the 2021 SREP at a press conference on 10 February 2022.

**In addition, the supervisory plan for less significant institutions was approved by the Executive Commission of the Banco de España**, as they are subject to its direct supervision; however, the ECB is informed of the content of this plan. **In 2022 ten on-site inspections were carried out**, with a particular focus on credit and foreclosed asset quality, governance, solvency and IT.

**The Executive Commission of the Banco de España was briefed on the 518 decisions and actions of the ECB's Supervisory Board**, on which the Banco de España is represented, which affected Spanish institutions in 2022: 240 addressed specifically to Spanish institutions (232 SIs and eight LSIs) and a further 278 decisions on more general matters or on SSM policy and/or organisational issues.

Following the different prudential supervisory tasks carried out on less significant credit institutions, the Banco de España issued 114 recommendation and requirement letters, of which 58 were on capital decisions, 46 on recovery plans and ten on on-site inspections.

In 2022 the Banco de España processed a total of 465 files concerning the **suitability assessment of senior officers**: 253 relating to credit institutions, 65 to specialised lending institutions, 52 to payment institutions, 55 to mutual guarantee companies, 29 to electronic money institutions, three to currency-exchange bureaux and eight to appraisal companies.

Beyond the scope of the SSM, the Banco de España also has exclusive supervisory powers over **institutions other than credit institutions** that provide financial services or perform functions related to the financial sector. In 2022 a total of 261 ongoing off-site supervision actions and five inspections were performed at these institutions, of which three were completed.

Six recommendation and requirement letters were sent as a result of these supervisory actions, of which three in connection with on-site inspections were completed.

Schema 2.2 presents the main types of institutions supervised by the Banco de España.

On 8 July 2022, Royal Decree-Law 24/2021 of 2 November came into force, transposing Directive (EU) 2019/2162 on **covered** bonds, which establishes a harmonised minimum regime in the EU regarding the conditions for the issuance and characteristics of this type of instrument, aimed at promoting the unified development of these markets. The Royal Decree-Law augments investor protection for covered bonds by shoring up the supervisory regime for these instruments and reduces their level of risk. The Banco de España has assumed new supervisory

**MAIN TYPES OF INSTITUTIONS SUPERVISED BY THE BANCO DE ESPAÑA**

|   |   |  |
|---|---|--|
| <b>CREDIT INSTITUTIONS</b>  |   | Any individual or legal entity, whether Spanish or foreign, wishing to pursue the activities of a credit institution in Spain (especially, taking deposits and other repayable funds from the public) must first obtain the necessary authorisation and be entered in the Banco de España's official registers of credit institutions. Credit institutions include commercial banks, savings banks, credit cooperatives and the ICO. |
|   | <b>BANKS</b>  | Public limited companies with an initial share capital of not less than €18 million whose business consists of taking deposits and other repayable funds from the public and granting credits for their own account.   |
|   | <b>SAVINGS BANKS</b>  | Institutions organised as foundations and with a social purpose, whose financial business is essentially geared to taking repayable funds and providing banking and investment services to retail customers and small and medium-sized enterprises.  |
|   | <b>CREDIT COOPERATIVES</b>  | Companies whose corporate purpose consists of serving the financial needs both of their members and of third parties by pursuing the business of credit institutions.  |
|   | <b>BRANCHES OF FOREIGN CREDIT INSTITUTIONS</b>  | Having no legal personality, they are part of a foreign credit institution and directly pursue all or any of the operations inherent to the business of that institution.  |
| <b>SPECIALISED LENDING INSTITUTIONS</b>   | Enterprises which, while not classed as credit institutions, professionally pursue one or more banking business activities, such as granting loans or credits or providing guarantees. They are subject to a minimum share capital requirement of €5 million. They may also provide payment services or issue electronic money, subject to prior authorisation by the Banco de España and entry in the Banco de España's Special Register, in which case they will be considered hybrid payment institutions or hybrid electronic money institutions, respectively. |  |
| <b>ELECTRONIC MONEY INSTITUTIONS</b>  | Legal entities authorised by the Banco de España to issue electronic money. They must have minimum initial capital of €350,000 and sufficient own funds. They may also provide payment services, whether or not these are linked to electronic money.   |  |
| <b>PAYMENT INSTITUTIONS</b>   | Legal entities authorised by the Banco de España to provide and execute payment services in Spain (e.g. payment transactions, issuance of payment instruments, money remittances, payment initiation, information on accounts, etc.) with minimum initial capital and own funds requirements according to the payment services provided.  |  |
| <b>MUTUAL GUARANTEE COMPANIES</b>   | Business entities with variable capital established by small and medium-sized enterprises to facilitate their access to credit and related services and generally enhance their financial conditions. They may provide personal guarantees to their members, but they may not extend credit of any kind to them.  |  |
| <b>REGUARANTEE COMPANIES</b>  | Companies whose purpose consists of reguaranteeing guarantees furnished by mutual guarantee companies, to provide sufficient guarantee and cover for the risks assumed by the latter and help reduce the cost of furnishing personal guarantees to members.   |  |
| <b>CURRENCY-EXCHANGE BUREAUX AUTHORISED TO PURCHASE AND SELL FOREIGN CURRENCY</b> | Individuals or legal entities, other than credit institutions, that purchase foreign banknotes and travellers' cheques. Public limited companies that purchase and sell foreign banknotes and travellers' cheques.  |  |
| <b>APPRAISAL COMPANIES</b>  | Public limited companies that provide appraisal services. They are subject to prior authorisation, independence and secrecy requirements and to a minimum capital requirement of €300,506.  |  |
| <b>SOURCE:</b> Banco de España.   |   |  |

powers, whereby it must authorise both the programmes with the characteristics of the covered bonds issued and the supervisory bodies of the issuances. For the 19 issuing institutions, the Banco de España authorised five commercial-law companies as supervisory bodies and 27 covered bond programmes of issuances that were in force at that date. The Banco de España discloses and regularly updates on its website the list of authorised issuing institutions, as well as the covered bonds issued under the programmes authorised.



Further information of the issuance of a [covered bond programme](#), can be consulted on the Banco de España's website.

The Banco de España cooperates closely with the Commission for the Prevention of Money Laundering and Monetary Offences (CPMLMO) and its Executive Service (SEPBLAC) in the supervision and inspection of compliance with **anti-money laundering and countering the financing of terrorism (AML/CFT) obligations** by institutions supervised by the Banco de España, pursuant to Spanish legislation and the cooperation and coordination agreement entered into with the CPMLMO. The Banco de España further strengthened this function in 2022. In addition, the Banco de España completed four general inspections, reviewing compliance with AML/CFT at three LSIs and one SI. In addition, the following actions were initiated: a general inspection at one SI; a specific inspection focused on the review of the internal control systems implemented by one SI to ensure the application of AML/CFT policies to its group abroad; and a thematic analysis of foreign exchange activity.

## 4.3 Supervision of institutions' conduct

**The banking conduct and reporting obligations imposed on supervised financial institutions by banking regulation and discipline legislation act as customer protection measures and seek to preserve public confidence in the banking system, thereby helping to promote the stability of the financial system.** Conduct supervision actions focused not only on verifying effective compliance with these rules, but also on guiding a shift in the culture of conduct of institutions, as an essential complementary means of ensuring an appropriate financial relationship between institutions and their customers.

**Ongoing conduct monitoring work aims to gain an insight into the institutions' business models and strategies,** as well as of the market in general, in order to pre-empt potential conduct risks. This monitoring is performed on a case-by-case basis at institutions with the largest market share and retail activity, and in groups at other institutions, depending on the type of activity and business models; furthermore,

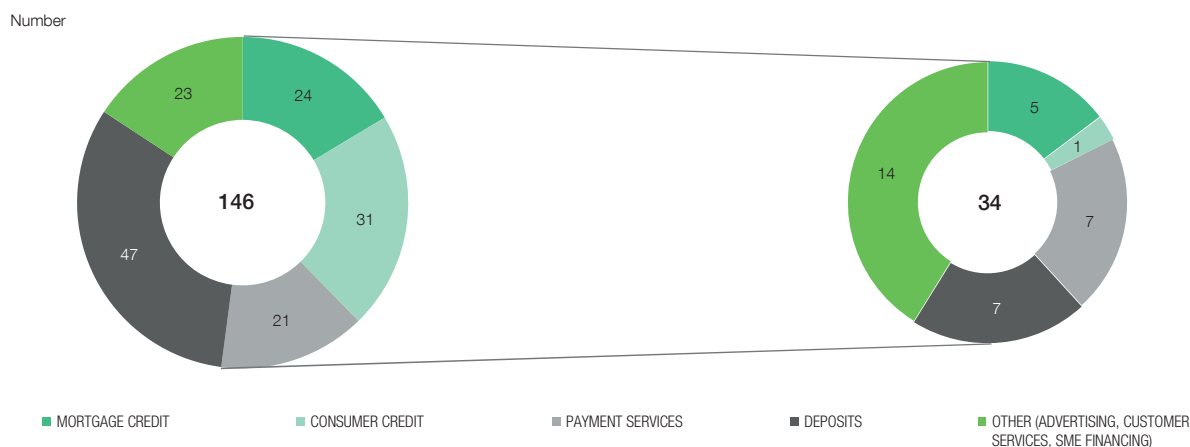
Chart 2.11

**CONDUCT-RELATED SUPERVISORY ACTIONS IN 2022, BY TYPE**

The supervisory actions chiefly focused on areas of activity relating to payment services, consumer credit and deposits.

1 SUPERVISORY ACTIONS (a)

2 OF WHICH, UNPLANNED



SOURCE: Banco de España.

a A total of 99 of these supervisory actions were initiated before the start of 2022.

b “Deposits” includes, inter alia, current accounts and savings accounts.

it is a very valuable tool for the design of a preventive supervisory strategy and adequate supervisory planning, as well as for the establishment of supervisory criteria in relation to certain aspects of conduct and the due transfer thereof, using the tools available, to the institutions themselves.

In addition, the new reporting of confidential conduct information established by Banco de España Circular 4/2021 of 25 November, for credit institutions and other supervised institutions, on confidential return models relating to market conduct, transparency and customer protection, and on the register of complaints, represents a milestone in the knowledge of business models and the definition of institutions' conduct profiles. The first confidential return models to be sent to the Banco de España will refer to the second half of 2022.

**Similarly, specific matters are monitored on an ongoing basis**, making it possible to specify the supervisory framework and supervisory planning, such as the advertising of banking products and services, complaints and enquiries, or the functioning of customer services and, in particular, the location of such information on their website. As a result of the monitoring of advertising activity, it was possible to observe a greater degree of clarity in the advertising messages disseminated, and an increase in the number of advertisements reviewed and classified as correct advertising.

**In 2022 a significant portion of the supervisory actions, the distribution of which is shown in Graph 2.11, focused on** the knowledge and verification of the

degree of compliance with regulations in the provision of payment services. Inspections were conducted to analyse the procedure for notifying changes in the current account terms and conditions of certain supervised institutions, and to verify compliance with the regulations on the basic payment accounts. In addition, actions were taken on the practical application of the contractual limits on drawdowns as risk mitigators in the event of potential fraud in payment services; and on the application of the mechanism envisaged in the regulations to ensure the swift transfer of payment accounts and of the services and direct debits linked thereto.

As in previous years, **visits were made to bank branches** in order to verify that customer service staff have sufficient knowledge of the regulations on payment accounts, and that this knowledge is conveyed with due clarity, through the appropriate explanations, to customers. These visits verify: i) the adequacy of the explanations and offer of the basic payment account; ii) the delivery of pre-contractual information in due time; iii) the information provided on the closing of accounts; or iv) the regime for unauthorised payment transactions, with the aim of ensuring that institutions correct any shortcomings identified.

An inspection was also carried out at an electronic money institution, where shortcomings were identified in the processes of contracting and termination of customer contracts.

**As regards consumer credit, most of the actions were cross-institutional in nature**, including in their subjective scope several institutions, such as those analysing responsible lending practices and policies; credit granted in the form of overdraft facilities on sight deposits; the various technological solutions, platforms and additional services associated with cards for deferring payments at points of sale; and the measures implemented to comply with the new transparency and solvency assessment obligations envisaged in the regulation of revolving credit.

Lastly, two inspections were carried out on consumer credit contracting in which deficiencies were identified in the marketing and product offering processes, the redress of which is necessary to ensure that the customer has sufficient information at the time of contracting and to avoid situations of debt overhang.

**In relation to real estate lending, 2022** witnessed the conclusion of the inspection that has been conducted in recent years to check that the effective application by institutions of clauses limiting the downward variability of interest rates (known as "floor clauses") complies with the terms and conditions agreed upon in the corresponding contracts. This is the most extensive inspection carried out to date, both in terms of the number of institutions and the number of files reviewed.





The inspection on the correct application of the so-called "floor clauses" was completed.

To carry out this inspection, the Banco de España's supervisory teams used suptech natural language processing tools and machine learning techniques, which made it possible to increase the size of the samples of files analysed.


Also, the correct application of the Code of Best Practices (CBP) set out in the annex to Royal Decree-Law 6/2012 of 9 March, on urgent measures for the protection of mortgagors experiencing financial hardship (RDL 6/2012) by member institutions was verified.

**Moreover, in an increasingly digitalised banking services environment, particular attention was paid to the way in which institutions complied with their transparency obligations according to the contracting channels used.** As shown in Schema 2.3, banks adapted to comply with prior disclosure obligations in digital environments.

In 2022 inspections were also carried out to verify the information reported to the Banco de España by the supervised institutions in the return "Interest rates on lending transactions in Spain with the resident private sector" included in Annex 9 of Circular 5/2012, with a view to contributing to the determination of benchmark rates. The effective compliance with the reporting obligations for SMEs in the event of cancellation or reduction of the flow of financing was also assessed.


**DISTANCE MARKETING OF BANKING PRODUCTS AND SERVICES**

**ADEQUATE EXPLANATIONS**



The aim is to ensure that customers are adequately informed about the product, its risks and how it is contracted.

To guarantee these adequate explanations, even if customers are not attended in person, banks use various formulas:




- Explanatory videos.
- Chatbot.
- Simulators.

- FAQs.
- Flow charts.
- WhatsApp channel.


- Guides & infographics.
- Telephone.
- E-mail consulting services.

**PRE-CONTRACTUAL INFORMATION**



The aim is to enable customers to compare products offered by different institutions and to make an informed decision tailored to their needs.

To provide this information at a distance, institutions have taken into account:



The obligation to provide it in advance:

- At a stage or on a screen prior to and different from that at which consent to the contract is granted, or
- Send it by e-mail prior to signing the contract.

The obligation to have an adequate computerised registration to accredit compliance with all transparency obligations.

Also advisable is:

- Making it visibly available on their websites and apps so that it can be consulted.
- Use of scroll down mechanisms to avoid having to go through the entire content of the website.
- Mandatory download.
- A command for it to be read.

**SOURCE:** Banco de España.

## 4.4 Oversight and supervision of market infrastructures

In 2022 **oversight and supervision activities** were carried out at national level on the retail payment system – the National Electronic Clearing System (SNCE) – and on the Cards and Means of Payment System (STMP). Various actions were also carried out at Iberclear and BME Clearing, as part of the oversight activity, and as the central bank of issuance of the currency in which these infrastructures clear and settle their transactions on behalf of the Eurosystem.

At European level, **the Banco de España assumed leadership, together with the ECB, of the Eurosystem group responsible for the oversight of the American Express card scheme**, whose operations in Europe are conducted mainly through two Spanish payment institutions, which are also under the supervision of the Banco de España. In addition, the Banco de España continued to participate in the Eurosystem's pan-European payment systems co-operative oversight groups.



At the national level, oversight activities were carried out on the National Electronic Clearing System (SNCE) and Sistema de Tarjetas y Medios de Pago, S.A. (STMP).

**The supervisory work on the provision of payment services focused on four types of actions.** On the one hand, a comprehensive on-site inspection of an electronic money institution was performed. To this should be added the supervisory activity related to various non-compliances in the area of payment institutions and electronic money agents. Also significant was the assessment of compliance with the Regulation on strong customer authentication and open, common and secure communication standards, as well as the monitoring of the handling of serious operational and security incidents, statistical reporting of fraud, delegation of operational functions and cross-border activity.

Lastly, **numerous authorisation procedures were carried out for new specialised payment service providers** – mainly payment institutions, account information service providers and low activity institutions partially exempted from certain requirements –.

## 4.5 Sanctioning activity

Sanctioning powers, as a corollary of supervisory powers, continued to be exercised in 2022, both in the prudential area and in the areas of transparency and customer protection.

**In the prudential area**, nine open proceedings were conducted against institutions and their directors and management (a total of 90 individuals), of which four were resolved in 2022.

For example, four proceedings were brought against appraisal companies for conduct relating to their organisation, quality control, valuation methodologies and internal control mechanisms, three of which were resolved in 2022.

The same need to ensure the adequacy of internal control mechanisms is reflected in three further proceedings: one resolved in 2022 against a savings bank; another against a special lending institution, which was initiated in 2021 and continued in 2022; and a third, initiated in 2022, against a credit cooperative.

In the prudential field, sanctioning powers also focused on electronic money institutions. Two proceedings are under way. The first was initiated against the institution, its officers and certain shareholders for failing to comply with the regime for the acquisition and notification of significant holdings. The second, initiated at the end of the year against the institution and its officers, for undercapitalisation, failure to safeguard customer funds and internal control.

**In the area of transparency and customer protection**, one proceeding was initiated against an electronic money institution and its management and directors, and four others (a total of seven individuals) were sanctioned. The breaches relate to deficiencies in credit card financing policies, the charging of undue fees, the inclusion in loan applications of credit lines unrelated to the financing intended by the customer, or inaccuracies in the information reported to the Banco de España in the return "Interest rates on lending transactions in Spain with the resident private sector" included in Annex 9 of Circular 5/2012.



Further information on the Banco de España's supervisory functions can be found in the [Supervision Report](#).

## 5 FINANCIAL STABILITY AND PREVENTIVE RESOLUTION

### FINANCIAL STABILITY AND PREVENTIVE RESOLUTION



The Banco de España contributes to maintaining the stability of the Spanish financial system. To this end, it has an analytical framework, supervisory and preventive resolution mechanisms, and the possibility of adopting macroprudential policy decisions.

#### Why is it important?

If a financial system is stable, it will be able to absorb the impact of shocks and the materialisation of risks without affecting the process of financial intermediation and causing significant damage to economic activity.

#### What do we do at the Banco de España?

We identify systemically important Spanish credit institutions and set their capital buffers, conduct stress tests, participate in the preparation of preventive resolution plans, etc.

#### Our objective

Continue to work to ensure financial stability, which is key to social welfare.

## 5.1 Financial stability and macroprudential policy

One of the Banco de España's responsibilities is **to contribute to maintaining the stability of the Spanish financial system**, to which end the regulations in force assign it, in the case of credit institutions, macroprudential policy powers. The macroprudential policy instruments to prevent the build-up of risks and imbalances that pose a threat to financial stability and to mitigate their impact should they come about are varied. Some allow limits to be set on lending conditions, while others enable specific solvency requirements to be imposed on institutions. The activities undertaken in this field are set out in the section [Financial stability and Macroprudential Policy](#) on the Banco de España's website.

The Banco de España sets the **countercyclical capital buffer (CCyB) percentage** for banks on a quarterly basis. In 2022 the decision was taken to maintain the CCyB at 0% for lending exposures in Spain, in a context where the economic recovery after COVID-19 was affected by the consequences of the war in Ukraine, rising inflation and tighter financial conditions.

In addition, the Banco de España identifies **systemically important Spanish credit institutions on an annual basis, and sets their macroprudential capital buffers**. An institution is considered systemic – globally or at the domestic level – if, in the event of solvency problems, it can have a highly adverse impact on the financial system and the real economy. Therefore, an additional capital requirement is required for these institutions to strengthen their resilience, to encourage prudent risk-taking and also to correct the potential competitive advantage of these institutions in the

funding market due to their systemic nature. In 2022 the Banco de España identified one institution – Banco Santander, S.A. – as a global systemically important institution (G-SII) and four – Banco Santander, S.A., Banco Bilbao Vizcaya Argentaria, S.A., CaixaBank, S.A., and Banco de Sabadell, S.A. – as other systemically important institutions (O-SIIs) at the domestic level. For information purposes, although it corresponds to 2023, it should be noted that the required buffers in 2023 for O-SIIs remained stable with respect to those established the previous year, with the exception of CaixaBank, S.A., whose buffer was increased following the merger by absorption with Bankia, SA.

**Also, the publication of Circular 3/2022<sup>9</sup> completed the transposition of Directive (EU) 2019/878 (CRD V), on banking solvency, including its macroprudential aspects.** As regards macroprudential policy, the main changes introduced relate to: (i) the possibility of applying the systemic risk buffer to specific sectors; (ii) methodological adjustments to the determination of capital buffers for systemic institutions; and (iii) the simplification of the regime for notifications of proposals for macroprudential measures to European bodies by national authorities.

In addition, **the Banco de España is a member of the Spanish Macroprudential Authority Financial Stability Council (AMCESFI),<sup>10</sup>** which has oversight powers over the Spanish financial system as a whole. The AMCESFI focused its work in 2022 on further developing the analysis of direct and indirect interconnections between sectors of the financial system, studying the regulatory approach to crypto-assets, as well as advancing work on the preparation of the first biennial report on climate change risks for the Spanish financial system in 2023.

**Within the Single Supervisory Mechanism, the Banco de España collaborates with other national authorities on macroprudential analysis and policy through the ECB's Financial Stability Committee (FSC).** The institution participated in the discussions on risks and vulnerabilities to financial stability and in other regulatory and methodological lines of work on systemic risk measurement and stress testing. In connection with the work of the FSC, the ECB issued three macroprudential policy statements in 2022, on: (i) the measurement of the systemic importance of institutions headquartered in the Banking Union; (ii) vulnerabilities in the financial system in Europe and the macroprudential policy response thereto; and (iii) the review of the minimum capital buffer framework for O-SIIs from 2024 onwards.

<sup>9</sup> Banco de España Circular 3/2022, of 30 March, amending Circular 2/2016, of 2 February, to credit institutions on supervision and solvency, which completes the transposition into Spanish legislation of Directive 2013/36/EU and Regulation (EU) No 575/2013; Circular 2/2014 of 31 January to credit institutions on the exercise of various regulatory options contained in Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 675/2013 of the European Parliament and of the Council of June 2013, on prudential requirements for credit institutions and investment firms, and amending Regulation (EU) No 648/2012; and Circular 5/2012 of 27 June 2012 to credit institutions and payment service providers on transparency of banking services and responsible lending.

<sup>10</sup> AMCESFI publishes annual reports on its [website](#) providing updated information on its activities. .



One of the responsibilities of the Banco de España is to maintain the stability of the Spanish financial system.

**The macroprudential stress tests conducted by the Banco de España on Spanish credit institutions in 2022 assessed their resilience to the macro-financial risks identified in the last year.** The results showed an adequate aggregate loss absorption capacity of Spanish institutions, both in the baseline and adverse scenarios, but also advised prudent provisioning and capital planning policies in an environment of extraordinary uncertainty.

## 5.2 Preventive resolution

**In 2022 resolution plans were drafted for a total of 41 Spanish credit institutions<sup>11</sup> and four foreign groups with Spanish subsidiaries,** in close collaboration with the Single Resolution Board (SRB) and other resolution authorities in the euro area. In this connection, 42 workshops were organised, with the participation, at the level of the significant institutions, of the members of the respective Internal Resolution Teams (IRTs) to discuss the most important aspects of resolution planning and to set new objectives to improve institutions' resolvability. In addition, as has been usual practice in recent years, the SRB sent a team to Spain to conduct face-to-face meetings with the representatives of all significant institutions.

In this context, **the Banco de España participates in the resolution colleges and crisis management groups** that are organised on a regular basis for the most internationally active institutions with the objective of discussing resolution planning matters. Specifically, in 2022 participation was limited to the respective crisis

<sup>11</sup> They total ten significant institutions and 31 less significant institutions.

management groups of one Spanish significant institution and the resolution colleges of two Spanish significant institutions, two foreign significant institutions with subsidiaries in Spain and one foreign significant institution with an important branch in Spain. As a result, the SRB and the non-euro area EU resolution authorities signed joint decisions in relation to the resolution plans and resolvability assessment, as well as the minimum requirement for own funds and eligible liabilities (MREL) decisions of two Spanish significant institutions and three foreign significant institutions with important subsidiaries or branches in Spain, in whose colleges the Banco De España participates as an observer.

In addition, in relation to **resolution planning in 2022**, 43 credit institutions were notified of their MREL. Also, the recovery plans of ten Spanish significant credit institutions were reviewed (in collaboration with the SRB), as were those of 23 Spanish less significant credit institutions.

Furthermore, in order to develop resolution plans and promote the effective implementation of legislation in force, **the Banco de España participated actively in the development of preventive resolution criteria and strategies**. Notable among the actions carried out were: i) monitoring of compliance with current MREL objectives; ii) collaboration with the Fund for the Orderly Restructuring of the Banking Sector (FROB) and the Deposit Guarantee Fund, which included participation in committees of both institutions; iii) research and analysis of matters relating, inter alia, to liquidity and to the development of a tool (heatmap) to measure the degree of progress in the resolvability of less significant institutions with a resolution strategy; iv) the review of the operationalisation of the bail-in tool and business continuity aspects in resolution; v) the execution of a simulation exercise, jointly with the SRB, regarding the operationalisation of the single point of entry resolution strategy; or vi) the public interest analysis under a systemic crisis scenario.

**Further information on this area can be found in the [resolution section on the institutional website](#).**

## 5.3 Financial reporting and reporting to the Central Credit Register

**The Banco de España requires supervised institutions to send all the information necessary for the exercise of their functions, inter alia, for statistical and supervisory reasons.** In 2022 the regulatory development of a new macroprudential tool – the countercyclical capital buffer on one or several sectors – by means of [Circular 5/2021](#),<sup>12</sup> made it necessary to include a new reporting requirement for credit institutions:

<sup>12</sup> Banco de España Circular 5/2021 of 22 December 2021, amending Circular 2/2016 of 2 February 2016, to credit institutions, on supervision and solvency, completing the transposition into Spanish legislation of Directive 2013/36/EU and Regulation (EU) No 575/2013.



the quarterly submission, from March data onwards, of the CCAS1 statement "Breakdown of credit exposures for the calculation of the sectoral component of the countercyclical capital buffer by country and sector and percentage thereof". This information provides information on the sectors in which most of the systemic risks are concentrated.

**Subsequently, Circular 1/2022<sup>13</sup> established prudential and liquidity rules and reporting obligations for special lending institutions.** Thus, the Banco de España determined how these establishments should comply with the prudential requirements. Accordingly, prudential reporting requirements were brought into line with those of credit institutions, while a degree of proportionality was applied to liquidity reporting. Special lending institutions started to report liquidity information from the May 2022 data onwards, and the other prudential information from the June 2022 data.



In 2022 close to 400 institutions supervised by the Banco de España were obliged to submit a total of 769 financial, statistical and supervisory statements, with varying frequency. In order to ensure that this information complied with high quality standards, 23,983 accuracy and consistency validations were applied.

**The granular transaction-by-transaction reporting of all the risks that reporting institutions hold with their customers (Central Credit Register – CCR –) has proved to be very useful, which has generated a growing demand for this detailed data.** This interest in granular information was reflected in different aspects, which profoundly affected the modus operandi of the CCR.

In January 2021 the **Revolving Credit Ministerial Order** (ETD 699/2020) came into force, reducing the threshold of information that the CCR returns to institutions and account holders from €9,000 to €1,000. This gave rise to a substantial increase, in 2021, in the information that the Banco de España provides to account holders and institutions, a level that was maintained in 2022.

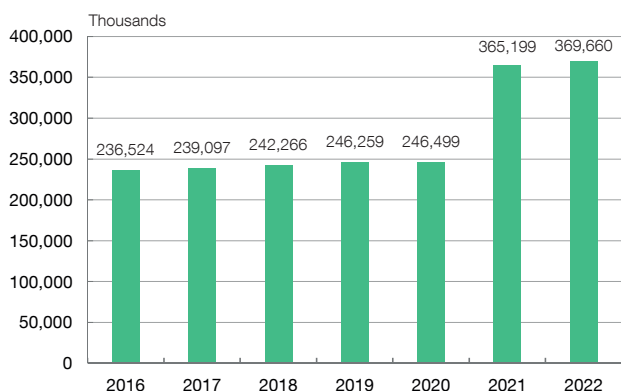
Moreover, the use of CCR data is increasingly important for the **ex ante design of various economic policy measures and for the ex post assessment of their effectiveness.** Thus, as in previous years, when new characteristics of operations under certain measures to alleviate the crisis arising from COVID-19 were included, those arising from the war in Ukraine were included in 2022.

13 Banco de España Circular 1/2022 of 24 January, to specialised lending institutions, on liquidity, prudential rules and reporting obligations, amending Circular 1/2009 of 18 December, to credit institutions and other supervised institutions, in relation to information on the capital structure and equity shares of credit institutions, and on their branches, as well as on the senior management of supervised institutions, and Circular 3/2019 of 22 October, exercising the power conferred by Regulation (EU) 575/2013 to define the materiality threshold for past due credit obligations.

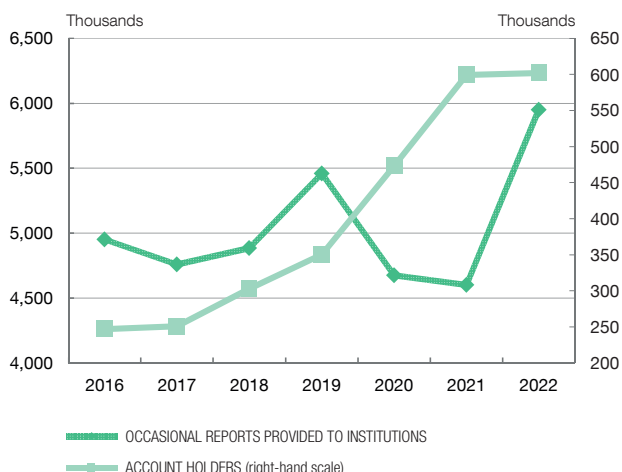
Chart 2.12

**RISK REPORTS PROVIDED TO INSTITUTIONS AND ACCOUNT HOLDERS**

1 MONTHLY REPORTS PROVIDED TO INSTITUTIONS



2 REPORTS REQUESTED BY INSTITUTIONS AND ACCOUNT HOLDERS

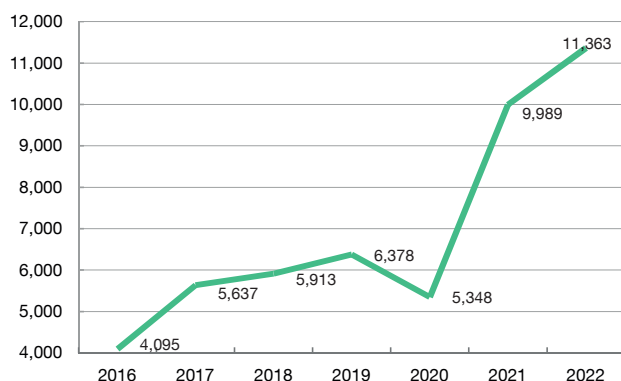


SOURCE: Banco de España.

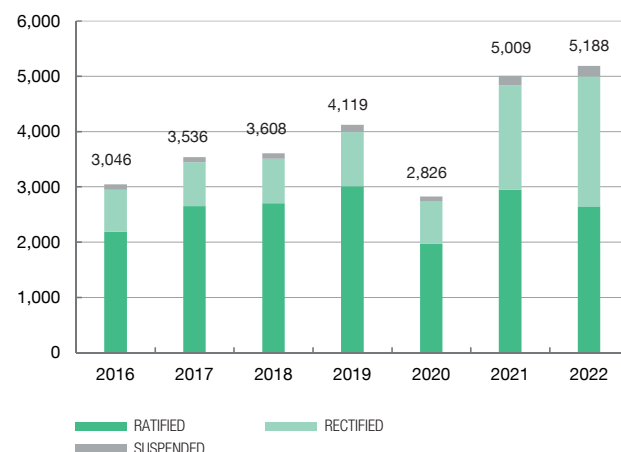
Chart 2.13

**EXERCISE OF THE RIGHT TO RECTIFY OR DELETE DATA DECLARED TO THE CCR**

1 CLAIMS RECEIVED



2 CLAIMS RESOLVED



SOURCE: Banco de España.

In addition, following the Banco de España's strategic initiative to facilitate the research community's access to high quality microdata, in October 2022 the CCR microdata on legal persons available in the Data Laboratory (BELab) were updated and now include information on the status of the operation and are accessible to researchers both in person and off-site.

The increase in the information included in the reports distributed by the CCR and the marked increase in litigation detected in recent years were reflected

**in a significant increase in the number of complaints filed with the CCR.** In 2022 they increased by 18% compared to those received in 2021. The more than 11,000 complaints received in 2022 represent a twofold increase in the number received in 2020.



In December 2022, the 336 reporting institutions to the CCR submitted information on more than 22.7 million natural or legal account holders accounting for €50.4 million loans and other risky transactions for a total drawn risk of €3.2 trillion. The CCR provided more than 375 million reports to institutions, up 1.6% on 2021, and more than 600,000 reports to account holders, slightly more than in the previous year.

## RESOLUTION OF COMPLAINTS AND ENQUIRIES RECEIVED FROM BANK CUSTOMERS



Resolution of **complaints** submitted by users of financial services of supervised institutions and of their **enquiries** on transparency and customer protection regulations, as well as on the legal channels for exercising their rights.

**Why is it important?**

This function has a key role to play both in settling individual disputes and in obtaining information for taking regulatory and pre-emptive supervisory action aimed at ensuring that banks conduct themselves better and appropriately with their customers.

**What do we do at the Banco de España?**

In 2022, 35,800 complaints were filed, which represents 4.3% more than those processed in 2021.

In addition, 50,566 enquiries were handled (42,500 by telephone and 8,066 in writing). All data are provisional at 31 December 2022.

**Our objective**

Increase transparency and the protection of bank customers through the resolution of disputes between users of financial services and supervised institutions, establishing criteria for good banking practices while contributing to the development of supervision of the institutions' conduct.

**2022 was a year of intense activity in terms of complaints filed.** During the year, the number of complaints received by the Banco de España totalled 35,800, higher than in 2021 and close to all-time highs, only being surpassed in 2017.

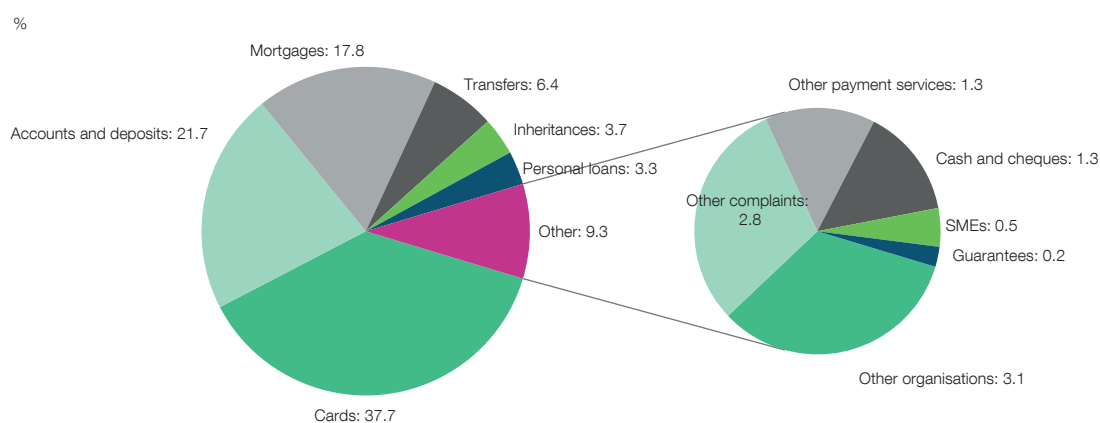
As in 2021, **the type of complaints processed in 2021 varied.** As can be seen in Chart 2.14, 77.2% of the complaints received related to incidents with: i) cards (37.7%); ii) accounts and deposits (21.7%); and iii) mortgage loans (17.8%).

**Credit, debit, revolving and prepaid cards were the product for which most complaints were received.** Of particular note in this category were those arising from allegedly fraudulent transactions or where claims were made for failure to provide the customer with documentation, such as a copy of the contract signed and the history of settlements made, a particularly significant circumstance in the case of revolving cards.

In second place, **after cards, complaints relating to current accounts and deposits predominated in 2022.** In this respect, there were numerous complaints in which users of financial services expressed their disagreement with the charging of account fees, both in relation to current and savings accounts and accounts linked to mortgage loans.

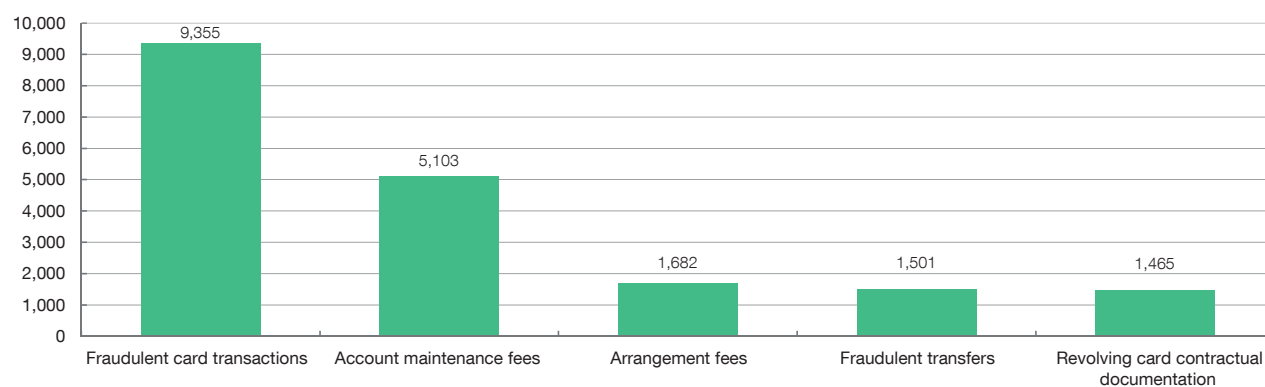
**Lastly, in third place, there was a notable number of complaints about mortgage loans,** due essentially to the payment of arrangement fees and the contracting of linked products.

Chart 2.14

**TYPES OF COMPLAINT (Provisional data as at 31 December 2022)**

SOURCE: Banco de España.

Chart 2.15

**MOST FREQUENT TYPES OF COMPLAINT IN 2022. PROVISIONAL DATA AS AT 31 DECEMBER 2022**

SOURCE: Banco de España.

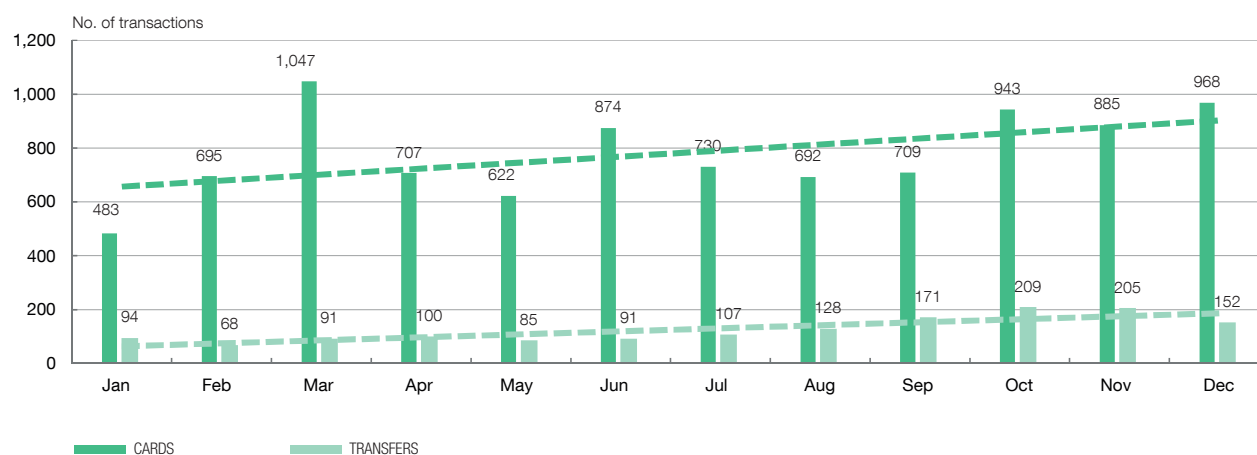
**Chart 2.15** identifies the five specific matters for which most complaints were received in 2022.

Apart from the foregoing, the **high volume of complaints relating to fraud in financial transactions**, both with cards and transfers, mainly due to the growing use of digital channels, should be highlighted. In this respect, in those cases in which the customer's diligence in respect of the security measures associated with the use of their digital channels must be determined, the Banco de España may not be competent, as such a determination falls to the law courts.

**Chart 2.16** shows the **monthly upward trend in 2022 of complaints about fraudulent transactions**. Approximately one in three complaints received (30.3%

Chart 2.16

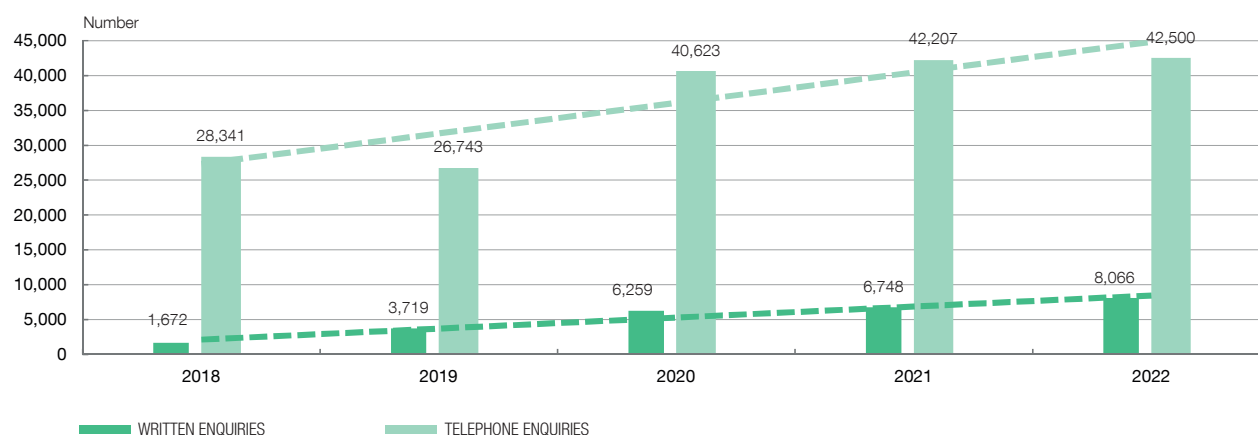
### FRAUDULENT TRANSACTIONS: CARDS/TRANSFERS. PROVISIONAL DATA AS AT 31 DECEMBER 2022



SOURCE: Banco de España.

Chart 2.17

### WRITTEN ENQUIRIES AND TELEPHONE ENQUIRIES IN THE LAST FIVE YEARS. PROVISIONAL DATA AS AT 31 DECEMBER 2022



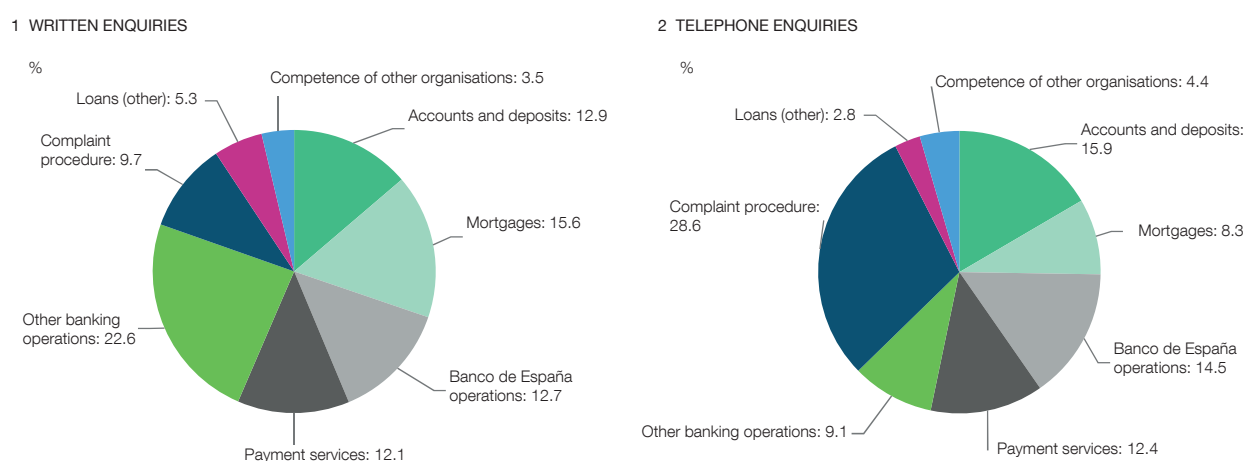
SOURCE: Banco de España.

of the total) were related to fraud. If one looks at the instrument through which the fraud was carried out, 86.2% were card transactions and 13.8% were transfers.

In terms of **enquiries**, a total of 50,566 enquiries were received in 2022: 42,500 by **telephone** and 8,066 **in writing**, which implies a stabilisation of the significant increase that took place in 2020 and 2021 (46,882 and 48,955, respectively).

**Chart 2.17** shows the changes in written and telephone enquiries in the period from 2018 to 2022.

Chart 2.18


**WRITTEN ENQUIRIES AND TELEPHONE ENQUIRIES RECEIVED IN 2022**

**SOURCE:** Banco de España. Provisional data as at 31 December 2022.

**Chart 2.18** illustrates the type of enquiries received in 2022. As can be seen, approximately one third of the telephone enquiries that were made by interested parties focused on the **complaints handling procedure** and, particularly, on the status of the processing of their case file. Among the written enquiries, requests for information on **account holders and the inclusion of debtors in delinquency files** were of particular note.

Also common in both telephone and written enquiries were enquiries on other matters, such as those relating to accounts and deposits; mortgage loans; information on the Banco de España's services in general; and incidents in payment services, especially cards. Every year the *Complaints Report* contains a detailed analysis and summary of the most frequent and significant queries, with the criteria contained therein.

**FINANCIAL EDUCATION**



Activity aimed at promoting greater economic and financial literacy among Spanish citizens to improve their financial health and contribute to the stability of the system as a whole.

|                             |  |  |  |
|-----------------------------|--|--|--|
| <b>Why is it important?</b> | It favours better decision-making in personal finance management, improving citizen's financial well-being and reducing the risks of exclusion, and also contributes to the stability of the financial system. | <b>What do we do at the Banco de España?</b> | We guide the national financial education strategy as promoters of the Financial Education Plan and we carry out dissemination activities in various areas such as personal finance and knowledge of euro banknotes and coins. |
| <b>Our objective</b>        | Continue to strengthen the Banco de España's contribution to the financial education of Spanish citizens in order to improve individual and social well-being.   |  |  |

## 7.1 Promoting financial education

**Financial education is an essential tool for strengthening consumer and user protection in relation to financial products and services.** Indeed, product knowledge and financial literacy facilitate responsible decision-making and contribute, in turn, to the proper functioning and stability of the financial system. Moreover, basic knowledge of the fundamentals of the economy and monetary policy enables us to understand and forecast the impact of economic variables on our financial situation and to gain a better insight into the Banco de España's action in its general financial education stability objectives.

In 2021 the Banco de España's Institutional Report included, for the first time, a specific chapter devoted to financial education activity. Although this aspect has been part of the institution's action for years, it **was the 2024 Strategic Plan that contributed to endowing it with greater projection, by expressly including the promotion of financial education among its initiatives.** Thus, on 25 April 2022, the Executive Commission of the Banco de España approved a series of measures aimed at strengthening the Banco de España's institutional commitment to financial education (see Box 2.5).

The aim of the institutional restructuring and of the other actions envisaged in the financial education initiative of the Strategic Plan 2024 is **to strengthen and transform the Banco de España's activity in this field.** This transformation involves coordinating the Banco de España's actions in various areas, such as



## STRENGTHENING OF THE FINANCIAL EDUCATION STRATEGY OF THE BANCO DE ESPAÑA

**One of the objectives of the Banco de España's Strategic Plan 2024 is to promote financial education.**

However, given the volume and variety of the subjects covered and the commitments assumed – under the Financial Education Plan and the communication strategy of the European System of Central Banks, among others –, **it was considered necessary to strengthen the institutional approach** to financial education and bestow it with suitable organisation and coordination.

This new organisational model is based on two structures:

- a) A **coordination structure**, through a cross-departmental internal Financial Education Committee, which will enable the participation of all the areas involved and will be responsible for the design of the financial education strategy, its monitoring and evaluation, as well as for ensuring the coordination of the Banco de España's actions in this field.
- b) A **functional area** to develop the strategic lines established by the Financial Education Committee

and to manage and execute the actions derived therefrom, which resulted in the creation of the new Financial Education Division, within the Department of Conduct of Institutions.

In addition, the Banco de España defined the **basic strategic lines** that should guide financial education activities.

This included **the integration of various actions to disseminate** content on the management of personal finances, the economy and monetary policy, and banknotes and coins.

These strategic lines also recognised the **need to develop content adapted** to specific groups, aimed at the most vulnerable, sustainability, digital training for financial operations and entrepreneurship. All of this, along with the **necessary evaluation of the effectiveness and efficiency of the use of resources allocated** to the promotion of financial education.



The basic strategic lines that should guide the Banco de España's financial education activities were defined.

personal finance, economic education, the use of means of payment and training on banknotes and coins, reinforcing the current framework and relying on the regional presence of the branch network.

In this context, **it commits to intensive solutions based on new technologies and new channels.** Thus, in 2022 work was carried out to reinforce the channels through

**SIGNING OF THE COOPERATION AGREEMENT WITH RTVE TO PROMOTE FINANCIAL EDUCATION**

The signing of this agreement endeavours to achieve greater dissemination of the initiatives of the Financial Education Plan

In 2022 the RTVE Corporation, the Banco de España, the CNMV and the Ministry of Economic Affairs and Digital Transformation entered into an agreement to achieve greater dissemination of the initiatives of the

Financial Education Plan (PEF), with the aim of **promoting financial literacy among citizens** so that they can make financial decisions in consonance with their personal situations and better manage the risks posed by the financial system.

The agreement also aims to strengthen the channels for disseminating financial education. In this respect, the signing of the agreement will entail the joint development of resources and materials for the programmes, as well as content for dissemination by the RTVE Corporation's communications channels and publication on the Plan's website (Spanish version only): <https://www.finanzasparatodos.es/>. It also includes participation in programmes and the production of audiovisual content to disseminate financial literacy.



For more information on the financial education initiatives see the [Finanzas Para Todos](https://www.finanzasparatodos.es/) website.

which financial education dissemination activities are carried out. In this respect, of particular note was the signing of the Financial Education Plan agreement with Radio Televisión Española, under which a commitment was acquired to carry out joint actions to disseminate financial literacy (see **Box 2.6**).

## 7.2 The Banco de España's financial education initiatives

**In 2022 financial education was consolidated as one of the priority spheres of the action in Banco de España's Strategic Plan.** The main financial education-related initiatives carried out in 2022 are summarised below.

### a) Initiatives aimed at the education community

In 2022 the Banco de España worked, together with the Spanish National Securities Market Commission (CNMV) and the Ministry of Economic Affairs and Digital Transformation, and within the framework of the Financial Education Plan, on maintaining dialogue with the national and regional education authorities **to**

**coordinate the incorporation, on the basis of the LOMLOE** (Fundamental Law on Education), **of financial education competences.**

Of note in this area is the activity of the Financial Education Plan, articulated around the **School Financial Education Programme**, which makes training resources and teaching materials – games, activities, videos, etc. – available to secondary schools, baccalaureate and intermediate vocational training cycles to support teachers. More than 350 educational centres and 12,000 students participated in the programme in 2022.

This programme is best reflected in the development of the **Financial Literacy Competition**, one of the activities of the Financial Education Plan that arouses most interest. In 2022, 354 educational centres registered for an edition that brought back the face-to-face phases of the quarter-finals and semi-finals, held at Banco de España branches, as well as the final, which took place at the CNMV's headquarters in Barcelona as part of the main event of Financial Education Day.

Another educational pillar developed by the institution is the **Generation Euro Students' Award competition on monetary policy**, organised by the Banco de España and eleven other euro area central banks for students in upper-level secondary education and vocational training. In the first half of 2022, the final phase of the 11th edition took place, with the final being held on 25 March; subsequently, in the second half of 2022, the 12th edition was launched, with the participation of around 2,000 students from all over Spain. Of the 417 teams enrolled, 115 made it to the second round of the competition. At the end of November, the teachers of the teams that qualified in the first round took part in a training day delivered by Banco de España experts at the Madrid central headquarters.

Also in 2022, the Banco de España participated in the **promotion of awareness-raising activities aimed at young people within the framework of Global Money Week**, an initiative promoted by the Organisation for Economic Co-operation and Development (OECD). In 2022, 16 Spanish organisations promoted more than 100 activities – workshops, online competitions, videos, webinars, visits, and posts on websites and social networks – which had a direct impact on more than 4,000 children and young people, and an indirect impact on more than 50,000 young people and adults. At the Barcelona branch, the institution organised a workshop for fourth-year secondary school pupils on the functions of the Banco de España and the CNMV and how they work.

Special mention should be made of the **activities aimed at schoolchildren on banknotes and coins**, in which more than 1,800 pupils received training. The educational workshops on this subject organised in 2022, both in the face-to-face format – which resumed in September – and by videoconference and via the online platform, focused on providing the tools to distinguish suspected counterfeit



The finalists of the 11th edition of the Generation Euro competition had the opportunity to take a heritage tour of the headquarters building in Madrid.

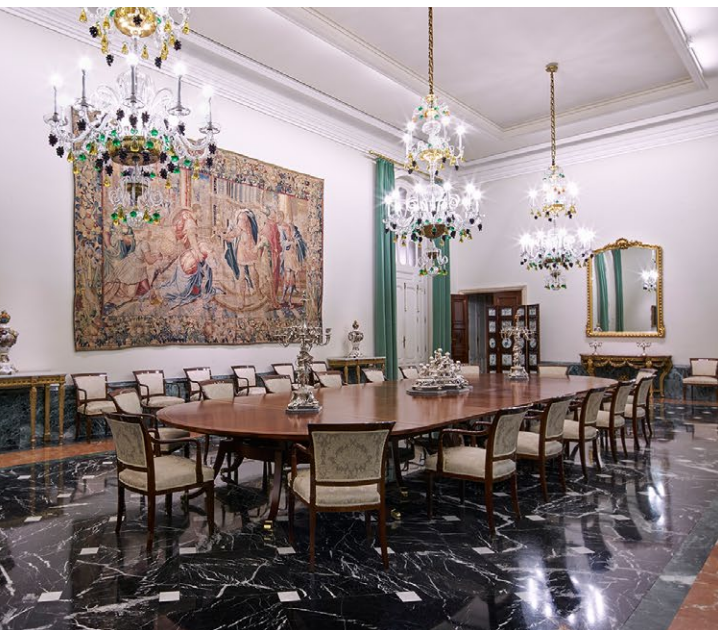
banknotes and coins from genuine ones through design features and security measures.

In addition to these Financial Education Plan initiatives, other notable activities included those pursued under the Banco de España's **Central Bank and Supervision Programme**, which aims to provide a further understanding of monetary policy and the functioning of the financial system, focused on familiarising the education community with the Banco de España's mission as a Eurosystem-member central bank and a supervisory authority within the framework of the SSM.

As part of the Central Bank and Supervision Programme, the Banco de España makes a range of educational resources aimed at students and teachers available via its Education Portal, which received 45,806 visits in 2022, with 190,851 page views.

This programme also includes the **Economics Teachers' Days**, which aim to establish a close environment in which to share knowledge, ideas and experiences with the teaching community. Interrupted as a result of the restrictions arising from the pandemic, these days could not be resumed in 2022.

Meanwhile, the Central Bank and Supervision **Programme offers a programme of institutional visits** with the aim of familiarising the general public with the Banco de España. Visits to the central headquarters focus on the Banco de España's collection and history, whereas branch visits are educational in nature. Due to COVID-19, the Banco de España temporarily suspended the programme of visits to its buildings,



Two of the areas included in the route of the heritage tours of the Madrid headquarters building: the main floor dining room (left) and the Goya Room (right).



The visits to the Banco de España – guided and free of charge – must be booked in advance through the Education Portal.

which resumed in May 2022, and which in the last two months of the 2021-2022 academic year received more than 3,000 visitors.

## b) Initiatives aimed at the public

**In 2022 actions aimed at the general public and specific groups** on various subjects and aspects of the economy and finance were promoted. .

### Training of general interest

In 2022 the Banco de España, through its branch network and the partners involved in the Financial Education Plan, carried out **activities**, both face-to-face and in hybrid face-to-face/online format, aimed at **various groups** – consumer associations, senior citizens, university lecturers and students, etc. –, on **various matters of interest to the general public**: from the functions and services offered by the institution to current issues such as fraud, the digital euro and sustainable finance, as well as conferences on more specific issues. Also, since one of the objectives of financial education in the field of cash is **to promote awareness of the characteristics and security features of the euro banknotes and coins**, thereby contributing to the fight against

counterfeiting, in 2022 the institution provided training to more than 500 members of the public and retailers on this subject.

### The Banco de España's Bank Customer Portal

**This portal contains general information and also has a knowledge-building function.** Thus, together with the general information blocks on products, services and banking practices, it includes useful tools to help users to better understand and make decisions in relation to their most common transactions. By way of example, **the financial simulators allow the public to find out the impact that repricing**, resulting from the current situation of rising interest rates, **may have on their loan repayments**, especially mortgages.

In addition, some queries and complaints **are channelled through this portal, and topical content is published through blogs, posts and short videos** with informative messages in a flexible and accessible format. All of which kept visitor traffic to the portal on a rising path, reaching a new all-time-high of around eight million visits in 2022, representing an increase of 20 % with respect to 2021.

### Other digital resources

The educational activity carried out through talks, workshops and visits is complemented by **access to the educational content made available to the general public** through the specialised portals on the Banco de España's website – Education Portal and Bank Customer Portal –, as well as on the website Finance for All (which includes the initiatives of the Financial Education Plan), of which the Banco de España is one of the promoters. The Education Portal includes educational materials on aspects of monetary policy and the functioning of the Banco de España, as well as other materials relating to banknotes and coins. The institution also produces educational material aimed at teachers and students.

### c) Institutional initiatives

Of particular note are the initiatives undertaken around **Financial Education Day**, which is held on the first Monday of every October. The 2022 edition had the slogan "Education for safer finances", with the aim of raising public awareness of the need to take extreme precautions in the face of the increase in fraud, which is becoming increasingly sophisticated. The main event was held at the CNMV headquarters in Barcelona, and was also streamed online.

The activities carried out on Financial Education Day increased considerably compared to the previous year, from 99 in 2021 to 173 in 2022. **The actions promoted included participation in radio programmes, training workshops, talks and conferences.** Sessions were also held at various branches of the Banco de España to raise awareness of the problems associated with fraud in financial transactions and to present the Complaints Report for 2021.



For further information, visit the websites of [Finance for All](#) and the [Bank Customer Portal](#).

## ENVIRONMENTAL SUSTAINABILITY



The Banco de España, which is an active part of the global commitment to the fight against climate change, has undertaken a series of actions to address these challenges.

## Why is it important?

Climate change is an increasingly important concern because of its potential implications for financial stability, price stability and economic growth.

## What do we do at the Banco de España?

Within the scope of its powers, it acts to address the risks posed by climate change and to promote the ecological transition.

## Our objective

Guide prudential supervision and necessary regulation, enhance analytical capacity, analyse the implications for monetary policy and boost the institution's sustainability.

## 8.1 Main regulatory developments

**Environmental sustainability and, more specifically, climate change are high on the European and international regulatory agenda.** Supervisors and regulators continue to make headway in analysing the risks arising from climate change, to understand how they impact the financial sector and to design possible measures to be implemented. Some of the most important initiatives worked on in 2022 are listed below.

## a) International regulatory developments

**The NGFS, a global network of supervisors and central banks, continued in 2022 to delve deeper into the topics it has been working on since its inception** – essentially, scenario design, analysis of existing data gaps or research on the possible existence of a risk differential between green and non-green assets –. Regarding the latter, a [progress report](#) was published in May 2022, which concluded that there was still no clear evidence on the risk differential between green and non-green exposures. The NGFS recognised that forward-looking tools, such as stress testing or scenario analysis, are essential to assess the impact of climate-related risks on traditional financial risks.

For its part, **the Basel Committee on Banking Supervision (BCBS) is pursuing a holistic approach to addressing these financial risks arising from climate change.** Following the analytical reports published in 2021,<sup>14</sup> in 2022 it focused its

<sup>14</sup> "Climate-related risk drivers and their transmission channels" and "Climate-related financial risks - measurement methodologies".



endeavours on assessing the need for action in the area of banking supervision, regulation and disclosure. In June 2022, it published [high-level principles](#) for effective climate-related risk management and supervision, thereby establishing a mechanism for gauging progress. In the area of regulation, the BCBS published a [FAQ document](#) on this subject in December 2022. In addition, in 2022 it worked in coordination with the International Sustainability Standards Board (ISSB)<sup>15</sup> and other international bodies to standardise and improve the disclosure of these risks in the market.

**Lastly, the Financial Stability Board (FSB) published, inter alia, in October 2022 a report on regulatory and supervisory approaches to climate risks.** It aims to help supervisory and regulatory authorities mitigate cross-sectoral and systemic risks from climate change and promote consistent approaches across sectors and jurisdictions.

## b) European regulatory developments

In the field of European regulation, of particular note was the **progress made in certain legislative proposals by the European Commission, specifically in relation to the Banking Package and the Corporate Sustainability Reporting Directive (CSRD).** The Banking Package proposed by the European Commission in 2021, and currently under discussion, incorporates additional sustainability components into prudential banking regulation.

These include the introduction of climate risks in the SREP, the extension of disclosure requirements to all credit institutions, with proportionality, or the clarification – through a recital – of the possible use of the systemic risk buffer to address climate change risks. The Banking Package is being negotiated at European level, so the final text will depend on the agreements between co-legislators, which will foreseeably be reached in 2023.

Also, in relation to the CSRD, an agreement was reached in June 2022 between the Parliament and the Council on the text to enhance disclosure of non-financial information by a greater number of companies. In addition, the EFRAG (European Financial Reporting Advisory Group), which is responsible for setting the technical details of disclosure under the CSRD, published the first set of draft European Sustainability Reporting Standards (ESRS). These standards will apply to companies progressively. The first disclosure date for those companies already obliged under the current Non-Financial Reporting Directive (NFRD) will be January 2024.

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<sup>15</sup> In March 2022, the new ISSB, established in November 2021 by the IFRS Foundation, submitted several draft disclosure standards on climate change and sustainability for public consultation.



Panoramic view of the Berlaymont building, headquarters of the European Commission, in Brussels.

**In turn, the EBA published a consultative document in 2022 in which it analysed options for integrating climate change risk into the minimum capital requirements to be met by credit institutions.** The final report will foreseeably be published in the second half of 2023. Regarding disclosure requirements, large and listed banks will publish, for the first time in the first quarter of 2023, the information required by [Implementing Regulation 2022/2453](#) on disclosure of information on environmental, social and governance risks. This regulation is based on the implementing technical standard (ITS) published by the EBA in February 2022. It represents a significant milestone in the disclosure of the financial risks arising from climate change – and more generally of environmental, social and governance (ESG) risks – and will contribute to reducing the existing data gaps in this area.

## 8.2 Sustainability at the Banco de España

The main actions taken by the Banco de España in 2022 in various environmental sustainability-related areas are summarised below.

### a) Financial stability, regulation and supervision

In 2022 the Banco de España worked on **identifying the risks associated with climate change in order to detect potential threats to the financial system at an early stage**, through stress tests. The institution continued with the development and practical application of these methodologies, both for risks linked to the energy transition and for damage arising from extreme physical events. It also made headway in the construction and use of granular databases of exposures to these risks.

Also, the ECB carried out a **climate stress test on significant institutions, including ten Spanish banks**. The results suggest that most European banks did not complete the integration of climate-related risk into their stress-testing frameworks. In addition, there are difficulties for institutions in terms of data collection and model development, as well as a degree of high sensitivity to credit losses due to banks' physical and transitional risks. In this regard, in December 2022, the ECB published a good practice report on climate stress testing to facilitate the design of its frameworks for the performance of these tests.

In the area of microprudential supervision, **in 2022 the ECB conducted a thematic review of institutions' practices relating to climate-related and environmental risks and their degree of alignment with the supervisory guidance published in 2020**.<sup>16</sup> In November 2022, the ECB published the main findings of this review, which showed significant progress compared with 2021. Thus, more than 80% of European institutions considered that climate-related and environmental risks have a material impact on their risk profile and strategy. In addition, more than 85% of institutions already have core practices in place in relation to at least half of the ECB's supervisory expectations. While certain institutions started to use their transition plans to enhance the resilience of their business model and even to address environmental risks more broadly, less progress was detected in terms of implementation capacity, with around half of the institutions developing practices but not effectively implementing them. In this regard, the ECB published a **compendium of good practices** regarding the integration of climate-related and environmental risks into risk management strategies, internal governance frameworks and procedures, so that institutions could progressively come into line with supervisory expectations. Also, in the second half of 2022, the ECB commenced the first on-site inspections in relation to these risks.

**The Banco de España began to assess, from the last quarter of 2022, the degree of progress of less significant institutions in aligning their practices with its supervisory expectations**, following preliminary work in 2021 and the participation of four institutions in the ECB's thematic review.

## b) **Actions in the area of monetary policy and the Banco de España's own investment portfolio**

**Since 2019, the Banco de España has incorporated the principle of sustainability and responsibility as one of the core principles of its own-portfolio investment policy** – complying with NGFS Recommendation No 2 –. In addition, it participates in the ECB's action plan for the inclusion of climate

<sup>16</sup> In the thematic review 186 institutions were analysed: 107 significant institutions (including the ten Spanish institutions) and 79 less significant institutions (including four Spanish institutions).

considerations into the Eurosystem's monetary policy framework, and is further integrating sustainability and responsibility criteria into the management of its non-monetary policy portfolios. Accordingly, in 2022 the Banco de España worked on constructing an impact portfolio for sustainable and responsible investment, in the form of direct investment in green bonds denominated in various currencies, and holdings in green investment funds (USD and EUR) managed by the BIS.

**The Banco de España also participated in the Eurosystem's joint work to fulfil its disclosure commitment.** This was the common position agreed upon in 2021 with the other Eurosystem national central banks regarding the application of sustainable and responsible investment principles to their own portfolios. In 2022 the Banco de España worked on the report on climate aspects of its own portfolios, as recommended by the TCFD, to be published in 2023.

### c) Research

**High on the Banco de España's analytical priority and research agenda is analysis of the numerous implications that climate change and the transition towards a more sustainable growth model have for the economy as a whole and for the financial system** – please see the recent [update of the work streams](#) for upcoming quarters –. It should be noted that the main results of the analysis of the Spanish economy in the face of the climate challenge were presented in [Chapter 4](#) of the *2021 Annual Report*.

### d) Corporate sustainability

In 2022 a **comprehensive environmental inspection was carried out in the buildings at Cibeles and calle de Alcalá, 522**. Subsequently, a remediation plan was drawn up for the non-compliances detected, in which a series of deadlines were set – three, six and nine months – depending on the importance of the non-compliance. **From September onwards, building temperatures were brought into line** with the requirements of Royal Decree-Law 14/2022. The other measures approved in this regulation were also implemented, such as the automatic closing of doors to the outside of the buildings, bringing forward the mandatory energy efficiency inspections, turning off interior and exterior lighting before 10 p.m. except in safety zones, etc. In 2022 progress was made in drawing up the institution's Energy Saving and Efficiency Plan.

**With regard to waste management, a study was carried out of all waste in central services for more efficient management thereof**, and specific measures were implemented, such as training for employees involved in this task. In addition, **in 2022, a programme of events was carried out to raise awareness among the workforce about caring for the environment**. These included a series of conferences on



Progress has been made in the preparation of the Institution's Energy Saving and Efficiency Plan.

environmental volunteering, two round tables with experts on water management and the energy crisis, as well as an awareness campaign on water consumption.

**In the area of cash**, the following measures should be highlighted:

- Total elimination of the use of landfill and combustion in the disposal of banknote waste unfit for re-circulation; 100% is destined for waste-recovery solutions.
- Improvement in the environmental footprint of the Banco de España's share of euro banknotes, thanks to the use of more than 80% sustainable cotton, exceeding the minimum required by the ECB. By 2023 the percentage of sustainable cotton will be 100%.
- Submission of the Annual Packaging Declaration to the Waste Planning and Management Department of the Directorate General for the Environment, attached to the Madrid Regional Government's Department of the Environment, reporting on the quantity and types of packaging placed on the market as a result of cash circulation activities.
- Application for eligibility under the first additional provision of Law 11/1997, on Packaging and Packaging Waste, whereby responsibility for the correct environmental management of the packaging waste delivered is transferred to the end holder.
- Preparation of the Business Plan for the Prevention of Packaging Waste.



For more information on the Banco de España and sustainability, please visit the Bank's [website](#).

## 9 ACTIVITIES OF THE BANCO DE ESPAÑA AS A MEMBER OF THE EUROSISTEM AND OTHER INTERNATIONAL ORGANISATIONS

### PARTICIPATION IN INTERNATIONAL ORGANISATIONS



The Banco de España is part of the European institutional framework and is represented in the main international monetary institutions, such as the IMF and the BIS.

#### Why is it important?

The Spanish economy is fully integrated into the world economy and especially the euro area. To fulfil its function, the Banco de España needs to incorporate the international environment in which the Spanish economy operates into its analysis.

#### What do we do at the Banco de España?

We participate in numerous working groups and committees, contributing our expertise, as well as in discussions and decisions in the field of global financial architecture.

#### Our objective

Continue to actively participate in decision-making in the most relevant institutions and fora, both at the European level and beyond, as well as promoting the transfer and exchange of knowledge, experiences and good practices.

## 9.1 The Eurosystem and other European Union institutions

Throughout 2022 the Banco de España continued to play a prominent role in the activities of the ESCB. The Governor attended the regular meetings of the Governing Council and the General Council of the ECB, at which monetary policy decisions and decisions relating to the functioning of the Eurosystem are taken. The Deputy Governor participated in the meetings of the Supervisory Board, which discusses, plans and implements the ECB's supervisory tasks in the area of the SSM, where draft decisions pertaining to the prudential supervision of credit institutions are submitted to the Governing Council for their approval.

The ECB's decision-making bodies are supported by the ESCB's various committees, such as, inter alia, the Monetary Policy, Market Operations, Market and Payment Infrastructures, Financial Stability, Legal, Statistics, Banknote and Risk Management Committees. As in previous years, in 2022 the Banco de España collaborated actively on these committees and in the working groups reporting to them. Among the most important issues agreed upon were those relating to the process of progressive normalisation of monetary policy. Rising energy and food prices, supply bottlenecks and the recovery in demand following the pandemic led to widespread price pressures and high inflation. In this context, among other measures, the Governing Council took consecutive decisions to raise key interest rates and approved a new instrument, the TPI, to provide enhanced support for the effective transmission of monetary policy to the euro area as a whole

in order to be able to fulfil more effectively its mandate of maintaining price stability. In addition, in 2022 the ECB continued with the implementation of an ambitious action plan to include climate considerations in its monetary policy.

**In the area of other EU institutions, the Banco de España participated in various working groups and committees. As in previous years, it was represented at the two informal meetings of the EU's Economic and Financial Affairs Council (ECOFIN), in February and September, and participated in the meetings of the Economic and Financial Committee (EFC) and the Economic Policy Committee (EPC). The issues addressed in these fora included the actions taken in support of Ukraine and those resulting from the war, such as sanctions against Russia and Belarus, and measures to reduce the EU's energy dependence or to protect European citizens and businesses from rising energy prices.**

Also, efforts to boost recovery and growth continued, with **progress on the implementation of the Next Generation EU instrument, and discussions on the adoption of new own resources for the EU.** A particularly relevant issue in this respect is **the review of the EU's economic governance framework**, with proposals for further simplification and transparency regarding fiscal rules – with a focus on public debt reduction and greater accountability at national level – while making them compatible with investment protection and the objective of sustainable growth. Negotiations also progressed over other key issues for the EU, such as sustainable finances, the development of a single market for digital services, the prevention of money laundering, and the work needed to achieve the capital markets union and, albeit as a lesser priority, the banking union. Lastly, initiatives aimed at strengthening the EU's strategic autonomy continued.



The Banco de España participated in the two informal ECOFIN meetings and in the meetings of the EFC and the EPC, addressing, inter alia, the actions in support of Ukraine and the sanctions against Russia and Belarus.

## 9.2 European Banking Authority

The Banco de España is the Spanish representative at the **EBA**<sup>17</sup> and participates in the Authority's various working groups and decision-making committees, being represented on the Board of Supervisors, as well as on the Board of Directors, by the Director General of Financial Stability, Regulation and Resolution. In 2022 the EBA's agenda focused on the strategic priorities endorsed by the Board of Supervisors, taking into account the current and expected mandates of the co-legislators, and the tasks arising from its founding regulation. In this context, the EBA's work was largely a continuation of the work initiated in 2021.

**The EBA worked actively to maintain a harmonised and consistent set of rules on prudential and resolution issues** to ensure that financial institutions across the EU can operate on an equal footing. Of particular significance in 2022 were regulatory products related to interest rate risk in the banking book (IRRBB), securitisations and enhancing banks' resolvability. It also contributed to the development of the regulatory framework for payment services, in response to a request for advice from the European Commission on the review of the second payment services directive.

**In addition, the EBA continued to make progress in the development of technical standards, guidelines and reports in the area of digital finance and emerging risks, including climate and environmental risk,** cyber risk and money laundering and terrorist financing risk, as well as in the preparatory work to address the mandates envisaged under the Digital Operational Resilience Act (DORA) and the **Regulation on Markets in Crypto-assets**<sup>18</sup> (MiCA), which are expected to enter into force next year. In the data area, work continued to strengthen the EUCLID (**European Centralised Infrastructure for Supervisory Data**) platform, which seeks to be an integrated EU-wide prudential data hub.

**The EBA also worked on the design of the methodology for the conduct of stress tests in the EU,** which in 2023 have incorporated for the first time, top-down elements in the analysis. The results thereof will be published at the end of July 2023. Specifically, **regarding the analysis of risks and vulnerabilities in the European banking sector,** of note is the monitoring of the measures to mitigate the impact of COVID-19 on the EU financial sector, and the contribution of the EBA, in relation to the Ukraine crisis, to ensure the proper implementation of the European sanctions regime, as well as monitoring its possible impact on bank balance sheets.

17 The EBA is an independent EU authority which works to ensure effective and consistent prudential regulation and supervision across the entire European banking sector. Its general objectives are to maintain financial stability in the EU and to ensure the integrity, efficiency and proper functioning of the banking sector. The EBA, together with ESMA, EIOPA and the ESRB, is part of the European System of Supervision. Further information on its functions can be found on its website.

18 Crypto-assets are digital assets that rely on cryptography and distributed ledger or similar technology.



## 9.3 European Systemic Risk Board

**The ESRB is responsible for monitoring risks and vulnerabilities affecting the stability of the EU financial system.**<sup>19</sup> The ESRB brings together representatives of central banks, national financial supervisory authorities from all EU Member States and various community bodies. Notably, the Governor of the Banco de España was re-elected in 2022 as Chairman of the ESRB Technical Advisory Committee, the structure commissioned with preparing the work and discussions of the General Board, the highest body of this organisation.<sup>20</sup>

**In 2022 the ESRB focused its efforts on the analysis of issues of a structural nature for financial stability.** The main work streams addressed the implications of climate change, cyber risks, the review of the macroprudential framework in community banking regulations, the macro-financial scenarios for the EBA stress tests of the banking system in 2023, the monitoring of systemic risks in the EU securitisation market and the commercial real estate markets of the Member States.

**In September 2022, the ESRB issued for the first time a warning addressed to all EU Member States on vulnerabilities in the financial system.** Specifically, the ESRB warned of the risks related to: i) the deterioration of the macroeconomic outlook and the tightening of financing conditions; ii) the sharp adjustment of the price of assets, and iii) the deterioration of the quality of the assets and the profitability outlook of financial institutions.<sup>21</sup>

## 9.4 Single Resolution Board

**The SRB<sup>22</sup> and the national resolution authorities (NRAs) form the Single Resolution Mechanism (SRM),** whose mission is to ensure an orderly resolution of failing banks in the banking union, preventing or minimising adverse impacts on the real economy, the financial system, and the public finances of Member States.

**The areas of work addressed by the SRM in 2022 are reflected in its Multi-annual programme 2021-2023 and in the SRB Work Programme 2022.** Both programmes foresee that the SRB will work actively in three directions: continue with the progressive implementation of the so-called "Expectations for Banks" started in 2021; carry out a resolvability assessment of each institution with checks on their progress towards resolvability; and carry out crisis simulations to verify that

19 Further information on its functions can be found on its [website](#).

20 See Banco de España. (2022). "Pablo Hernández de Cos reappointed as Chair of the Advisory Technical Committee of the European Systemic Risk Board" [press release], 30 June.

21 See European Systemic Risk Board. (2022). "The General Board of the European Systemic Risk Board held its 47th ordinary meeting on 22 September 2022" [press release], 29 September.

22 For further information, see the SRB's website.

both the institutions and the NRAs are prepared to face a possible adverse situation, and extract lessons that can enrich the action protocols.

The SRM established and published its core policies, and, therefore, in 2022 the actions focused on improving and adjusting them to make the implementation of the resolution strategy more efficient and individualised. In June 2022, the update of the MREL policy was published to adjust it to the experience gained and the latest regulatory developments.

**The SRB also carried out updates and developed guidelines** on topics such as separability, business reorganisation plans or the operationalisation of the single point of entry strategy. Likewise, the SRM improved its internal protocols in order to be better prepared to implement the resolution schemes for the transfer strategies and made significant headway in the Ready for Crisis (R4C) ITC platform that will serve to guarantee a safe exchange of confidential information during a crisis.

**The authorities that are part of the SRB actively participated in the regulatory activity of the European Commission**, which is currently working on a legislative proposal to review the regulatory framework for banking crisis management and deposit insurance (CMDI framework). The proposal seeks to improve the tools to manage potential crises at small-medium banks; harmonise national insolvency laws, and align the European framework for State aid with the European regulations that regulate banking crises (BRRD/SRMR).

## 9.5 The Financial Stability Board, the Basel Committee on Banking Supervision and the Bank for International Settlements

### a) Financial Stability Board

**The Banco de España is a member of the FSB, whose Plenary and Steering Committee include the Governor of the Banco de España.** In 2022 the FSB continued to monitor the risks associated with the non-bank financial intermediation sector. The focus of this year's work was to identify sets of activities and types of institutions that contribute to amplifying liquidity gaps and the transmission of shocks in times of stress.

**The FSB also continued to work on analysing vulnerabilities associated with structural changes.** In the area of financial innovation, the FSB is working on the regulatory framework for crypto-asset markets and updating the recommendations applicable to global stablecoins.<sup>23</sup> With regard to financial risks related to climate change, the FSB made progress in the analysis and high-level recommendations to

<sup>23</sup> "Stablecoins" are crypto-assets whose value is pegged to a traditional asset or to a basket of traditional assets through a stabilising mechanism.

promote consistency of approaches from a regulatory and supervisory standpoint, and issued a report on practices in relation to the analysis of climatic scenarios, and two reports<sup>24</sup> on disclosure by the financial sector of information on this type of risk.

## b) Basel Committee on Banking Supervision

The Banco de España also forms part of the **BCBS**, which is chaired by the **Governor of Banco de España**. Of note was the publication of the **definitive standard** that provides a solid and prudent global regulatory framework for the exposures of internationally active banks to crypto-assets. Another especially important area of work was in the field of financial risks arising from climate change.

**In the area of the evaluation of the Basel reforms, the Committee published two reports<sup>25</sup> on the operation of the framework, as well as a public newsletter that recognises the benefits of establishing a positive countercyclical capital buffer in times of normality.** The evaluation reports show some indications of a positive relationship between the banks' capital margin and the granting of loans.

**Lastly, the Committee completed the specific review of the treatment of cross-border exposures within the European Banking Union (EBU)** in the methodology for G-SIBs, to acknowledge the degree of progress that has been achieved so far in the EBU.

## c) Bank for International Settlements

**The Banco de España participated in the three committees of the Bank for International Settlements (BIS) that analyse the global economy and international financial markets:** the Global Economy Meeting, which the Governor attends every two months; the Committee on the Global Financial System, which the Deputy Governor attends quarterly, and the Markets Committee, in which the Director General of Operations, Markets and Payment Systems participates.

As a result of the meetings held in these committees, in 2022 a report was published on the situation of private sector debt and financial stability, and another on the dysfunctions of the markets and the tools of the central banks, in the preparation of which Banco de España participated. Also, the Deputy Governor chaired a working group on asset purchases for monetary policy purposes.

<sup>24</sup> *2022 TCFD Status Report: Task Force on Climate-related Financial Disclosures and Progress Report on Climate Related Disclosures.*

<sup>25</sup> *BCBS. Evaluation of the impact and efficacy of the Basel III reforms and BCBS. Buffer usability and cyclical in the Basel framework.*

Lastly, the Banco de España also participated in the Committee on Payments and Market Infrastructures, in which the Associate Director General of Payments and Market Infrastructures and the Director of the Department of Payment Systems participate. This committee focused its efforts in 2022 on continuing the work related to the G-20 roadmap on cross-border payments.

## 9.6 The International Monetary Fund and the G20

**In coordination with the General Secretariat of the Treasury and the Ministry of Economic Affairs and Digital Transformation, once again the Banco de España organised the two rounds of meetings held annually by the International Monetary Fund (IMF) team with economic authorities and the private sector to prepare the annual report on the Spanish economy, known as the Article IV report. In 2022 the meetings took place in June and November; the latter being held on-site.**

**The Banco de España also participated in the spring assemblies and in the annual assemblies of the IMF, in which the three main IMF reports (World Economic Outlook, Global Financial Stability Report and Fiscal Monitor) were presented and discussed. The Governor of the Banco de España participated as a representative of the Spanish seat before the International Monetary and Financial Committee of the IMF, the body representing the countries at the assemblies, in substitution of the First Vice-President and Minister for Economic Affairs and Digital Transformation, who acted as chair of said committee in 2022.**

One of the initiatives promoted by the IMF in 2022 was **the channelling of a portion of the general allocation of special drawing rights (SDRs) made in 2021 towards the most vulnerable countries**. Also, the creation of a new trust administered by the IMF, called the **Resilience and Sustainability Trust (RST)**, was approved to finance measures against climate change and pandemic prevention policies in low- and middle-income countries.

**The Banco de España supported this new fund with a contribution to its loan and deposit accounts of 1,400 million SDRs (around €1,800 million).** The Banco de España also increased its loan to the **Poverty Reduction and Growth Fund** by 350 million SDRs (€438 million), for the provision of concessional financing to low-income countries.

Spain also participates in the G-20 where it enjoys permanent guest status. **The Banco de España collaborates with the Ministry of Economic Affairs and Digital Transformation in the working groups of the so-called "finance circuit", which currently number five: the Framework Working Group, dedicated to macroeconomic issues; the IFA Working Group, focused on issues of international financial architecture; the Infrastructure Working Group, dedicated to infrastructure**



The Banco de España participated in the spring assemblies and in the annual IMF assemblies (left). Leaders of G-20 at the summit organised in Bali, under the presidency of Indonesia, with the theme “Recover together, recover stronger” (right).

financing issues; the Global Partnership for Financial Inclusion, focused on financial inclusion issues, and, more recently created, the Sustainable Finance Working Group, dedicated to supporting the sustainable development goals and analysing the financial implications of climate change. Also of note is the Compact with Africa, which is of particular importance and promotes cooperation with that continent. In 2022, most of the meetings were held online, and its work, under the presidency of Indonesia, focused on the effects of the COVID-19 crisis and the war in Ukraine on the global economy, as well as on policies to address them and alleviate their repercussions on the most vulnerable countries.

India assumed the presidency of the G-20 at the end of 2022; its priorities for 2023 in the financial sphere most notably include the following: the consequences of energy and food insecurity; the macroeconomic impact of climate change and its mitigation from a distributive standpoint; the increased role of the Multilateral Development Banks (MDB) regarding climate change and pandemic management; channelling MDB and IMF resources to vulnerable countries and managing their debt; the continuation of the harmonisation of international taxation and information on crypto-assets; assessing the macro-financial consequences of central bank digital currencies; the regulation of unbacked crypto-assets, stablecoins and decentralised finance (DeFi); streamlining international payments; regulation of bigtech/fintech financial services; the reduction of vulnerabilities to cyber risks; the financing of infrastructures, especially in relation to cities and in dialogue with investors; and the effect of digitalisation on the financial inclusion of the general public and SMEs.



The following links can be consulted for more information on the Resilience and Sustainability Trust and on the contribution of the Banco de España to the Poverty Reduction and Growth Fund.

INTERNATIONAL COOPERATION



This allows the channelling of the external relations of the Banco de España and pursues the **establishment and development of stable ties to cooperate** with institutions with which interests and objectives are shared.

Why is it important?

It responds to the priority strategic objective of consolidating the Banco de España as a **benchmark for central banking in Latin America**. It expands and reinforces its **institutional projection in other regions of the world**. It promotes **high-level relationships**, the creation of **expert networks** and participation in **projects**, which actively contribute to its **modernisation**.

What do we do at the Banco de España?

In line with ESCB best practices, **we strengthen international relations** by developing multilateral activities, technical assistance and bilateral projects, as well as through the negotiation and adoption of Memoranda of Understanding (MoUs).

Our objective

Contribute to monetary and financial stability objectives through the **sharing of central banking standards, best practices and methodologies**.

The Banco de España continued to strengthen its international cooperation relations with numerous central banks and international financial institutions. **In May and October 2022, a memorandum of understanding was signed with the Central Bank of Ecuador and another with the Central Bank of Bolivia**, with the aim of reinforcing the close ties that the institution maintains with the central banks of Latin America.

Additionally, **in 2022, 26 scheduled multilateral activities were carried out – one more than in 2021 –. In relation to missions and visits to and from the Banco de España**, which were practically non-existent in 2021 as a result of the pandemic, in 2022 there was a considerable upturn, with 19 technical assistance missions being carried out to other institutions and 28 visits received. This increase in on-site activity also affected technical assistance that was provided in the form of videoconferences, interdepartmental collaboration exercises, specialised questionnaires, etc., and reached a total of 140 activities. In keeping with the strategic priorities of the Banco de España and in line with the trends of previous years, the international cooperation of the Banco de España was mainly oriented towards Latin America, to which 146 activities were channelled in 2022; Chile and Uruguay were the countries with the highest figures of cooperation, followed by Colombia and Costa Rica.

It should be noted that **the Banco de España is a member of the Working Group on International Cooperation**, attached to the ESCB’s International Relations Committee, and participates, together with the ECB and another 20 ESCB national

central banks, in the Regional Programme of Strengthening Central Bank Competences and Banking Supervisors of the Western Balkans, financed by the European Commission. In this programme – which will last three years and began in Rome in September – **the Banco de España will play** a very active role and will be involved in the work of various teams: internal audit, operational risk, information systems and governance, among others.

Also, and **as part of the pilot project for strengthening the capacities of African central bank institutions, the Banco de España worked together with the central banks of Portugal, Germany, France, Belgium and Italy**, with the aim of developing a project coordinated with a structure similar to the EU twinning instrument. The Banco de España focused its efforts and collaborated closely with the Central Bank of Morocco, with the Bank of Central African States – together with the Central Bank of France – and with the Central Bank of Tunisia – together with the Central Bank of Italy –, to develop technical assistance programmes within the framework of European international cooperation, reflecting the current commitment of the community institutions to Africa.

**The Banco de España organised on May 5 and 6 the 112th meeting of CEMLA central bank governors in Seville.** This institution, which includes the central banks of Latin America and the Caribbean, is the main forum for cooperation between central banks in the region. The Banco de España also organised, together with the European Institute of the Mediterranean, the OECD and the Central Bank of the Republic of Turkey, the **7th Meeting of Central Banks of the Mediterranean**, which was held on October 31 at the OECD headquarters in Istanbul.



The international cooperation activities carried out by the institution can be consulted on the Banco de España [website](#).



CEMLA central bank governors' meeting held in Seville.

REGULATORY CHANGES



Although the Banco de España is autonomous in the pursuit of its activities and the fulfilment of its purposes vis-à-vis the central government, **it performs its functions in accordance with the provisions of the Law of Autonomy and the general law.** It also **has external regulatory powers.**

Why are they important?

The regulations approved at the national and EU level affect the functions and powers of the Banco de España, harmonising the provisions in force and guiding the institution's actions, in the service of the general interest. The external regulatory powers, which are reflected in the Circulars of this nature, complement these provisions.

What do we do at the Banco de España?

We incorporate into our activity the new regulatory developments and updates approved at national and supranational level, and promote and approve our own regulatory initiatives to adjust our actions to the current situation.

Our objective

Continue adapting the institution's actions to the changing external legal framework in which it carries on its activity, also exercising its external regulatory powers where necessary to **guarantee the powers entrusted to it by the regulations in force.**

In 2022, in exercise of its regulatory power, provided for in the Law of Autonomy (LABE) and implemented in the Internal Regulations (RIBE), the Banco de España approved three circulars. In addition, in 2022 various state and EU regulations were approved with an impact on the functions and powers of the Banco de España.

Schema 2.4 summarises the main regulatory developments in 2022.



Legal information resources related to the institution's activity can be accessed through the Banco de España [website](#).



MAIN REGULATORY DEVELOPMENTS OF 2022

CIRCULARS APPROVED UNDER THE BANCO DE ESPAÑA'S EXTERNAL REGULATORY POWERS

**Banco de España Circular 1/2022** (Spanish version only) of 24 January on liquidity, prudential rules and reporting obligations to specialised lending institutions and to credit institutions and other supervised institutions amending Circular 1/2009 of 18 December on information on the capital structure and equity quotas of credit institutions, and on their branches, as well as on the senior management of supervised institutions, and Circular 3/2019 of 22 October, exercising the power conferred by Regulation (EU) 575/2013 to define the materiality threshold for past due credit obligations.

**Banco de España Circular 2/2022** (Spanish version only) of 15 March, on rules for the submission to the Banco de España of payment statistics by payment service providers and payment system operators.

**Banco de España Circular 3/2022** (Spanish version only) of 30 March, amending Circular 2/2016 of 2 February on supervision and solvency to credit institutions, which completes the adaptation of the Spanish legal system to Directive 2013/36/EU and Regulation (EU) No 575/2013; Circular 2/2014 of 31 January amending Regulation (EU) No 648/2012 to credit institutions on the exercise of various regulatory options contained in Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, and; and Circular 5/2012 of 27 June 2012 on transparency of banking services and responsible lending to credit institutions and payment service providers.

STATE-LEVEL LEGISLATION WITH A PARTICULAR BEARING ON THE BANCO DE ESPAÑA

**Law 4/2022** (Spanish version only) of 25 February on the protection of consumers and users in situations of social and economic vulnerability, which foresees the creation, in coordination with the Banco de España as supervisor, of a Plan of Measures to favour the inclusion of the most vulnerable, especially the elderly, including, inter alia, provisions to ensure face-to-face attention and financial accessibility, particularly for the elderly.

**Law 18/2022** (Spanish version only) of 28 of September on business creation and growth, which includes as new features: (i) **establishing reporting obligations of the Banco de España to the CNMV** in matters of participatory financing platforms harmonised by Community law; and (ii) the **publication** by the Ministry of Economic Affairs, on its own behalf or through the Banco de España, **of certain benchmark indices applied by credit institutions to floating rate loans**, especially mortgages.

**Royal Decree-Law 19/2022** (Spanish version only) of 22 November establishing a Code of Good Practices to alleviate the rise in interest rates on mortgage loans on primary residences, which amends Royal Decree-Law 6/2012, of 9 March, on urgent measures for the protection of mortgage debtors without resources, and adopts other structural measures to improve the mortgage loan market. This regulation entrusts the Banco de España with (i) the preparation and publication of a **Guide of tools for mortgagors in payment difficulties**; as well as (ii) the provision of **two simulators on the Bank Customer Portal to provide information on the possibilities of being eligible** for the Code of Best Practices and, the impact of the measures of the Code of Best Practices on their mortgage loan.

EU-LEVEL LEGISLATION WITH A PARTICULAR BEARING ON THE BANCO DE ESPAÑA

**Council Decision (EU) 2022/1211** of 12 July 2022 on the adoption by Croatia of the euro on 1 January 2023.

**ECB Decision (EU) 2022/911**, of 19 April 2022 concerning the terms and conditions of TARGET-ECB and repealing Decision 2007/601/EC (ECB/2007/7); and **Guideline (EU) 2022/912** of the European Central Bank on the TARGET system. The new TARGET system will come into operation on 20 March 2023.

SOURCE: Banco de España.



# 3

## INSTITUTIONAL SOCIAL RESPONSIBILITY



### SUPPORT FOR RESEARCH

In 2022 grants for further studies and annual research project grants were awarded



### DISSEMINATION OF THE BANCO DE ESPAÑA COLLECTION

The success of the exhibition "*2328 reales de vellón. Goya and the origins of the Banco de España Collection*" led to its extension until 30 April 2022, receiving a total of 46,346 visitors



### BENEFICENT-SOCIAL AND CULTURAL FUND

In 2022 grants totalling €1,662,989.36 were awarded to entities of various kinds, related to research and economic analysis, education and culture or social and humanitarian assistance



### DISSEMINATION OF KNOWLEDGE

The bibliographic heritage available to the public increased by 2,037 monographs, with those acquired in e-book format (73%) exceeding those in print (27%) for the first time



### PRESERVATION OF THE HISTORICAL ARCHIVE

The uploading of digitised documents to the Institutional Repository, the restoration of documents and the creation of a catalogue of photographs were some of the conservation actions carried out in 2022



### PATRONAGE AND PROMOTION OF THE ARTS

In 2022 the institution added 12 works to its art collection; the acquisition of works of art is not only a way of supporting creation, but also a way of returning part of the institution's profits to society

The Banco de España’s has a highly diverse collection made up of paintings, drawings, sculptures and photographs, as well as a large number of particularly valuable decorative and graphic artworks. The Banco de España’s artistic heritage bears testimony to the long history of our institution, its special role as a public bank and the leading figures who have served it since Banco Nacional de San Carlos was founded in the 18th century.

The Banco de España’s Strategic Plan 2024 (SP 2024) envisages the need to design an **Institutional Social Responsibility Plan that includes actions to open up the institution’s historical-artistic heritage to society at large.** Among the actions carried out in this area, **of particular note was the organisation** of temporary exhibitions based on the historical-artistic heritage of the institution. It should also be noted that, due to the success reflected in the large number of visitors, in 2022 the period to visit the exhibition “2,328 reales de vellón. Goya and the origins of the Banco de España Collection” was extended until April 30, in the exhibition space located in the Banco de España’s headquarters in Madrid.

**The exhibition received 46,346 visitors.**



You can find more information about the exhibition “2328 reales de vellón. Goya and origins of the Banco de España Collection” at this [link](#).

Also, in 2022 the institution inaugurated the exhibition “Flowers and fruits. Banco de España Collection” in the exhibition space of the Banco de España headquarters in Madrid.



For more information about the exhibition “Flowers and fruits. Banco de España Collection”, see the [following section](#).

In addition, the institution held an exhibition together with the Central Bank of Belgium, “(Un)Common Values”, in Brussels. Box 3.1 provides detailed information on this exhibition.

SP 2024 also points to the importance of **promoting digital content for distribution through websites.** Through this service a large portion of the items that make up

### “(UN)COMMON VALUES. TWO CORPORATE COLLECTIONS OF CONTEMPORARY ART”



The exhibition featured a wide selection of works from the contemporary art collections of the National Bank of Belgium and the Banco de España.

Between 21 May and 18 September 2022, the **exhibition “(Un)Common Values”, organised by the National Bank of Belgium and the Banco de España** was open for visits.

Over the years, both the Banco de España and the National Bank of Belgium have built up a contemporary art collection **focusing on artists with a relevant connection to their respective countries**. To mark the 50th anniversary of the National Bank of Belgium’s Contemporary Art Collection, the two central banks presented the public with an important selection from their collections.

The aim of this exhibition was to recognise the intrinsic value of art and patronage. Through works by more than 40 internationally renowned artists, the two institutions took **a look back at 50 years of artistic creation in a rapidly changing society**. All of this based on the

conviction that works of art are there to be consulted in order to examine the challenges faced by contemporary society.

In this joint exhibition, similarities came to light, without losing sight of the uniqueness of each collection. The exhibition was structured around three main lines: “Matters of Exchange”, which explores art as a conveyor of desire; “Contain Multitudes”, which investigates the concepts of diversity and inclusion; and lastly, “Paix/Prix”, which focuses on the analysis of creative discourses that intertwine art and economics.

The inauguration of the exhibition, attended by the governors of both banks, featured a performance by the Belgian-Spanish artist Olivia Hernaiz, “All About You”, which invites us to reflect, with a touch of humour, on the position of the consumer and how marketing can seduce us.

The exhibition displayed works from the Banco de España Collection by the following artists: Carlos Aires, Helena Almeida, Bleda and Rosa, Miriam Cahn, Willie Doherty, Daniel García Andújar, Gusmão and Paiva, Candida Höfer, Cristina Iglesias, Alfredo Jaar, María Loboda, Rogelio López Cuenca, Jonathan Monk, Aleix Plademunt, Gonzalo Puch, Sara Ramo, Francesc Ruiz, Wolfgang Tillmans, Ignacio Uriarte and Eulàlia Valldosera.

The works on display from the National Bank of Belgium were by the following artists: Guy Bleus, Michaël Borremans, Peter Buggenhout, Jacques Charlier, Johan Creten, Aleksandra Chaushova, David Claerbout, Els Dietvorst, Carmen Dionyse, Honoré d’O, Paul Duhem, Vincent Geyskens, Olivia Hernaiz, Emilio López-Menchero, Marcel Mariën, Jacqueline Mesmaeker, Wendy Morris, Auwera and Ria Verhaeg.

Taking the three sections of the “(Un)Common Values” exhibition as a starting point, a **cycle of encounters between the artists from both collections** was held during the exhibition period. The cycle of conferences was open to the public both in person, at the exhibition venue, and online.

**The exhibition received a total of 5,662 visitors.**

the Banco de España Collection and other content, such as its rich architectural heritage or its history, can be accessed. The **art collection portal** plays a fundamental role in dissemination, offering a wide variety of materials and resources, as well as access to the art collection, to the general public, researchers, curators and museums. In 2022 there were 652,935 visitors to the art collection portal and more than 18,791 digital publications were downloaded free of charge.

The **temporary loan of works of art in temporary exhibitions** completes the work of disseminating the Banco de España's artistic heritage. Temporary loans are a fundamental element in raising awareness of our cultural legacy. They also contribute to the country's cultural enrichment and enhance the institution's image.

They also contribute to the country's cultural enrichment and enhance the institution's image.

In 2022 there was a substantial increase in the number of requests for temporary loans of works of art for various national exhibitions. **Of the 23 applications received, 18 were authorised, comprising a total of 26 works of art** belonging to the institution's modern and contemporary art collections.

Geographically, the collection was present in museums in more than half of the autonomous communities. Various works from the Banco de España Collection were on display in Avilés (Niemeyer Centre), Barcelona (Museum of Contemporary Art of Barcelona), Cáceres (Helga de Alvear Museum of Contemporary Art), San Sebastián (San Telmo Museum), Madrid (Royal Academy of Fine Arts of San Fernando, Prado Museum, Reina Sofía Museum, Alcalá 31 Gallery, Sorolla Museum and National Thyssen-Bornemisza Museum), Santiago de Compostela (Gaiás Centre Museum), Santa Cruz de Tenerife (Tenerife Arts Space), Valencia (Valencia Institute of Modern Art) and Valladolid (Patio Herreriano Contemporary Spanish Arts Museum). This fact underlines the importance of the loan of works of art as an effective tool in the dissemination of the historical-artistic heritage of the Banco de España throughout Spain.

Conservation of its artistic heritage is **one of the Banco de España's responsibilities in this area**. In 2022 – along with the usual preventive conservation actions, which are carried out in order to minimise potential conservation risks – **30 restorations** were undertaken on works of various types. This figure represents a significant increase in interventions compared to previous years.

In order to expand and have precise knowledge of the Banco de España's own collections, in 2022 **two of its own research projects were undertaken within the framework of the conservation plans for the institution's collection of decorative arts**.

These projects involve the scientific study, by prestigious specialists in the field, of each of the works. The study ranges from the state of conservation of the work, its origin, its

**CATALOGUE RAISONNÉ OF TIMEPIECES**

The exhaustive study of timepieces, carried out by the specialist Amelia Aranda Huete, materialised with the publication of *“La colección de relojes del Banco de España. Las horas ya de números vestidas”*.

This catalogue, the result of a rigorous study of the artifacts held by the Bank, provides **detailed information on each of the works it contains**.

The publication was conceived as a continuation of the catalogue raisonné of painting, sculpture, photography and drawings produced in 2020, and fulfilled one of the **lines of the Strategic Plan 2024**, which aims **to make available to the public the extraordinary artistic legacy** that the institution has been gathering throughout its almost 250 years of history.

The book contains a detailed description of **almost 150 timepieces selected from among the most**

**representative and valuable** timepieces that the Banco de España has in its collection of decorative arts. All of them belong to artistic styles of European clockmaking and have been part of the daily life of the institution since the 18th century. Many are still to be found in the offices, courtyards and lounges of the various buildings and some of the branches of the Banco de España.

The **catalogue**, which is meticulously photographed – with complete images of articles and at times revealing curious details – **explain the techniques and materials** used by those who made the mechanisms and created their decorative bodies: clockmakers, bronze craftsmen, foundries, trading houses and factories; they also include the circumstances of their manufacture or their particular acquisition, elements which also form part of the history of the Banco de España.

authorship or its stylistic contextualisation to its high-resolution digitisation. In 2022 studies related to textile collections – tapestries and rugs – were undertaken, as well as to timepieces. In the case of textile artifacts, 273 rugs and 30 tapestries were studied.

Box 3.2 offers detailed information on the study of timepieces carried out by the specialist Amelia Aranda Huete.

Additionally, within the framework of the agreements entered into with the Prado Museo and the Reina Sofía Museum, in 2022 **four training scholarships were awarded, two for each museum, sponsored by the Banco de España**. At the Prado Museum, aid was granted in the areas of conservation of Italian and French paintings from 1800, and, in the area of conservation, for the study of the collection of frames. At the Reina Sofía Museum, a traineeship was awarded for the Publications Service and another for Public Activities.

In the chapter on **patronage and promotion of the arts**, it should be noted that in 2022 **the institution incorporated 12 works into its artistic collections**. The addition of new items to the collection is a way of returning part of the institution’s profits to society, as well as a reflection of the constant support for creation that the Banco de España has provided, and continues to provide.

The incorporations made in 2022 focused on national and international artists not yet represented in the collection, such as Mercedes Azpilicueta (La Plata, Argentina,



**MARIANO BENLLIURE***Tirso Rodríguez y Sagasta*

1935

Bronze, 52 x 30 x 50 cm



Bronze bust of Tirso Rodríguez y Sagasta (1935), by Mariano Benlliure.

**This acquisition was made with the cooperation of the Ministry of Culture and Sport**, which, through the Historical Heritage Assets Classification, Valuation and Export Board, exercised the State's right of first refusal in the public auction at which this work was brought to market in early autumn of 2022.

This bust completes the collection of works by Spanish sculptors belonging to the so-called "Noucentisme generation"; the Banco de España Collection includes pieces by Mateo Inurria, Lorenzo Coullaut, Miguel Blay, Josep Reynés and Quintín Torre.

Mariano Benlliure (Valencia, 1862 - Madrid, 1947) is possibly **the most important Spanish sculptor of the**

**late 19th and first half of the 20th century.** His work is very extensive and varied. In Madrid we find the monuments to Sagasta, Eduardo Dato and Canalejas, in the Pantheon of Illustrious Men; the monument to Goya, opposite the northern entrance to the Prado Museum, and the equestrian statue of Alfonso XII in the Retiro Park.

Tirso Rodríguez y Sagasta (Logroño, 1853 - Galapagar, Madrid, 1935) was a leading figure in the political, economic and financial world of his time. **Appointed governor of the Banco de España on three occasions (between 1910 and 1923), he was also Minister of Finance and a senator in the Spanish Parliament.**

1981), Linarejos Moreno (Madrid, 1974), Danica Phelps (New York, United States, 1974), Paula Anta (Madrid, 1977), Inmaculada Salinas (Seville, 1967) and Irene Grau (Valencia, 1986).

Also, the acquisitions made it possible, on the one hand, to reinforce the presence of artists already represented in the collection, as is the case of Joan Fontcuberta (Barcelona, 1955) and Gerardo Delgado (Olivares, Seville, 1942), and, on the other, incorporate historical Spanish artists, such as Isidoro Valcárcel Medina (Murcia, 1937).

Lastly, in 2022 the acquisition of a bronze bust of **Tirso Rodríguez y Sagasta**, governor of the Banco de España in three different periods (between 1910 and 1923), the work of the great sculptor Mariano Benlliure (Valencia, 1862 - Madrid, 1947) stood out, which, in addition to its undoubted artistic quality, completes the institution's portrait gallery, thereby underlining the institutional meaning of the collection.

Box 3.3 provides detailed information on the aforementioned acquisition.



For more information on the institution's historical-artistic heritage, please visit the institution's [website](#).

## 2 TEMPORARY EXHIBITION “FLOWERS AND FRUITS. BANCO DE ESPAÑA COLLECTION”

On 25 October 2022, the second exhibition held at the renovated exhibition space of the Banco de España headquarters in Madrid was inaugurated, under the title “Flowers and fruits”. The inauguration was attended by the Governor and members of the institution’s Governing Council. Various authorities and prominent individuals from the world of art also attended.

The central theme of the exhibition was nature, the seemingly inconsequential, the anonymous and the fragile, brought to us by artists who have depicted nature from the 17th century to the present day.

Floral and fruit motifs have formed part of the iconography of Banco de España ever since it was founded in 1782. Symbolised by the cornucopia or horn of plenty, these subjects, which have served as tokens of prosperity or celebrations of generosity since remote times, are not only to be seen on banknotes, share certificates and administrative documents, but are also repeated on the sculptural decorations that adorn the façades and interiors of the Bank’s buildings, or on the stained-glass windows that grace some of its halls.

This iconographic element can also be seen in many works in the collection and is the subject of one of its masterpieces, Pomona and Vertumnus (1626) by John van der Hamen, a complete allegory of the magnanimity of nature, which was the starting point for the exhibition. The work analyses, without intending to be exhaustive, the



The Governor, Pablo Hernández de Cos, and the Chairman of the Royal Board of Trustees of the Prado Museum, Javier Solana, at the opening of the exhibition “Flowers and fruits”.

**NEW ATTRIBUTION OF TWO FLORAL PAINTINGS TO GABRIEL DE LA CORTE**

*Floreros (circa 1687), by Gabriel de la Corte.*

The attribution of these two vases had been unknown since they were added to the Banco de España Collection in 1976. Their poor state of conservation, the oxidation of the varnishes and the distorting effect of previous restorations complicated both their viewing and their correct cataloguing.

Their recent restoration in the workshops of the Museo Nacional del Prado for the exhibition “Flowers and fruits” allowed the specialist and researcher Ángel Aterido to completely reconsider the authorship of these works and attribute them to Gabriel de la Corte. Furthermore, advances in the study of this artist’s corpus of pictorial works contributed to the cataloguing of the two vase paintings.

The treatment applied in the restoration revealed the high quality of the works and made it possible for both canvases to be properly read. For Aterido, the loose and spontaneous brushwork, the luminous colouring, the fresh appearance of the plants, the impression of movement and the organicity that appeared after the painstaking restoration were key pointers that led to this new attribution.

The lifting of the varnishes made it possible to discern restrained brushstrokes, as well as vivid colours, which place both vases as being close to other works considered to be the most outstanding by this author.

ways in which the representation of still life subjects and flowers have remained constant, or have altered over time.

The exhibition brought together around **50 works by more than thirty artists and is a journey from the origins of these genres, in the Baroque period, to the present day.** It was also a unique opportunity to get a closer look at the contemporary holdings of the Banco de España Collection, little known until now. It should be noted that the exhibition led to a process of research on some of the works of art on display, which made it possible to establish significant attributions. This was the case with the pair of floral arrangements by Gabriel de la Corte, which had previously been catalogued as anonymous.

Box 3.4 provides more information on the new attribution of the two paintings of floral arrangements to Gabriel de la Corte.



View of the exhibition “Flowers and fruits” at the Banco de España’s Madrid headquarters (left). One of the works on display at the exhibition, *Busan 02* (2008), by Paula Anta (right).

The exhibition was dedicated to José María Viñuela (1944-2022), curator of the Banco de España between 1982 and 2015, and an essential figure in the history of its collection. Many of the works in the exhibition became part of its collection thanks to his knowledge, curiosity and sensitivity to the art of our time.

The following artists featured in the exhibition: [Paula Anta](#), [Juan de Arellano](#), [Alberto Baraya](#), [Giovanni Battista Crescenzi](#), [Lothar Baumgarten](#), [Francisco Bores](#), [Javier Campano](#), [Hannah Collins](#), [Gabriel de la Corte](#), [Pancho Cossío](#), [Hans-Peter Feldman](#), [Joan Fontcuberta](#), [Sandra Gamarra](#), [João Maria y Pedro Gusmão y Paiva](#), [Federico Guzmán](#), [Sheroanawe Hakihiiwe](#), [Joan Hernández Pijuán](#), [Fritzia Irizar](#), [Carmen Laffón](#), [María Loboda](#), [Francisco López Hernández](#), [Linarejos Moreno](#), [Vik Muniz](#), [Antoni Muntadas](#), [Gerard Peemans](#), [Gonzalo Puch](#), [Xavier Ribas](#), [Antonio Saura](#), [Wolfgang Tillmans](#), [Miguel Ángel Tornero](#), [Juan van der Hamen y León](#), and [Rafael Zabaleta](#).

**Several publications were produced to mark the exhibition** in paper and digital format, seeking to provide superlative content and reach the widest possible audience, aimed at both specialised spheres and the general public. Particular note is the publication of a catalogue featuring the works on display, as well as texts and essays by various specialists. The digital publications comply with accessibility requirements and can be downloaded free of charge from the Bank’s art collection portal.

A new feature included in the offer of guided tours of the exhibition, was a service added for family visits, with a content adapted especially for children. The exhibition was very well attended by the public.

**The Banco de España's Historical Archive holds extensive records** of the institution's activities dating back to its foundation as Banco Nacional de San Carlos in 1782 through to the present day. These diverse documents provide a valuable insight into Spain's economic and financial history over the last three centuries.

In order to gain more in-depth knowledge of the Bank's history and make it known to the public, each year studies and analyses are conducted on the institution's documentary heritage.

The main activities carried out in the Banco de España Historical Archive in 2022 were those relating to the uploading of digitised documents to the Institutional Repository, the analysis of the numismatic collection, the restoration of documents, the production of a catalogue of photographs and the training given to students in the knowledge and use of archival documentation sources.

#### a) The Historical Archive in the Institutional Repository

In December 2022, the second batch of **digitised documents** were uploaded to the **Institutional Repository** from the Historical Archive. This comprised a selection of the first shares of the Banco de San Carlos, subscribed between 1782 and 1785 by individuals and institutions of the most varied nature and origin, reflecting the society of the Old Regime. Among them were the king, the prince of Asturias, the nobility, the military and the clergy, merchants, banking houses, towns and villages, cooperatives, estates, chaplaincies, charitable institutions, hospitals and numerous individual shareholders. Of the close to 149,000 shares preserved, 4,277 have been uploaded to the Repository, representing all the holders. The obverse of the shares, where the name of the holder and the number of the share appear, bears an illustration by Cosme de Acuña Troncoso, an academician of the Royal Academy of Fine Arts of San Fernando, which was designed expressly to decorate the documents. The obverse and reverse sides of the shares have been digitised and contain information on the successive endorsements made to them. With this information it is possible to trace the ownership of the Banco de San Carlos from its origin in 1782 to its dissolution in 1829. The uploading of the Banco de San Carlos shares to the repository is a **further step in making the documents held in the Banco de España's Historical Archive available to the public.**

#### b) Numismatic collection

In 2022 work was conducted **to analyse, study and characterise the banknotes issued by the Banco de España between 1893 and 1915.** The work, carried out

## THE BANKNOTE AS A MEDIUM FOR IMAGES AND IDEAS



Allegories of Credit and Security on the 1,000-reales *de vellón* banknote of 1 October 1847 (left). Felipe II and El Escorial on the 100-peseta banknote of 1 July 1925 (right).

From the earliest origins of banknotes in Spain – **the first Spanish banknotes were issued by the Banco de San Carlos in 1783** – there has been a clear interest in making banknotes both technically perfect and easily distinguishable to the public. To achieve both objectives, a number of factors must come together, ranging from the choice of materials, the use of certain printing techniques and the inclusion of specific security features in the design of the banknote, the use of colour and ornamentation.

The main objective of banknote design is to distribute the most important information on the surface of the document in an orderly and coherent manner, consisting of the face value, numbering, signatures, issuing bank information and the promissory clause (where one exists), as well as the corresponding security measures: watermarks, cutting patterns, security threads, etc. **In addition to fulfilling a utilitarian function**, i.e. making the banknote intelligible and distinguishable to the public, the design has also often **sought to make it a beautiful and ornate document**, using images that convey ideas and values.

Indeed, banknotes are a **powerful medium for conveying ideas**; in this respect, it should be borne in mind that a banknote is an **official document** issued by a country's issuing authority – usually the central bank –, which has **monetary value** and is used as a legal means of payment by individuals in a society. The nature and usefulness of the banknote make it a widely used and handled means of payment and, therefore, **a privileged medium for disseminating official images**. Even so, we should not overestimate the banknotes' ability to create and circulate images in society, as other media do the same: the press, cinema, television, advertising, government seals and stamps, etc. It is therefore a medium which, along with many others, plays its role in visual culture and encourages the repetition of certain images.

Thus, from the 18th century onwards, banknote border designs include plant and geometric motifs, allegories, symbols related to banking and economic themes, portraits of illustrious personalities and reproductions of pictorial works, which embellish, add technical complexity and, at the same time, **reflect the mentality of the different eras in which banknotes have been printed**.

on 597 banknotes forming part of 23 issues, was a continuation of the work performed in recent years on the collection of historical banknotes. Based on this activity, a number of dissemination initiatives are envisaged to raise awareness of the Banco de España's numismatic Historical-Artistic Collection.

At the end of the exchange period for peseta banknotes, **the Cash and Issue Department handed over 17,310 banknotes** from the last seven peseta issuances of 1979, 1985 and 1992, in denominations of 1,000, 2,000, 5,000 and 10,000 pesetas, to the Historical Archives for inclusion in the Bank's Numismatic Historical-Artistic Collection.

**A complete set of banknotes from the Banco de España's Bilbao issuance of 1 January 1937** was also acquired for the Numismatic Collection, comprising seven sheets of banknotes with values of 5, 10, 25, 50, 100, 500 and 1,000 pesetas (70 banknotes in total).

Box 3.5 explains the role of the banknote as a means of conveying images and ideas.

### c) Restoration of documents

In 2022 **several documents from the Historical Archive** were restored, including certain plans and maps of the Vigo (1888-1895) and Murcia (1926) branches. The documents were in a precarious state of conservation, due to their age, frequent handling and unsuitable storage conditions. Their restoration has succeeded in slowing down the deterioration process and made them more stable.

### d) Catalogue of photographs

In 2022 progress was made on the production of a catalogue of photographs from the Historical Archive, which will contain a selection of almost 600 photographic images and three introductory texts by leading historians in the fields of photography, architecture and economics. The publication, which is being produced in paper and digital format, will be completed in early 2023.

Box 3.6 sets out the history of the Governing Council of the Banco de España and includes the first photograph of the Governing Council held by the Historical Archive.

### e) Training in the use of archival documentary sources

In 2022 the Historical Archive conducted **three training exercises related to the use of archival documentary sources of an economic nature**. The trainees took part in the identification and analysis of historical commercial and accounting documents. Two of the exercises were attended by students of Economics and Law at ICADE university, and the third by students from the Faculty of History at the Complutense University.



## THE GOVERNING COUNCIL OF THE BANCO DE ESPAÑA



First known photograph of the General Council of the Banco de España, to mark Alfredo de Zavala taking office as governor in March 1934.

**The Governing Council is the longest-standing body of the Banco de España.** Its first antecedent was the royal warrant creating the Banco de San Carlos in 1782, which established a **Board of Directors** as the institution's highest governing body. The Board was made up of six biennial directors and another two, with no time limit, in charge of supplying food and clothing to the troops in Spain and the Americas. There was no sole director at the head of the Board. Some of the first directors were those portrayed by Goya in the paintings in the Bank's collection, such as Francisco Cabarrús, José del Toro and the Marquis of Astorga. In 1794 the Board of Directors became the **Governing Board**, although its functions and structure remained unchanged. With the advent of the Banco de San Fernando in 1829, which followed on from the Banco de San Carlos, the name Governing Board was retained, but its **organisation underwent a major change**, as the figure of the sole director at the head of the body was instituted – similar to other European banks – which also included seven directors and two trustees, one appointed by royal decree and the other by the General Meeting.

**The Bank was reorganised in 1849, creating the posts of governor and deputy governor**, while the Governing Board was renamed the Governing Council and the number of council members was increased to 12. The first director of the Bank to receive the title of governor was **Ramón Santillán**, whose work to reorganise the institution

earned him a portrait by José Gutiérrez de la Vega, which is one of the most beautiful paintings in the Bank's possession. The conversion of the Banco de San Fernando into the Banco de España in 1856 did not entail any changes to the Council, and it was not until **the Banking Law of 1921**, which for the first time regulated the Banco de España's relations with private banks, that the name of the Governing Council was changed again to **General Council**, and the number of council members was increased to 20.

The **Law of 26 November 1931**, enacted by the Government of the Republic, strengthened the State's control over the Bank, increasing the total number of council members to 21, but reserving only 15 for election by the shareholders. The other six were to be corporate representative members and representatives of the State. The **Banking Law of 1946** further tightened the Government's control over the Bank, leaving the shareholders' representatives on the General Council in a minority. They would now have 12 of the 25 members, not counting the governor and deputy governor. **The nationalisation of the Banco de España in 1962**, the aim of which was to assign the Bank the functions of a central bank, put an end to the shareholding system and logically changed the composition of the Council. The members, numbering 20 in total, were to be representatives of the general interests of the national economy, representatives of credit sectors related to the Bank's

**THE GOVERNING COUNCIL OF THE BANCO DE ESPAÑA (cont'd)**

activity and representatives of the trade union organisation and of Banco de España employees. As a new feature, and inspired by the central banks of other countries, the 1962 Decree-Law on the nationalisation and reorganisation of the Banco de España established the **Executive Board** as a collegiate management body comprising a small number of persons with technical competence and full dedication to the Bank's activities.

The **Governing Bodies Law of 1980** established the composition of the Board, which was composed of the governor, the deputy governor, six members appointed by the Government from among persons of recognised competence in the field of economics, the director general of Financial Policy, the director general of the Treasury, the directors general of the Bank appointed by the governor (up to a maximum of four) and an elected staff representative. The secretary general of the Banco de España as secretary of the Board and the other "non-member" directors general were expected to attend the meetings, all of them with the right to speak but not to vote.

In addition to the governor and the deputy governor, the **Law of Autonomy of 1994** established the **Governing Council** and the **Executive Commission** as the Bank's governing bodies, **replacing the former General Council and Executive Board**. The term of office of the governor was set at six years, with no possibility of renewal. The Governing Council is composed of the governor, the deputy governor, six non-ex officio members and two ex officio members: the secretary general of the Treasury and Financial Policy and the vice-chair of the Spanish National Securities Market Commission. The directors general of the Bank also attend the meetings of the Board, with the right to speak but not to vote, and the secretary general of the Banco de España acts as ex officio secretary of the Council, with the right to speak but not to vote. The Executive Commission is composed of the governor, the deputy governor and two members elected by the Governing Council from among its non-ex officio members. The ex officio secretary is the secretary general of the Bank and the directors general of the Bank attend meetings, all of whom have the right to speak but not to vote.



For further information on the Institutional Repository of the Banco de España, see the institution's [Repository](#).

The Banco de España Library caters to the institution's in-house needs and also provides services to the general public and institutions that may wish to use the collections.

In April 2022 the Library was reopened without an appointment being required and with regular opening hours, Monday to Friday from 9 am to 3 pm. This led to a considerable increase in the use of the Library by the public. Whereas between January and March the monthly average was only six external users, since the reopening without an appointment it has risen to more than 47 per month, with a maximum of 84 users in September. **In total, 447 individuals from outside the Bank visited the Library in 2022** (in 2021, when access was much more limited, only 39 people visited).

**The number of information enquiries received from citizens was up 42% in 2022 on 2021.** Conversely, **information requests from other institutions nearly halved.** 71% of the requests related to bibliographic information and more than 93% were received and answered by e-mail.

**Interlibrary loans remained at similar levels to those of the previous year.** Fifty-three percent of the documents sent through this service were sent to Spanish institutions, and 47% to foreign institutions.

**The collections increased by a total of 2,037 monographs and, for the first time, those acquired in e-book format (73%) exceeded those in print (27%).** This trend is likely to be consolidated in the coming years, given the increasing development of electronic formats and their advantages in terms of ease of consultation.

In 2022 the patterns of use of collections varied depending on the document format. **Loans of printed books and journals increased by 25% compared to the previous year,** although they did not reach pre-pandemic levels. On the other hand, **the use of electronic formats showed only slight growth of 4%,** more prominent in the case of e-books (14%) than that of journals (3%). However, downloads of magazine articles still account for 91% of electronic document usage.

In 2022, 13 new items were added to the **Special Value Collection (SVC)**, an essential part of the Bank's bibliographic heritage. Notable among the volumes added are:

- A copy of the collection of Carlos V's laws (*Pragmáticas*), printed in Alcalá de Henares in 1552, which includes, among others, the law of 1552, which

established the obligation to use the double entry accounting system for all national and foreign merchants, and that of 1549, on banks and public exchanges.

- The Dissertation on the Nature and Utilities of Commerce, by Girolamo Belloni, Italian banker and economist, published in Santiago de Compostela in 1788 and translated by Lucas José Labrada (1762-1842), associated with the Royal Consulate of A Coruña and credited with being one of the first people to introduce Adam Smith's theses in Spain.
- The Political Economy Notes (1869), which were explained at the University of Barcelona in the third quarter of the 19th century.
- The two volumes of the *Traité de la Science des Finances* (Paris, 1877), by the liberal economist Paul Leroy-Beaulieu (1843-1916), considered to be the founder of French economics.

**Between April 2021 and April 2022, digitisation work was completed** corresponding to the last extension of the contract entered into in 2016 on the SVC and on certain Banco de España publications from the late 20th century that were not already in digital format. **In this period, 150,000 pages of 708 volumes were digitised.** The digitisation work will be resumed in 2023 thanks to a new public tender, which is expected to allow for the digitisation of around 300,000 additional pages.

In 2022 the **Institutional Repository** marked its **third full year of operation, with the number of accessible publications rising by more than 24%** to 15,006. In addition to incorporating all the publications issued by the Bank over the past



The Special Value Collection has more than 16,000 volumes, ranging from the 15th to the 19th century.

year, retrospective publications continued to be added, including the first issues of the Economic Bulletin, a total of 220 issues published between 1979 and 1998, and of the Working Papers series, 135 works published between 1978 and 1989; thus, both publications, from their very beginnings, have been made fully accessible to any interested party. Also, the public speeches made by the Banco de España's Senior Management since 2000 were also added to the Repository, as were the speeches made by the winners of the King Juan Carlos Economics Prize (currently the King of Spain Prize in Economics), with a total of 992 documents.

**The “Bibliographic heritage” section of the Repository was enlarged with the La Fuente collection**, made up of nearly a thousand titles that belonged to the personal library of the historian Vicente de la Fuente (1817-1889). Besides the publications, the collection includes handwritten documents, some of which are the work of Vicente de la Fuente himself. The subject matter is diverse, but the works dealing with public instruction, law or the monumental heritage of 19th century Spain are of particular note.

**Since 2022 the contents of the Institutional Repository have been accessible through Europeana**, thanks to the agreement entered into by the Banco de España and the Ministry of Culture and Sports. Europeana is the European Union's digital library, which aims to provide access to Europe's cultural and scientific heritage, and is a single access point to millions of digital resources from around 3,700 different institutions.

**As regards the use of the Repository compared to the previous year**, the number of documents downloaded **increased by 80%** to 841,469. The newsletter *La Biblioteca Informa*, which aims to raise awareness of the Library's collections and services, continued to be published. Available on a half-yearly basis from 2019, the issue dates were changed in 2022 to March and October.

**In 2022, the Banco de España Library joined a cooperative project with other specialised libraries to establish a collective catalogue. This is the BIBLESPAGE project**, which brings together specialised libraries, mainly those of the central government. The project, which currently involves thirteen libraries (including those of the Ministries of Economic Affairs and Digital Transformation, Labour and Social Economy, and Industry, Trade and Tourism), **allows the consultation of a catalogue with more than 1.7 million documents** and thus facilitates the sharing of resources among the participating libraries, which ultimately results in providing users of these libraries with access to a broader range of documents. In addition, the BIBLESPAGE catalogue is part of *WorldCat Spain* and *WorldCat*, the world's largest collective catalogue. Thus, the **bibliographic collections of the Banco de España Library are made more visible** to possible interested parties from around the world.

**The Banco de España's responsibilities include economic analysis and research.** To this end the Banco de España fosters and promotes economic research and internships. The activities conducted in 2022 in this area included the following:

- **Ten scholarships were awarded for the extension of studies** in Spain and abroad for the academic year 2022-2023 and for the application for biennial scholarships or the renewal thereof for the academic year 2023-2024, within the framework of the annual call for these scholarships approved in December 2021. In addition, a new call for applications for ten scholarships for the extension of studies in Spain and abroad was published for the academic year 2023-2024, with the possibility of renewal for a further year. These scholarships, which consist of financial aid, are annual in nature and are aimed at obtaining official postgraduate degrees in economics and finance, as well as technological innovation in these fields.
  
- Two annual grants were awarded to the two research projects selected within the framework of the call for the **Economic History Research Grants Programme** approved in December 2021. A new call for applications was also published for this programme of grants, which is organised through collaboration agreements with internationally renowned universities and research centres, both in Spain and abroad. They have a duration of one year and envisage funding for up to two projects.



For more information on the grants and scholarships offered by the institution, see its [website](#).

## 6 CONTRIBUTIONS OF THE BENEFICENT-SOCIAL ASSISTANCE FUND

The Banco de España has a Beneficent-Social Assistance Fund (**FABS**), through which it may allocate up to 1% of its net profits to beneficent-social assistance contributions. The beneficiaries may be natural persons and, principally, legal entities of any nature and of a public or private character. The procedure for awarding this type of grant is regulated and is governed by the following principles: the economic, social, cultural or cross-cutting usefulness of the projects; transparency; the academic, social or cultural relevance of the beneficiaries; and, in the case of aid for economic research, a competitive regime for the award. The actions carried out in 2022 included most notably the following:

- An amount of **0.3% of the Bank's net profit for the year** was allocated, in line with the contributions made in recent years.
- **Grants totalling €1,662,989.363** were made to institutions and organisations engaged in economic research and analysis, educational and cultural activities and socio-humanitarian assistance. The financing allocated to the scholarships for further studies and the Programme of Economic History Research Grants, detailed in the previous section, was also provided by this Fund.



For further information on these grants, see the [Banco de España's Transparency Portal](#).














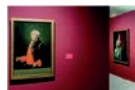




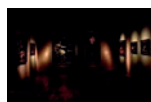


Visit of H.M. Queen Letizia to the Banco de España as part of the meeting of the Board of Trustees of the FAD Youth Foundation, accompanied by the Governor, Pablo Hernández de Cos, the Deputy Governor, Margarita Delgado, the President of the FAD, Ignacio Bayón, and the other trustees of the FAD.

## 7 THE ARTISTIC, HISTORICAL AND BIBLIOGRAPHIC HERITAGE OF THE BANCO DE ESPAÑA IN ITS INSTITUTIONAL REPORTS

The Banco de España has a major art collection, made up of the legacy of its predecessor banks and subsequent acquisitions or commissions.

Schema 3.1

### THE ARTISTIC, HISTORICAL AND BIBLIOGRAPHIC HERITAGE OF THE BANCO DE ESPAÑA IN ITS INSTITUTIONAL REPORTS

| INSTITUTIONAL REPORT 2021   |  |   |  |   |  |
|---|--|---|--|---|--|
|      | Exhibition "2328 reales de vellón" (page 161)                              |    | Banco Nacional de San Carlos share certificate (Box 3.5, page 167)         |    | Banco Nacional de San Carlos banknotes (Box 3.4, page 166)               |
|    | Pieter Goos' Marine atlas, 17th century (Box 3.6, page 174)                |   |  |   |  |
| INSTITUTIONAL REPORT 2020   |  |   |  |   |  |
|      | "Catalogue raisonné of the Banco de España Collection" (Box 3.1, page 178) |    | "Art collection portal" (Box 3.2, page 179)                                |    | "Benito Pérez Galdós in the Banco de España" (Box 3.3, page 184)         |
|    | "The history of the peseta" (Box 3.4, page 185)                            |   |  |   |  |
| INSTITUTIONAL REPORT 2019   |  |   |  |   |  |
|    | "The Banco de España's headquarters" (Box 3.3, page 151)                   |  | "First exhibition of the Special Value Collection" (Box 3.4, page 155)     |  | "The Gold Vault" (Box 3.2, page 150)                                     |
|  | Reflections in a Golden Eye (2018), by Carlos Aires (page 149)             |   |  |   |  |
| INSTITUTIONAL REPORT 2018   |  |   |  |   |  |
|    | Guide to the historical archives of Spanish banks (page 98)                |  | Series of photographs titled Restoration, by José Ribalta (page 97)        |  | Restoration of 17 works from the Collection and of other items (page 96) |
|  | Pegasus (1903), a sketch for a banknote by José Villegas (page 96)         |   |  |   |  |
| INSTITUTIONAL REPORT 2017   |  |   |  |   |  |
|    | Exhibition "From Goya to the present day" (page 87)                        |  | Refurbishment of, and museographic improvements to the Goya Room (page 87) |  | Recovery of the collection of photographs (page 87)                      |
|  | Exhibition "Goya in the documents of the Banco de España" (page 88)        |   |  |   |  |
| INSTITUTIONAL REPORT 2016   |  |   |  |   |  |
|    | Exhibition "Los dineros de Cervantes" (page 68)                            |  | Loans of artworks to other institutions (page 66)                          |  | Examples of banknotes from the Numismatic Collection (page 68)           |
|  | First Preventive Conservation Plan (page 7)                                |   |  |   |  |

SOURCE: Banco de España.

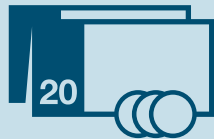


In addition to this collection, the Bank’s historical and artistic heritage also includes its **buildings, its numismatic collection and its documentary heritage**. The importance of the institution’s artistic, historical and bibliographic heritage is reflected in the editions of the *Institutional Report* published since 2016. Schema 3.1 sets out some of the main contents of previous editions of the Report.



# 4

## FINANCIAL INFORMATION OF THE BANCO DE ESPAÑA



**€1,066 billion**  
Total assets

The Banco de España's total assets decreased compared with 2021 to €1,066 billion, owing to the new restrictive monetary policy stance adopted from mid-2022



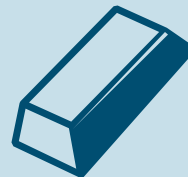
**€624 billion**  
Monetary policy portfolio

Since 2015 the Banco de España has acquired a significant portion of securities in the framework of monetary policy decisions, which at the end of 2022 had reached a value of €624 billion



**€4.2 billion**  
Profit on monetary policy operations

The profit on monetary policy operations was €4.2 billion, slightly higher than in 2021



**€15.4 billion**  
Gold and gold receivables

Holdings of ounces of fine gold have remained stable over the last few years, although they have steadily increased in value, reaching a market price at the end of 2022 of €15.4 billion



**€58.2 billion**  
Financial resources

Capital and reserves, general provisions and revaluation accounts, which comprise the Banco de España's financial resources, increased steadily over the period 2018-2022 to reach €58.2 billion



**€2,403 million**  
Earnings

The Banco de España's profit —€2,403 million in 2022 (35% higher than in 2021)— is transferred to the Treasury, so that the result of the Bank's activity is in the interest of all citizens

Chapters 1 and 2 of this Report describe the most important functions and activities of the Banco de España. This chapter aims to show how many of these functions are reflected in the Banco de España's financial statements (balance sheet and profit and loss account). To do so, a comprehensive analysis of the main balance sheet and profit and loss account headings is presented, showing the changes over the last five years and linking them to the main events and monetary policy measures adopted in that period.<sup>1</sup> To conclude, the risks and uncertainties the Banco de España faces as a result of its activities are described and information on the policies pursued to mitigate them is provided.



The growth of the Banco de España's balance sheet has been notable – increasing by more than €320,000 million – in the period 2018-2022.

<sup>1</sup> The *Annual Accounts of the Banco de España*, which can be found on the Banco de España's [website](#), provide more detailed disclosures on the components of the balance sheet and profit and loss account.

**The Banco de España's balance sheet provides a true and fair view of its economic and financial position, reflecting on the asset side its available resources and, on the liability side, the sources of funding used.**

The Banco de España's financial functions and activities are reflected on its balance sheet as follows:

The Eurosystem's **monetary policy operations** are the result of the decisions adopted by the ECB's Governing Council. These decisions are executed in a decentralised manner by the euro area national central banks and are included in their respective financial statements. Thus, the asset side of the Banco de España's balance sheet reflects the purchases of monetary policy securities and the loans granted to Spanish credit institutions, and the liability side reflects the deposits held by Spanish credit institutions.

The **management of foreign reserves** is reflected in the foreign currency assets and liabilities (the latter being immaterial) on the balance sheet.

The Bank manages the **settlement of national and cross-border payments** denominated in euro through the TARGET2 system.<sup>2</sup> These payments are recorded as intra-Eurosystem claims or liabilities (in the case of the Banco de España, a net liability position).

Legal tender **banknote issuance** is recorded on the liability side of the balance sheet under "Banknotes in circulation". The allocation of euro banknotes among the euro area national central banks, according to their banknote allocation key, gives rise to intra-Eurosystem balances (in the case of the Banco de España, an intra-Eurosystem claim).

The **treasury service** provided to the Treasury (and to other public institutions and bodies) is performed through accounts opened at the Banco de España recorded on the liability side of the balance sheet under euro-denominated liabilities to other euro area residents.

The Banco de España also manages its own euro-denominated **financial assets**, comprising debt securities. These are recorded under the "Euro-denominated own funds portfolio" on the asset side of the balance sheet.

<sup>2</sup> TARGET2 is the platform owned and operated by the Eurosystem for processing large-value payments in euro in real time. It is used both by European Union central banks and commercial banks to make transactions, on their own behalf or on behalf of their customers.

Schema 4.1 depicts the simplified balance sheet.

Between 2018 and 2022 the Banco de España's balance sheet grew considerably, increasing by more than €320 billion (43%). The main reason for this growth, observed since 2015, is the ECB's expansionary monetary policy implemented via the "non-standard measures". Among other actions, this policy led to the provision of abundant long-term liquidity to credit institutions and the launch of various asset purchase programmes. 2020 and 2021 were characterised by significant annual increases (of 38% and 19% respectively), arising from the intensity of the measures taken by the ECB to respond to the economic crisis triggered by the global coronavirus pandemic and to mitigate its effects. However, in 2022 the expansionary trend seen in the balance sheet was interrupted. In view of the unexpected and extraordinary rise in inflation, the ECB initiated a process of monetary policy

Figure 4.1

**SIMPLIFIED BALANCE SHEET OF THE BANCO DE ESPAÑA AS AT 31 DECEMBER 2022**

| ASSETS                                       |                  | LIABILITIES                          |                  |
|--|------------------|--------------------------------------|------------------|
| Gold and foreign currency-denominated assets | 92,478           | Banknotes in circulation             | 172,460          |
| Euro-denominated own funds portfolio         | 27,434           | Deposits held by credit institutions | 247,502          |
| Lending related to monetary policy           | 133,904          | Intra-Eurosystem liabilities         | 500,881          |
| Securities held for monetary policy purposes | 623,962          | Other liabilities                    | 84,696           |
| Intra-Eurosystem claims (banknotes)          | 173,406          | Financial resources                  | 60,608           |
| Other assets                                 | 14,963           |                                      |                  |
| <b>TOTAL</b>                                 | <b>1,066,148</b> | <b>TOTAL</b>                         | <b>1,066,148</b> |

€m

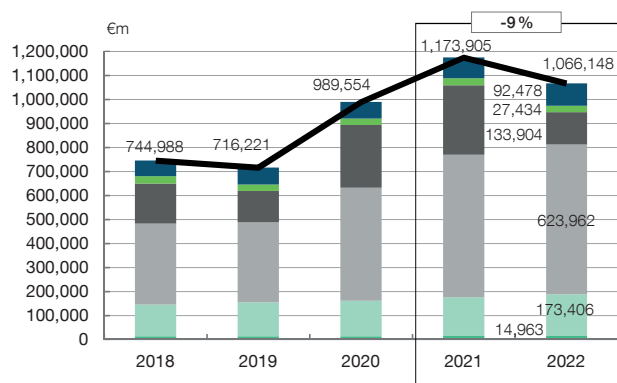
SOURCE: Banco de España.

Chart 4.1

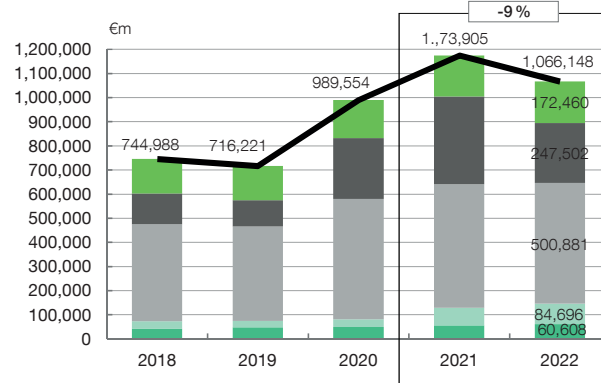
**BALANCE SHEET OF THE BANCO DE ESPAÑA**

The main asset and liability headings are analysed in greater detail below. The chart depicts the changes in the asset and liability sides of the balance sheet over the last five years.

## 1 ASSETS



## 2 LIABILITIES



SOURCE: Banco de España.

normalisation, raising key interest rates and adjusting a number of other parameters of the monetary policy operations in place.

On the **asset side** of the Banco de España's balance sheet, the aforementioned expansionary measures were directly reflected in a considerable increase in the items "Monetary policy loans" and "Monetary policy portfolio". Meanwhile, over the same period, on the **liability side**, "Deposits held by credit institutions" and "Intra-Eurosystem liabilities (net TARGET2 balance)" also increased. Chart 4.1 reflects the changes in the Banco de España's balance sheet over the last five years. However, the new restrictive monetary policy stance adopted since mid-2022 led to a reduction in the size of the balance sheet by 9% compared with 2021. This reduction has mainly been concentrated in "Monetary policy loans" on the asset side and "Deposits held by credit institutions" on the liability side. A similar reduction (of a proportionately lesser amount) can be seen in the Eurosystem's balance sheet as a whole.



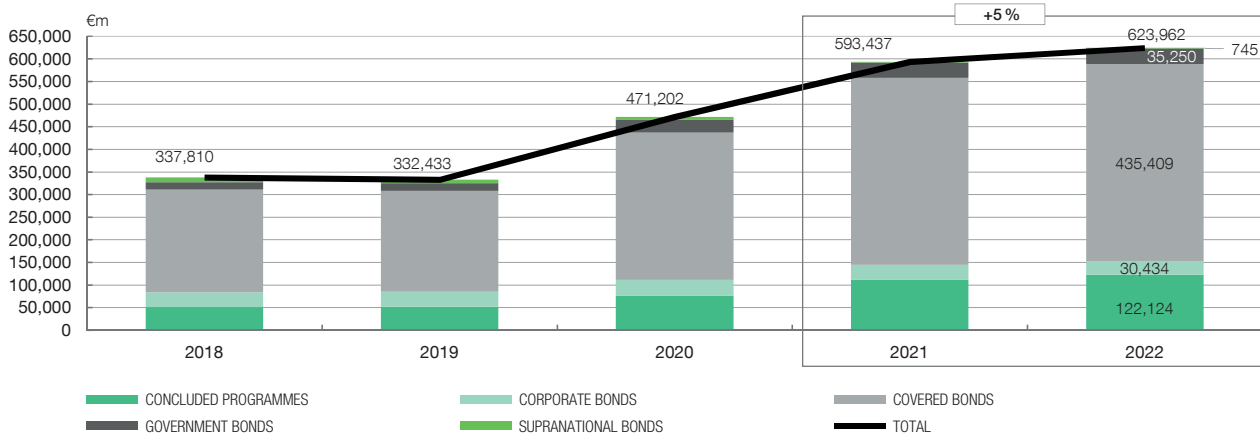
# 1.1 Assets

At the 2022 close, the monetary policy portfolio accounted for more than half (59%) of the Banco de España’s total assets. The assets purchased under the various Eurosystem asset purchase programmes, which form part of the non-standard monetary policy measures, are recognised under the related balance sheet heading. These programmes have been launched at various times since 2009. Each one is aimed at a specific type of security and all are issued by euro area residents. Chart 4.2 depicts the changes in this heading over the last five years.

The **asset purchases** made as part of these monetary policy decisions are performed by the Eurosystem national central banks in accordance with the principle of decentralised implementation. Since 2015 the Banco de España has made sizeable purchases under these programmes and, at end-2022, its holdings totalled €623,962 million.<sup>3</sup> These assets were acquired under the APP, launched in 2014, and the PEPP, launched in 2020 in response to the pandemic. In 2022 the Governing Council of the ECB resolved to end net purchases of securities under both programmes, with reinvestment of the principal of maturing securities being continued in both cases.

In the case of the APP, partial reinvestments will begin from March 2023 onwards, so that holdings of these securities will be gradually reduced.

Chart 4.2  
**SECURITIES HELD FOR MONETARY POLICY PURPOSES**

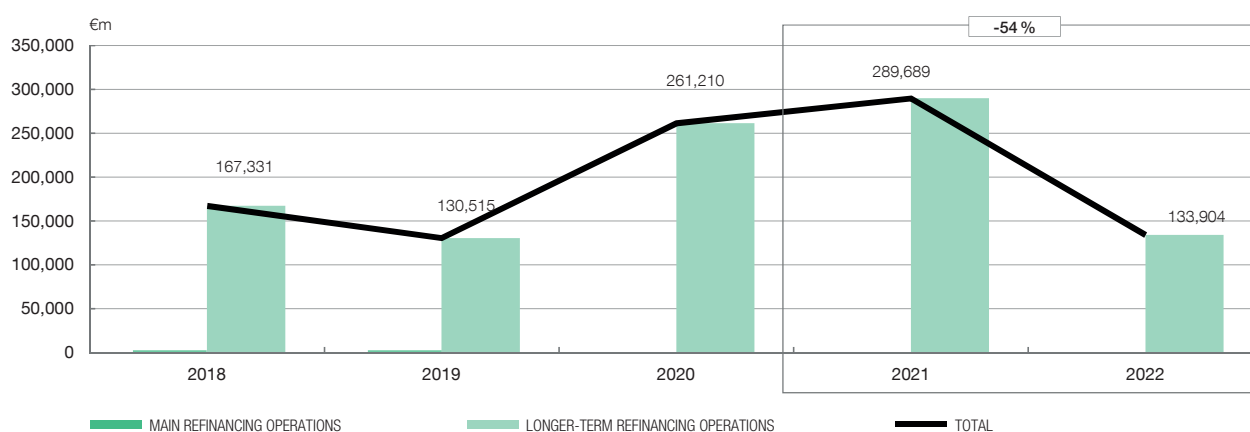


SOURCE: Banco de España.

<sup>3</sup> For detailed information, see Note 7(a) to the balance sheet in the *Annual Accounts of the Banco de España*.

Chart 4.3

## LENDING RELATED TO MONETARY POLICY OPERATIONS



SOURCE: Banco de España.

**Monetary policy loans** accounted for 13% of the Banco de España's total assets at the end of 2022, with the balance standing at €133,904 million (10% of the Eurosystem total). In 2020 and 2021, in the wake of the pandemic, the demand for credit by Spanish institutions was significant. In 2022, however, there was a considerable decrease in their balance (€155,785 million, or -54%) as a consequence of the maturity of several operations and, in particular, the early repayments made by institutions (see Chart 4.3).

The full amount of this balance over the last three years corresponds to long-term loans to Spanish credit institutions, most of which were granted under the third issue of the "targeted refinancing operations" (TLTRO III). By contrast, the main refinancing operations, through which banks are provided with weekly funding and which historically accounted for a major part of the liquidity injection, have become of scant importance in recent years.

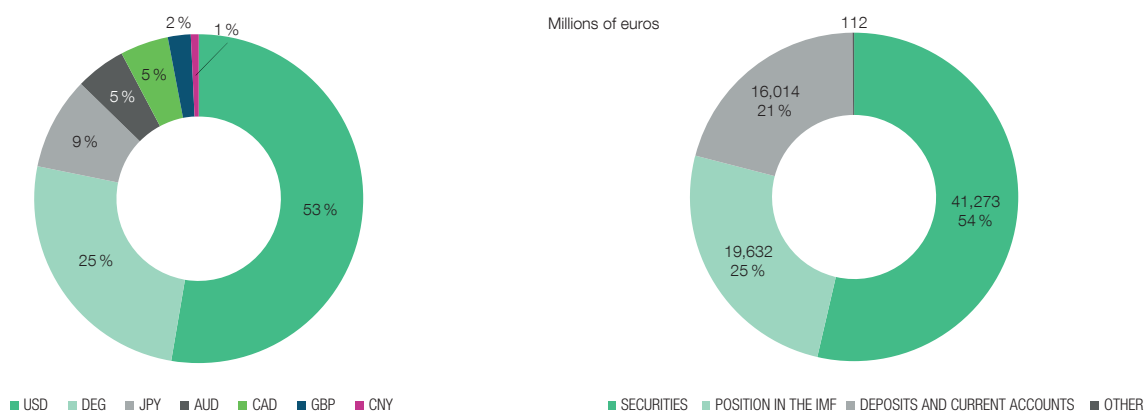
The **TLTRO III**<sup>4</sup> loans were awarded through quarterly auctions between September 2019 and December 2021, and provided funding to banks for three-year periods. The loans were granted on attractive terms and conditions for banks, in order to stimulate bank lending to the real economy. However, at the end of 2022, the Governing Council of the ECB decided, as part of the monetary policy measures taken to restore price stability over the medium term, to revise the remuneration thereon, rendering it less attractive to institutions. As mentioned above, this prompted banks to make the significantly high early repayments (around €130 billion)<sup>5</sup>. Despite the return to positive interest rates in the latter months of the year, the average rate applied to these loans in 2022 remained in negative territory (-0.51%), which generated interest expenses of close to €1,500 million.

4 More information on [TLTROs](#) can be found on the ECB's website.

5 For more information, see Note 6(b) to the balance sheet in the *Annual Accounts of the Banco de España*.

Chart 4.4

**BREAKDOWN OF CLAIMS DENOMINATED IN FOREIGN CURRENCY, BY CURRENCY AND BY TYPE OF INSTRUMENT, AS AT 31 DECEMBER 2022**



SOURCE Banco de España.



For more information on the asset purchase programmes and monetary policy operations, see [Section 2 of Chapter 2](#) of this Report.

**Claims denominated in foreign currency** mainly comprise assets denominated in US dollars, special drawing rights (SDRs), Japanese yen, Australian dollars, Canadian dollars, pounds sterling and Chinese renminbi. The composition of these assets by currency has remained relatively stable over recent years, with the US dollar being the main component. As regards their composition by type of instrument, claims denominated in foreign currency mainly consist of debt securities, mostly denominated in US dollars (see Chart 4.4).

The Banco de España's holdings of **gold and gold receivables** are also recorded on the asset side of its balance sheet. Between 2018 and 2022, the holdings of ounces of fine gold remained stable (9.054 million troy ounces), while the market price showed an upwards trend. The market value at end-2021 was €15,446 million.

Lastly, the Banco de España has a series of euro-denominated financial assets that are not held for monetary policy purposes and are recorded as the **euro-denominated own funds portfolio**. These investments consist in their entirety of debt securities, 79% of which are issues made by Spanish residents and the remaining 21% issues made by residents of other euro area countries. This heading, which has been quite stable in recent years, totalled €27,434 million at end-2022. These investments are managed in such a way that there is no interference with the asset purchases made for monetary policy purposes.

## 1.2 Liabilities

On the liability side, the non-standard monetary policy measures have had an impact on the two balancing items: **the balances of the** “Intra-Eurosystem liabilities (net TARGET2 balance)” and “Deposits held by **credit** institutions”. The new monetary policy stance has also begun to be reflected in these accounts.

Chart 4.5 illustrates the overall change in the asset items in which these measures have materialised and in the two aforementioned liability items, and the clear relationship between them.

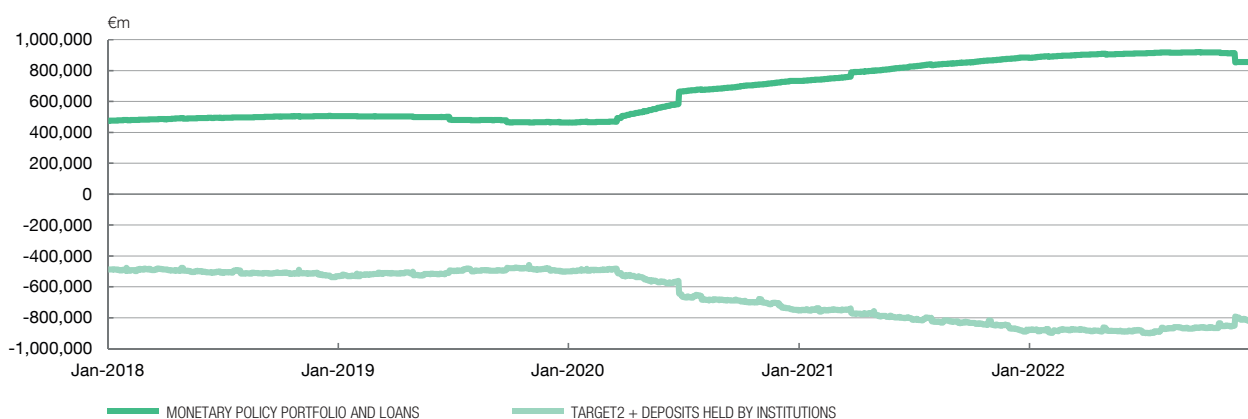
At end-2022, deposits held by credit institutions accounted for 28% of liabilities, and intra-Eurosystem liabilities (net TARGET2 balance) 47%.

**Deposits held by credit institutions** include the current accounts in which they keep their minimum reserve requirements and the overnight deposits made under the deposit facility. Until 2016, a large portion of these deposits corresponded to the minimum reserve requirements for institutions. In the following years there was a steady increase in the level of these deposits, reflecting excess liquidity in the system. However, in the latter part of 2022 there was a notable drop off, mainly as a result of institutions’ (mostly early) repayments of monetary policy loans. At end-2022, these deposits stood at €247,502 million (€117,017 million less than in 2021).<sup>6</sup> The changes in this connection can be seen in Chart 4.6.

The balance of intra-Eurosystem liabilities basically reflects the net position of the Banco de España vis-à-vis the Eurosystem for transfers made through TARGET2.

Chart 4.5

### MONETARY POLICY ASSETS AND LIABILITIES



SOURCE: Banco de España.

<sup>6</sup> For more information, see Note 15 to the balance sheet in the *Annual Accounts of the Banco de España*.

Chart 4.6

**DEPOSITS HELD BY CREDIT INSTITUTIONS**

SOURCE: Banco de España.

The balance thereof has risen from around €370 billion at the beginning of 2018 to just over €500 billion at the end of 2022.

Since 2015 the central banks' net TARGET2 balances have been linked to the monetary stimulus measures adopted by the ECB (primarily the implementation of the above-mentioned asset purchase programmes).

**Banknotes in circulation** on the liability side of the balance sheet reflect the share of the total value of euro banknotes put into circulation by the Eurosystem that is allocated to the Banco de España, in accordance with its banknote allocation key.<sup>7</sup> The difference between this amount and the banknotes actually put into circulation by the Banco de España is recorded under "Intra-Eurosystem claims – Net claims related to the allocation of euro banknotes within the Eurosystem".<sup>8</sup> In the case of the Banco de España, this account is shown under intra-Eurosystem claims. This difference is recorded on the asset side of the balance sheet, since it puts fewer banknotes into circulation than its share of total euro banknotes in circulation in accordance with the aforementioned allocation key.

### 1.3 Financial resources

**The Banco de España's financial resources consist of its capital and reserves, general provisions and revaluation accounts.**

<sup>7</sup> The banknote allocation key is the result of applying 92% to the Eurosystem subscribed capital key (the other 8% is allocated to the ECB). At end-2022 the Banco de España's banknote allocation key was 10.97%.

<sup>8</sup> For further information on risk management at the Banco de España, see section 3.5 of the Notes to the *Annual Accounts of the Banco de España*.

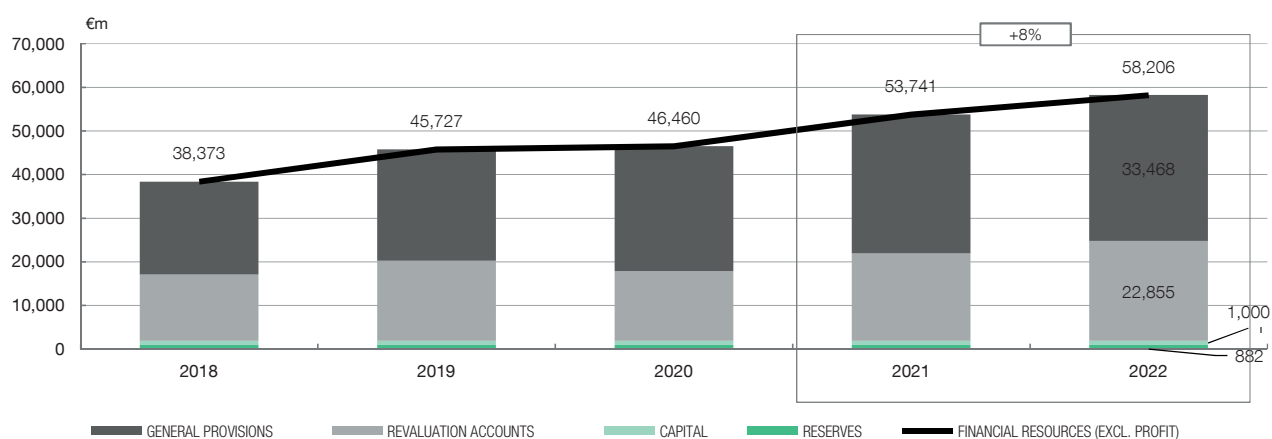
In the period 2018-2022, the Banco de España's financial resources grew continuously (see Chart 4.7).

The **general provisions** include the provision for financial risk and the provision for operational risk. The balance of these provisions is reviewed annually on the basis of the Banco de España's assessment of its exposure to these risks, using methodologies consistent with those used by the Eurosystem.<sup>9</sup> The provision for financial risk has risen in recent years, carried out within the framework of a prudent risk management policy in view of the inherent higher exposure to the growth in the balance sheet (specifically, on account of the asset purchases made under the Eurosystem's monetary policy programmes).

As regards the **revaluation accounts**, in accordance with Eurosystem accounting rules, unrealised gains (the difference between the market value and the carrying amount) on gold, foreign currencies and securities that are subject to price revaluation are not recognised as income in the profit and loss account, but are recorded directly in revaluation accounts on the liability side of the balance sheet. The balances in these accounts can be used to absorb the impact of any future unfavourable movement in prices or exchange rates. This strengthens the Banco de España's resilience to underlying risks. The balance on the revaluation accounts has risen, albeit not consistently, in recent years, since it is strongly linked to movements in exchange rates and in the price of gold (see Chart 4.8).

Chart 4.7

**FINANCIAL RESOURCES (EXCLUDING PROFIT)**

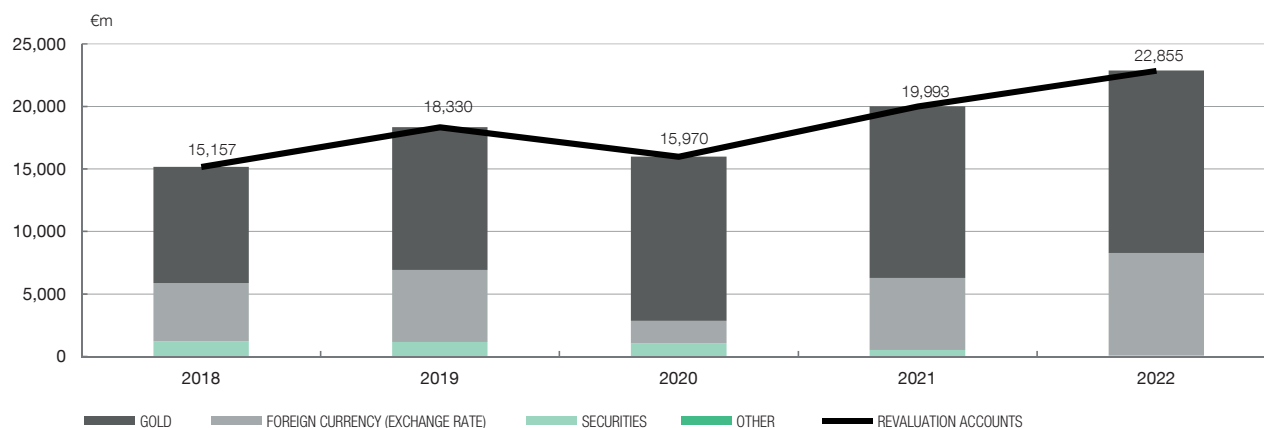


SOURCE: Banco de España.

<sup>9</sup> For further information on risk management at the Banco de España, see section 3.5 of the Notes to the *Annual Accounts of the Banco de España*.

Chart 4.8

**REVALUATION ACCOUNTS**



SOURCE: Banco de España.

In 2022 the revaluation accounts grew significantly (14%) compared with 2021, essentially as a result of appreciation of the US dollar against the euro.

Lastly, capital and reserves totalled almost €1.9 billion at end-2022, remaining basically unchanged since 2006.

In the exercise of its functions, the Banco de España obtains income and incurs certain expenses. Historically, this activity has generated positive earnings.

**The Banco de España's yearly profit is transferred in full to the Treasury, such that the earnings from its activity benefit the general public overall.**

2022 was a year of transition from a scenario of negative interest rates to one of positive rates, with considerable rises within a short period of time. This new context will bring important changes to the Banco de España's profit and loss account (as well as to those of the other national central banks of the Eurosystem and the ECB). The rapid increase in key interest rates has had an immediate impact on the cost of the liabilities of all the national central banks, since most of them are on demand. However, on the asset side (in particular the monetary policy portfolio, which comprises low-yield securities with long maturities), the move towards (higher) market rates will be rather slower. This scenario places the Banco de España (and other national central banks) in a foreseeable loss-making situation at short and medium term. In the case of the Banco de España, this did not come about in 2022, but is expected to do so in 2023, temporarily, although the situation could become prolonged depending on the changes in rates.

As indicated in the previous section on financial resources, the Banco de España has sufficient financial buffers to enable it to meet these potential losses comfortably, offsetting them and obtaining zero accounting profit or loss, without its financial strength being compromised.

It should be noted that monetary policy is designed to meet the ECB's ultimate objective, which is to maintain price stability in the euro area, irrespective of the impact it may have on the financial profit or loss of the national central banks. Also, national central banks are not ordinary companies, so they can make losses and continue to operate efficiently, without affecting their ability to execute monetary policy effectively.

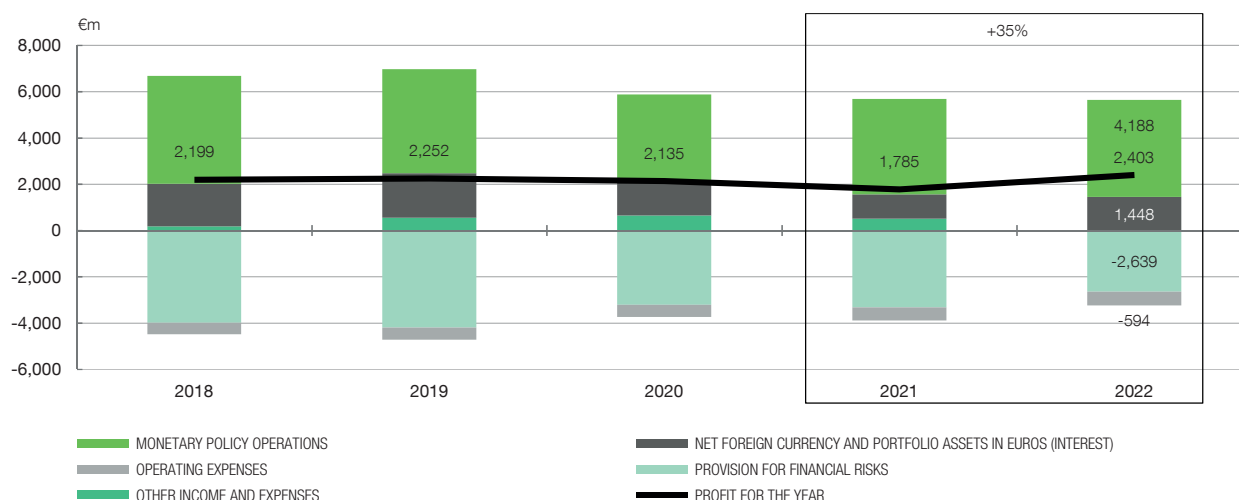
The earnings of the Banco de España in 2022 remained positive, and reached €2,403 million (up 35% on 2021). Chart 4.9 shows the composition of the Banco de España's profit and loss account and how it has evolved over the last five years.

In the period under review (2018-2022), the earnings generated by **monetary policy operations** are of particular importance. These operations comprise the monetary policy portfolio, monetary policy loans, deposits held by credit institutions and intra-Eurosystem accounts (claims and liabilities, and the



Chart 4.9

## PROFIT OF THE BANCO DE ESPAÑA



SOURCE: Banco de España.

redistribution of monetary income among the national central banks of the Eurosystem generated by these operations).

The evolution of these earnings is shown in Chart 4.10.

As a whole, they represent a net profit of €4,188 million in 2022, a slight increase of €67 million over 2021.

In 2022 interest from the “Monetary policy portfolio” continued to be predominant, constituting the largest component (€6,559 million for the year as a whole).

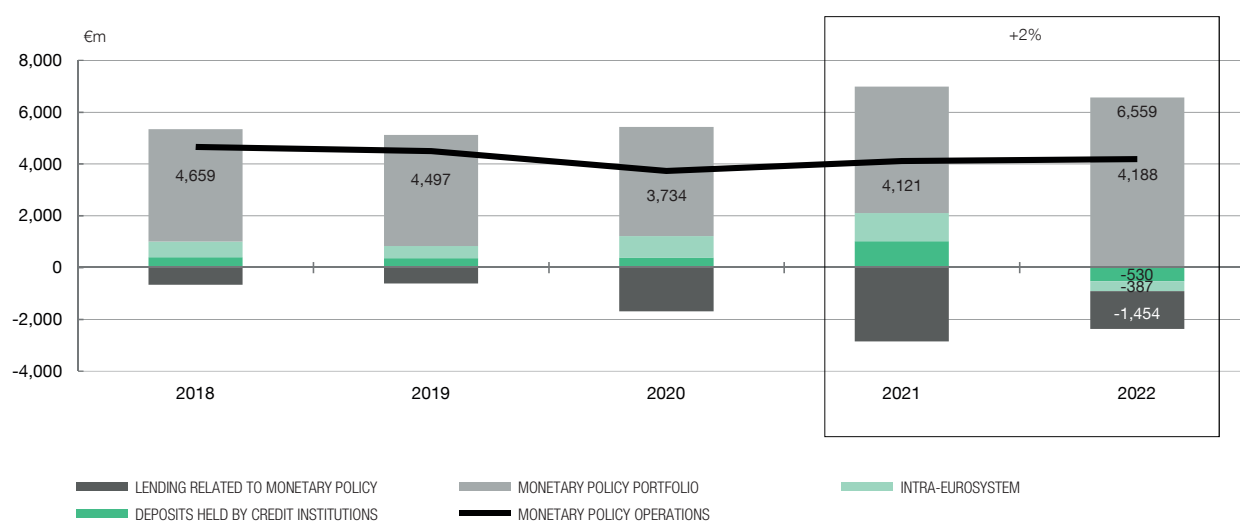
As regards “Monetary policy loans” (long-term loans granted to credit institutions), at end-2022 the Governing Council of the ECB agreed on an adjustment of their remuneration conditions to ensure consistency with the process of monetary policy normalisation. For the year as a whole, these loans generated interest expenses (€1,454 million), albeit significantly lower than in 2021.

The remuneration of “Deposits held by credit institutions” is directly linked to key rates and, therefore, the rapid increase therein from July 2022 resulted in the recording of interest expenses in 2022 (€530 million), as opposed to the income obtained in previous years.

“Intra-Eurosystem accounts” includes the remuneration of claim accounts (basically for the adjustment of banknotes to the allocation key) and liability accounts (basically for TARGET2 operations), as well as the redistribution of monetary income.

Chart 4.10

## RESULT OF MONETARY POLICY OPERATIONS



SOURCE: Banco de España.

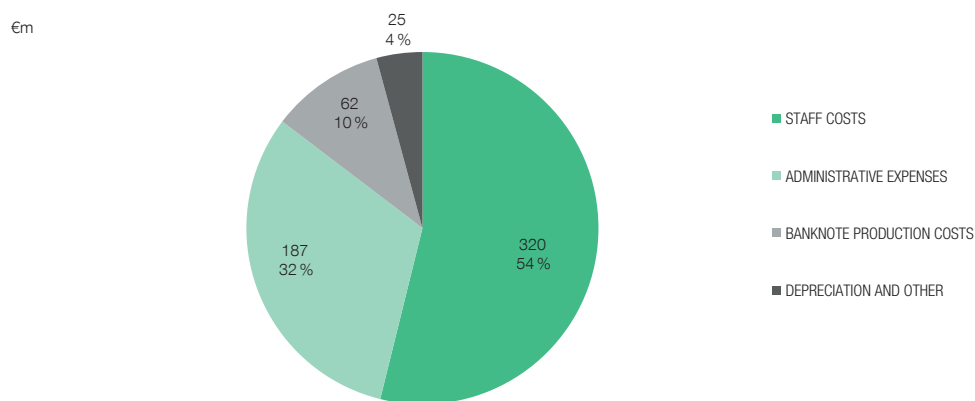
This redistribution refers to the mechanism put in place by the Eurosystem for the distribution of the income and expenses generated by all monetary policy assets and liabilities (specifically, those classified as income and risk-sharing), so that the total income and expenses obtained in the Eurosystem are distributed on an annual basis according to the respective ECB capital key, irrespective of the central bank that has them on its balance sheet. Intra-Eurosystem items as a whole resulted in a loss of €387 million.<sup>10</sup> This loss for the Banco de España basically reflects the fact that the net income generated by its monetary policy assets and liabilities was higher than that corresponding to it, according to its subscribed capital key, in the overall net income of the Eurosystem.

In addition to the profit or loss on monetary policy operations, the following items are of particular note in the composition and development of the profit and loss account.

Income from the **Bank's own investments** (net foreign currency assets and euro portfolio) amounted to €1,448 million, up on 2021 as a result of the higher returns thereon.

<sup>10</sup> The difference between the net income generated by the Banco de España's monetary policy assets and liabilities (€4,575 million) and that which actually corresponds to it according to its share in the overall net income generated in the Eurosystem (€4,003 million) involves the transfer of the excess from the Banco de España to the ECB (€572 million), this amount being partially offset by the Banco de España's share in the net interest paid by the ECB on its intra-system accounts (€185 million). The difference between these two amounts (€387 million = €572 - €185) corresponds to the net amount transferred by the Banco de España to the ECB during the period.

Chart 4.11

**OPERATING EXPENSES OF THE BANCO DE ESPAÑA IN 2022**

SOURCE: Banco de España.

The **amount of the provision for financial risks** is approved by the Executive Commission of the Banco de España on the basis of previously defined criteria. For 2022, this provision was €2,639 million.

The **operating expenses** incurred by the Banco de España to discharge its functions are recorded under “Total operating expenses”. This heading includes banknote production costs and depreciation of fixed assets (see Chart 4.11).



For more information on the balance sheet and profit and loss account, see the Annual Accounts of the Banco de España on the institution's [website](#).

**PROCESS OF PREPARING AND APPROVING THE ANNUAL ACCOUNTS OF THE BANCO DE ESPAÑA**

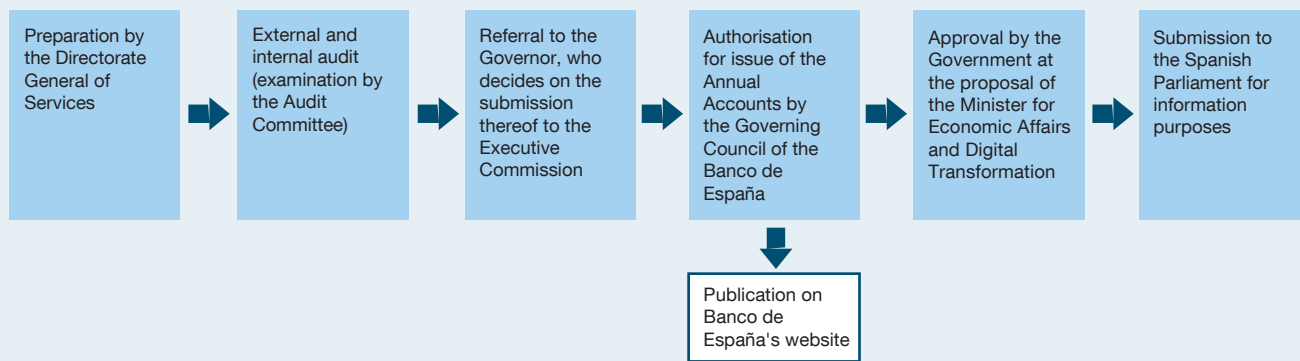
The Banco de España prepares the annual accounts, which, as established in Article 29.1 of its Internal Regulations, comprise the balance sheet, the profit and loss account and notes on the accounts. They also include a report by the external auditors and a report by the Bank’s Audit Committee. The accounting close coincides with the calendar year.

At year-end, the annual accounts are prepared by the Directorate General of Services, through the Procurement Department. The accounts are prepared in accordance with the internal accounting rules and principles of the Banco de España. These rules and principles are, in turn, based on the accounting rules established for the national central banks of the European System of Central Banks (ESCB), pursuant to Article 26.4 of the Statute of the ESCB, on the standardisation of accounting and reporting procedures for operations

undertaken by national central banks. In cases not covered by Eurosystem accounting rules, the Banco de España applies its own internal rules, based on generally applicable accounting principles, adapted to the special characteristics of the operations and functions of a central bank.

Once the annual accounts have been prepared, they are reviewed by the Internal Audit Department and analysed and examined by the Audit Committee appointed for this purpose by the Bank’s Governing Council. They are also audited by independent external auditors.

The Government, on the proposal of the Minister for Economic Affairs and Digital Transformation, is responsible for approving the Bank’s balance sheet and accounts for the financial year, which are then submitted to Parliament for its information.



SOURCE: Banco de España.

### 3 OPERATIONAL AND FINANCIAL RISK

In the pursuit of its activity the Banco de España is exposed to financial and operational risks. These may have a financial or reputational impact or may affect its ability to attain its objectives.

The Banco de España's risk management policy aims to maintain a low and predictable overall risk level, to preserve its reputation and solvency, without detriment to compliance with its statutory tasks under its Law of Autonomy or to the fulfilment of its objectives.

In 2022 the Bank's operational risk profile remained stable and even a slight improvement could be appreciated. The measures introduced in response to the pandemic and those stemming from the cybersecurity framework proved effective, thereby contributing to the stability of the profile. Of particular note is the progress of mitigation plans that contribute to the improvement of the control environment. The current context of great uncertainty has so far not been reflected in the risk review conducted, although it raises concerns about the possible effects on the internal and external root causes of the risks.

As regards financial risk, in 2022 the risk of both the own funds portfolio and the monetary policy portfolio remained stable in relative terms, while in absolute terms it continued to increase as a consequence of the asset purchase programmes. In parallel, provisions were recorded to increase the financial hedges in place to cover the risks assumed.

Lastly, the Banco de España's in-house credit assessment system (ICAS BE)<sup>11</sup> continued to facilitate the use of loans as collateral in monetary policy operations. This was particularly important during the COVID-19 crisis.

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<sup>11</sup> For more detail see Sergio Gavilá, Alfredo Maldonado and Antonio Marcelo. (2020). "The Banco de España in-house credit assessment system". Financial Stability Review, Issue 38, Banco de España

## ACRONYMS AND ABBREVIATIONS

|           |   |
|-----------|---|
| ABSPP     | Asset-backed Securities Purchase Programme                                    |
| AMCESFI   | Spanish macroprudential authority   |
| AML/CFT   | Anti-money laundering and countering the financing of terrorism               |
| APIE      | Spanish financial press association   |
| APP       | Asset purchase programme  |
| ATC       | Advisory Technical Committee  |
| BCBS      | Basel Committee on Banking Supervision  |
| BELab     | Banco de España's Data Laboratory   |
| BIBE      | Banco de España Monetary Offences Investigation Brigade                       |
| BIS       | Bank for International Settlements  |
| BRRD/SRMR | Bank Recovery and Resolution Directive/Single Resolution Mechanism Regulation |
| BSF       | Banco de España's Beneficent-Social Fund                                      |
| CBPP3     | Covered Bonds Purchase Programme  |
| CCR       | Central Credit Register of the Banco de España                                |
| CCyB      | Countercyclical capital buffer  |
| CEMFI     | Centro de Estudios Monetarios y Financieros                                   |
| CEMLA     | Centre for Latin American Monetary Studies                                    |
| CGP       | Code of Good Practices  |
| CMDI      | Crisis Management and Deposit Insurance                                       |
| CNMV      | Spanish National Securities Market Commission                                 |
| CPMLMO    | Commission for the Prevention of Money Laundering and Monetary Offences       |
| CRD       | Capital Requirements Directive  |
| CSD       | Customer service department   |
| CSPP      | Corporate Sector Purchase Programme   |
| CSRD      | Corporate Sustainability Reporting Directive                                  |
| DeFI      | Decentralised Finance   |
| DEHú      | E-mail enabled single point of notification                                   |
| DORA      | Digital Operational Resilience Act  |
| EBA       | European Banking Authority  |
| EBAE      | Banco de España Business Activity Survey                                      |
| EBU       | European Banking Union  |
| ECB       | European Central Bank   |
| ECMS      | Eurosystem Collateral Management System                                       |
| ECOFIN    | Economic and Financial Affairs Council  |
| EFC       | Economic and Financial Committee  |
| EFF       | Survey of Household Finances  |
| EFRAG     | European Financial Reporting Advisory Group                                   |
| EFSD/ESM  | European Financial Stability Facility / European Stability Mechanism          |
| EMIs      | Electronic money institutions   |
| EMU       | Economic and Monetary Union   |
| EPC       | Economic Policy Committee   |
| ERTEs     | Furlough schemes  |
| ESCB      | European System of Central Banks  |
| ESG       | Environmental, Social and Governance  |
| ESRB      | European Systemic Risk Board  |
| ESRS      | European Sustainability Reporting Standards                                   |
| EU        | European Union  |
| EUCLID    | European Centralised Infrastructure for Supervisory Data                      |
| FAQ       | Frequently Asked Questions  |
| FSB       | Financial Stability Board   |
| FSC       | Financial Stability Committee   |
| FSR       | Financial Stability Report  |
| G-SIB     | Global Systemically Important Banks   |
| G-SIIs    | Global systemically important institutions                                    |
| ICAS BE   | In-house credit assessment system   |
| ICO       | Official Credit Institute   |
| IFA       | International Financial Architecture  |

|           |   |
|-----------|---|
| IFRSs     | International Financial Reporting Standards   |
| IMBISA    | <i>Imprenta de Billetes, S.A.</i>   |
| IMF       | International Monetary Fund   |
| INE       | Spanish National Statistics Institute   |
| IRBE      | Internal Rules of the Banco de España (approved by the Banco de España Governing Council Resolution of 28 March 2000) |
| IRPH      | Mortgage loan reference index   |
| IRRBB     | Interest Rate Risk in the Banking Book  |
| IRT       | Internal Resolution Teams   |
| ISSB      | International Sustainability Standards Board  |
| ITS       | Implementing Technical Standards  |
| JST       | Joint Supervisory Teams   |
| LABE      | Law 13/1994 of 1 June 1994 of Autonomy of the Banco de España   |
| LOMLOE    | Organic Law 3/2020 of 29 December, amending Organic Law 2/2006 of 3 May, on Education                                 |
| LSI       | Less Significant Institutions   |
| MAPS      | Markets Activity Processing System  |
| MDBs      | Multilateral development banks  |
| MGSs      | Mutual guarantee societies  |
| MiCA      | European Commission's Regulation of Markets in Crypto-assets  |
| MREL      | Minimum requirement for own funds and eligible liabilities  |
| NAC       | National Analysis Centre  |
| NCAAs     | National competent authorities  |
| NFRD      | Non-Financial Reporting Directive   |
| NGFS      | Network for Greening the Financial System   |
| NRAs      | National Resolution Authorities   |
| OECD      | Organisation for Economic Co-operation and Development  |
| OMT       | Outright Monetary Transactions  |
| O-SIIs    | Other systemically important institutions   |
| PEF       | Financial Education Plan  |
| PEPP      | Pandemic Emergency Purchase Programme   |
| PEs       | Payment institutions  |
| PGE       | State and Social Security Budget  |
| PSPP      | Public Sector Purchase Programme  |
| R&D       | Research and development  |
| R4C       | Ready for Crisis  |
| REF       | Financial Stability Review  |
| RST       | Resilience and Sustainability Trust   |
| RTVE      | Spanish Radio and Television Corporation  |
| SDRs      | Special drawing rights  |
| Seplac    | Commission for the Prevention of Money Laundering and Monetary Offences   |
| SI        | Significant Institutions  |
| SLIs      | Specialised lending institutions  |
| SMEs      | Small and medium-sized enterprises  |
| SNCE      | National Electronic Clearing System   |
| SP        | Strategic Plan  |
| SRB       | Single Resolution Board   |
| SREP      | Supervisory Review and Examination Process  |
| SRM       | Single Resolution Mechanism   |
| SSM       | Single Supervisory Mechanism  |
| STMP      | Sistema de Tarjetas y Medios de Pago S.A.   |
| Suptech   | Supervisory Technology  |
| SVC       | Special Value Collection  |
| TARGET2   | Trans-European Automated Real-Time Gross Settlement Express Transfer System   |
| TCFD      | Task Force on Climate-Related Financial Disclosures   |
| TLTRO     | Targeted Longer-Term Refinancing Operations   |
| TLTRO-III | New Targeted Longer-Term Refinancing Operations   |
| TPI       | Transmission Protection Instrument  |
| TVE       | Spanish Television Corporation  |

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