

### 3 INSTITUTIONAL RESPONSIBILITY REPORT



The headquarters of the Banco de España are located in one of the most representative buildings of Spanish architecture in the 19th century. Above, photography exhibition of the building.

As a public institution, the Banco de España carries out different functions that help to achieve certain goals common to the public sector, including the development of society. This vision, which is inherent to public service in the sense of contributing to the promotion of social wellbeing, has also been indirectly adopted by different private operators which under the concept of “corporate social responsibility” decide to make a voluntary contribution to society for the benefit not only of their customers or employees, but of the general public as a whole.

Our institution has ample experience in exercising institutional responsibility. This experience has become well established over time but also provides the flexibility required to allow for the adaptation to changes in the structure and dynamics of society.

Thus, the Bank has been carrying out different actions in the field of financial education or literacy, as it is considered that fulfilling this mission is useful for citizens to have a more informed and rational relationship with the banking system. For this reason, these activities have increased substantially, especially from the onset of the economic and financial crisis, as have other activities relating to aid granted by the Banco de España for economic research, the latter being necessary to contribute to the analytical skills and knowledge any efficient society should have.

The Bank also has a strong tradition in specific patronage tasks relating to cultural and social activities to help maintain and foster certain actions performed by public or private institutions of reference which clearly benefit society. The Bank also fosters the maintenance and improvement of its undeniable cultural and artistic heritage, as a key reference to its past, present and future.

This chapter summarises some of the actions performed in the field of institutional responsibility from this perspective.

## 3.1 FINANCIAL EDUCATION

The Banco de España's website has several portals on financial education and other specific portals for bank customers.

As mentioned earlier, the Banco de España fosters different initiatives in the field of financial education and includes on its website several options available to third parties offering several portals designed for such purpose. Some of these include the *Portal del Cliente Bancario* (Bank Customer Portal), the *Portal Educativo* (Education Portal) and the portal called *Finanzas para todos* (Finance for all).

These portals aim to fulfil the educational and information needs of citizens, particularly of individuals who customarily have dealings with any of the institutions in the financial system or who hold products offered by them. Noteworthy among these portals is the Bank Customer Portal, which was visited in 2016 by more than 3.6 million people who were interested in learning about the issues it addresses.

The Financial Education Plan is being developed by the Banco de España, the Spanish National Securities Market Commission (CNMV) and the Ministry for Economic Affairs, Industry and Competitiveness.

As regards a specific field of activity, the Financial Education Plan ("the Plan"), designed and executed in conjunction with the CNMV and the Ministry of Economic Affairs, Industry and Competitiveness, is also being implemented. Although the Plan is conceived in a uniform manner, it permits acting under different operational frameworks, and 29 collaborating agencies – all from different sectors of society – have already adhered to it. Within the Plan's framework we highlight that a national survey is currently being conducted using a broad sample of individuals and households (approximately 21,000) which aims to obtain more in-depth and detailed information on their financial knowledge and habits.



The winners of the "Finance for all" school prize visit the Madrid stock exchange.



"Finance for all" is a portal that helps with the management of household finances.

Also, different actions have been taken to enhance the dissemination of the "finanzasparatodos.es" website, which received nearly 1.6 million visits in 2016, with almost 2.9 million pages seen. Likewise, in view of the increasing importance of social networks as a communication framework for society, the Plan's presence in them is being bolstered to enhance awareness of it.

More than 25,000 students and 300 schools participate in the Financial Education Programme, currently in progress.

In this connection, it should be noted that the results of, for instance, the Financial Education Programme, which is being implemented within the framework of the Plan, are clearly positive. More than 25,000 students and approximately 300 educational centres participated in the programme in 2016. In line with this action, the schools that participated in the Programme during the period 2014-2015 are currently being assessed to try to identify areas of improvement.

The Financial Education Day was hosted on October 3 for the second consecutive year. In addition to other initiatives fostered by the Plan's collaborators which focused on the Plan's presence in national media, the first edition of the "Finance for All" prize for the best financial education initiative in Spain was awarded at this event, as were the 4th Financial Education Programme prizes.

The Banco de España's Central Bank and Supervision Programme is based on the belief that the proper functioning of a central bank and a supervisory authority requires that citizens value the importance of price stability and of financial and payment systems for a modern and democratic society. The purpose of the Programme, therefore, is to promote awareness of the Eurosystem and the SSM to enable students to become familiar with the mission of a central bank and a supervisory authority before they reach university.

Some of the initiatives of the Central Bank and Supervision Programme include most notably: the “Generation Euro” competition, where upper-level secondary and middle-level vocational training students propose a decision on interest rates to be adopted days later by the ECB’s Governing Council; and events for teachers that are organised in the Banco de España’s branches to introduce them to the SSM, providing them with support for their teaching activities.



The Banco de España's Educational Portal.



Fifth edition of the “Generation Euro” competition: the winning team and the two finalist teams, on the imperial staircase.

## 3.2 RESEARCH GRANTS AND SCHOLARSHIPS

As a centre fostering economic research and internships, the Banco de España periodically organises programmes to encourage the presence and participation of researchers at the Bank. These programmes are publicised in detail on its website.

Different grants for economic research have been awarded and the participation of researchers is encouraged.

As regards the Banco de España's Research Plan, over the course of 2016 the Executive Commission selected a total of five research projects on economics for their quality, interest and complementarity and hired five researchers for periods ranging from three to six months who were assigned to the Directorate General Economy, Statistics and Research and the Associate Directorate General International Affairs.

Additionally, six international PhD researchers were hired for an initial estimated period of two years, to conduct research projects relating to priority lines of analysis of the Bank's different directorates general. One additional internship position for research assistants was also created.

The Banco de España provides scholarships for further studies and master's degrees. It also has an Excellence in Education and Research Programme.

In 2016 the Banco de España granted five scholarships for further studies abroad and official master's degrees in Spain during the 2016-2017 academic year. The granting of five additional scholarships for further studies during the 2017-2018 academic year was also approved. These are aimed at university graduates and students in the final year of their degree.

Also, the Banco de España promotes its Excellence in Education and Research Programme directed at Spanish universities and think tanks, which promotes excellence in teaching and research in macroeconomics, monetary policy, finance, supervision of the financial system and international economics. In 2016 eight grants were awarded within the framework of this programme for the 2016-2017 academic year. Of the research projects selected, six focused on macroeconomics and monetary, financial and banking economics, and the other two on economic history.

The Banco de España contributes a maximum of €25,000 per research project. Also, an additional amount of €5,000 is awarded for publishing the results of the project in an academic journal of international renown.

### 3.3 INTERNATIONAL COOPERATION

The Banco de España engages in international cooperation activities with different international organisations, especially in Latin America.

In addition to the Banco de España's close links to the IMF, the World Bank and the Bank for International Settlements (BIS), it also forges agreements and/or strong ties with other institutions, mainly Latin American, including most notably the cooperation agreement in place with the Center for Latin American Monetary Studies (CEMLA) and the cooperation with the Association of Supervisors of Banks of the Americas (ASBA), the Latin American Reserve Fund (LRF), the Central American Monetary Council (CMC) and the Ibero-American Institute of Securities Markets (IIMV).

Indeed, in line with the strategic plan designed for Banco de España's international cooperation, the International Non-Regulatory Cooperation Agreement with CEMLA was entered into in Madrid on November 26, 2016. This agreement is a continuation of that entered into in 2012 and it includes the terms of the fruitful relationship which commenced in 1965, on this occasion indefinitely. The first outcome of this agreement was the drawing up of the Technical Assistance Programme to strengthen the accounting regulatory framework in Latin America.

Additionally, in December 2016 the International Non-Regulatory Cooperation Agreement was entered into with Bank Al-Maghrib, Morocco's central bank, addressing in a more formal and stable manner the cooperation framework between the two institutions.

Fifteen seminars on central banking and banking supervision issues were organised in 2016.

As regards regular cooperation activities, fifteen seminars were organised in 2016, five of which took place in Latin American headquarters. In addition to the traditional ones (Payment Systems, Course on Cash Management and International Central Banking Seminar) new seminars have been organised on governance and transparency, such as that on Corporate Governance Control and Suitability of Senior Officers at Central Banks, the Seminar on Governance and Central Banking and the Seminar on Management of Central Banks' Documentation, Historical Records and other Components of their Institutional Heritage. More related to the statistical-economic sphere, a new Seminar on Conjunctural Indicators was held. The Banco de España also hosted the XII Meeting of Monetary Policy Managers at its Madrid headquarters.

There were also more than sixty visits to Spain and missions abroad, maintaining a high level of cooperation through the enquiries received and responded. Other events and conferences were held in collaboration with the World Bank and the IMF.

Finally, as a member of the working group created in the ECB's International Relations Committee (ICR), the Banco de España, together with five other central banks and the ECB, will form part of the team that will redefine and develop the values and good practices of more efficient international cooperation, considering the challenges which changes in financial, technological and human resources entail.



Signing of the International Non-Regulatory Cooperation Agreement with Bank Al-Maghrib. Executive Commission room.



International Seminar on Central Banking. Europe Room.

### 3.4 BENEFICENT SOCIAL AND CULTURAL FUND

The Banco de España has a Beneficent Social Fund.

The Beneficent Social Fund (BSF) was created under Law 192/1964 of 24 December 1964 on the allocation of the Banco de España's annual profit, which provides that the Bank may allocate certain amounts to the BSF after deducting overhead costs and administrative and financial expenses from its gross profit.

Under the related regulations implementing the aforementioned law, the provision to the Banco de España's BSF may not exceed 1% of the Bank's net profit for each year. Contributions made with a charge to the BSF must be used for intellectual, cultural or social purposes, including most notably for economic research, financial education, social and humanitarian, and cultural, purposes.

In 2016 contributions were made to educational and cultural activities, social and humanitarian assistance and scientific and analytical collaborative projects.

Against this backdrop, over the course of 2016, the Executive Commission authorised the recording of financial assistance with a charge to the BSF for a total amount of €2,286,207.25. Such assistance is granted within the framework of different fields of action, such as: educational and cultural activities, social and humanitarian assistance, and academic and professional collaborations.

The Transparency Portal of the Banco de España includes information on the contributions authorised with a charge to the BSF, indicating the overall amount authorised by category. Some of the most significant subsidies authorised in 2016 are the following:

- Assistance classified under the “Educational and cultural activities” category, including most notably scholarships for further studies; contributions for the fulfilment of the founding purposes of Fundación Princesa de Asturias, Fundación Reina Sofía, Fundación Carolina and Fundación Isaac Albéniz; contributions for fulfilment of the goals of the Spanish Economic Association, and of the activities of the economic research chair “Banco de España – Enrique Fuentes Quintana” or sponsorship of the Teatro Real's social programme.
- Assistance classed as “social and humanitarian aid”, including for the Spanish Cancer Association and the Spanish Red Cross; aid which aims to meet the founding purposes of the Food Banks and the Foundation for Aid against Drug Addiction or to comply with the Spanish National Plan on Drugs; or contributions to the relief activities conducted by Caritas Spain, the Betesda Foundation or the Association of Retirees.



From left to right: Spanish Red Cross Volunteers congress, Spanish Cancer Association and a team from the NGO Médicos del Mundo (Doctors of the World).



The Banco de España has entered into collaboration agreements with the Museo del Prado and the Museo Nacional Centro de Arte Reina Sofía.

- Various “academic and professional collaborations” in programmes or events relating to economic or financial matters.

The Banco de España collaborates with the Museo del Prado and the Museo Nacional Centro de Arte Reina Sofía.

Finally, the Banco de España has entered into collaboration agreements with two national museums, the Museo del Prado and the Museo Nacional Centro de Arte Reina Sofía, which have made it possible to establish a fluid communication and advisory channel for different issues relating to the dissemination and preservation of the Bank’s artistic heritage, facilitating diverse actions or opinions of a scientific nature and on the state of conservation in connection with different acquisition proposals, recommendations by restoration specialists, etc.

### 3.5 ARTISTIC, HISTORICAL AND BIBLIOGRAPHIC HERITAGE

The Banco de España's heritage can be divided into three broad categories which are described below and share a common feature, that of forming part of a historical, artistic and cultural heritage which dates back to the institution's origins, with the foundation of the Banco de San Carlos in 1782. The conservation, maintenance and restoration of this heritage is one of the main areas of institutional action, as are the initiatives undertaken to facilitate access to our cultural heritage to a larger number of people. The development of new technologies and the dissemination of all this information on our website undoubtedly contributes to this goal.

#### 3.5.1 Artistic heritage

Thirteen works of art from the Bank's collection were loaned in 2016.

In 2016, the Banco de España processed a total of 13 loans for works of art. The presence of the Banco de España's cultural heritage in other fora has contributed to the dissemination of its art collection and built new institutional ties. Works have been loaned to the following museums: the Gemäldegalerie in Berlin, the Kunsthalle in Munich, the Württembergischer Kunstverein in Stuttgart, the Museo del Prado, the Museo de la Real Casa de la Moneda (Spanish Royal Mint), Centro José Guerrero and the Museo Arqueológico Nacional (National Archaeological Museum).

Several works of art have been restored and a Plan for Preventive Conservation has been implemented.

In 2016 the Banco de España partially restored a number of paintings, including works by Francisco de Goya, Juan van der Hamen, José Villegas Cordero and José Gutiérrez de la Vega, or sculptures by Pello Irazu or Francisco Leiro. In addition, the conference hall of the Banco de España was completely refurbished and many of its tapestries restored, together with unique items of Bank furniture.



"La Pomona", by Juan van der Hammen, at the exhibition titled *El Siglo de Oro. Die Ära Velázquez*. Loaned to the Kunsthalle in Munich.

In 2016, the National Plan for Preventive Conservation was implemented for the first time. It affects around one thousand paintings, sculptures and photographs, and will lead to the drafting of the Master Plan for Preventive Conservation and Restoration of the Banco de España.

Twelve works of art (paintings, photographs and prints) were purchased in auctions, art galleries and at international events, under the acquisition criteria established in the Bank's internal regulations, such as the completion of historical sets of works of art, broadening the institution's identity which is grounded in the Bank's traditional collection, accepting that artistic processes evolve over time, and contributing in an ongoing manner to the development of institutional collections in Spain.

In particular, pieces of art were acquired to complete the Bank's collections representing certain prominent periods and artists, as well as prints enriching the Bank's outstanding cartography and topography collection and, lastly, works of art by young artists reflecting the Banco de España's goal of promoting emerging artists in its collection, from its very beginnings.

### 3.5.2 *Historical Archive and numismatic collection*

The various actions carried out in 2016 affecting the Historical Archive and the numismatic collection of the Banco de España can be divided into four areas: automation, treatment, conservation, and dissemination of its documentary heritage.

With respect to the first of these areas, in 2016 a new database was created, essential for modernising the way information is organised in the Historical Archive, enhancing the dissemination of archive material and improving access for researchers.

A recovery project was developed for the Bank's collection of more than 6,700 photographs.

Treatment actions in 2016 included a recovery project for the Banco de España's photographic collection, which entailed cataloguing more than 6,700 photographs, thus helping to improve our knowledge of the institution's history.

Also in 2016, various document conservation actions were carried out, including the cleaning and identification of damage suffered by 7,200 historical books from the period running from 1700 to 1962, and the restoration of a number of unique documents, architectural plans or minutes of the Board.



Cleaning of the General Ledgers in the Historical Archive.



Sample of original banknotes from the numismatic collection of the Banco de España.

The Banco de España has taken part in exhibitions in the National Library and the National Archaeological Museum.

As regards dissemination actions, the Historical Archive participated in two temporary external exhibitions by means of document loans, namely, “Ceán Bermúdez (1749-1829). Historiador y Coleccionista de Arte” (Ceán Bermúdez 1749-1829, historian and art collector), organised by the Spanish National Library, and “Carlos III: Proyección exterior y artística de un reinado ilustrado” (Charles III: The external image and artistic impact of an enlightened reign), organised by the National Archaeological Museum. Also, in the anteroom of the Conference Hall in Banco de España’s main headquarters, 59 original banknotes from its numismatic collection were displayed in a thematic exhibition titled “El Papel de la Peseta, 1874-1992” (The role of the peseta, 1874-1992).

With respect to the recovery of cultural heritage, in 2016 the Banco de España led the project for the recovery of the historical archives of Spanish banks, inviting archive professionals from banks and savings banks with historical documentation to participate. The project is having a huge impact on the location and recovery of the historical archives of institutions that no longer exist and has strengthened professional institutional relations between banks.

### 3.5.3 Bibliographic heritage

In 2016, the Library organised an exhibition titled “Los dineros de Cervantes”.

To commemorate the IV centenary of the death of Cervantes, the Library of the Banco de España organised a bibliographic exhibition titled “Los dineros de Cervantes» (Economic issues and Cervantes). The Library’s move towards the use of electronic formats was strengthened in 2016. Of the total number of monographic publications purchased during the year, 23% were in e-book format.

Also, work began on the digitalisation of the Special Value Collection. A total of 1,454 volumes were digitalised, including all the Reports of the Banco Español de San Fernando (1830-1856) and the Banco de España (1856-1960).



After a series of restoration processes, the digitalisation of the Special Value Collection commenced in 2016.

### 3.6 OTHER ACTIONS

The Banco de España's procurement policy gives priority to environmental protection.

In the sphere of environmental protection, the Banco de España generally requires firms participating in tender procedures that are subject to environmental contingencies to provide evidence of compliance with certain related management rules and that they submit the certificates required under the applicable regulations, establishing for this purpose specific contractual clauses.

These requirements are part of a set of environmental prevention and management measures, notably including those relating to monitoring paper consumption and recycling, selective waste removal and management, monitoring energy and water consumption, measurement of CO<sub>2</sub>, energy efficiency measures for buildings and promoting the use of renewable energies and cogeneration.

Also, the efficiency of energy control measures has become the object of periodic energy audits to assess energy consumption and efficiency of buildings and to propose energy-efficiency enhancement measures.

Our institution also has a computer equipment donation programme in place. In 2005 the Banco de España implemented a PC and laptop donation programme whereby it donates equipment (in perfect working order and fully depreciated) to different non-profit institutions, such as schools and NGOs, that request them. This programme facilitates the adequate use of the Bank's resources while helping to implement new technologies across all educational stages and among disadvantaged groups.

676 computers have been donated to non-profit institutions.

Under this programme, in 2016 the Banco de España donated 676 computers to non-profit institutions. Of these, 98% were primary and secondary schools and universities, while around 2% related to a foundation dedicated to the protection of persons with disabilities.

Mention should also be made of other initiatives carried out in 2016 in which the Bank's employees played a significant role. One of these was the contribution of funds to help refugees mainly from the Middle East and Afghanistan to settle in Spain, in compliance with the related EU agreements. The amount contributed by the employees was matched by the Banco de España, which used the BSF for this purpose. The funds raised were delivered to prominent non-profit institutions in this field to be used to provide healthcare and social assistance to refugees.

Finally, through the Sports and Cultural Club of Banco de España Employees, staff members participated in and carried out different sports activities, such as events and competitions, and cultural activities, particularly related to music and the theatre, which are amply supported by the employees.