

APPEARANCE BY THE GOVERNOR OF THE BANCO DE ESPAÑA BEFORE THE PARLIAMENTARY AUDIT COMMITTEE ON DEMOCRATIC QUALITY, THE FIGHT AGAINST CORRUPTION AND INSTITUTIONAL AND LEGAL REFORMS

The Governor began his appearance before Parliament by reviewing **the rationale behind the independence of economic authorities and supervisors**. He emphasised that independent authorities and supervisors provide greater legal certainty and are more effective when fulfilling their mandates, compared to other alternative institutional designs.

Next, the Governor mentioned **the elements that determine the formal independence of an institution**, and their materialisation in the case of the Banco de España. In particular, he pointed out that the independence of the Bank (legally guaranteed under its 1994 Law of Autonomy, the TFEU, the Statutes of the ESCB and the SSM Regulation) is fully recognised from an **institutional, legal, functional, staffing and financial** standpoint.

The Governor also stressed that independence is a necessary, but insufficient, condition for the sound performance of independent bodies. On this basis, he explained that the Banco de España, as a necessary complement to its independence, is fully committed to the principles of transparency and accountability to society and its representatives.

The Governor then pointed out some possible channels for strengthening the independence of the Banco de España, in areas such as: i) the appointment of the Governor and other members of the governing bodies; ii) the term of office of the members of the decision-making bodies; iii) the resolutions of the Banco de España in the supervisory sphere, so that they bring administrative proceedings to an end; and iv) the attendance rules for the two ex officio council members.

In addition, the Governor reflected on new institutional schemes based on the principle of separating prudential and conduct supervision, as a key element of a future

debate on improving the financial supervisory model in Spain. He also advocated uniting functions relating to the resolution of credit institutions under the banking supervision authority (the Banco de España), in line with the existing framework in other European countries.

The Governor concluded his address by referring to the institution's control mechanisms and transparency standards, and to certain aspects related to its governance. In relation to these issues, he noted the advisability of reinforcing the accountability mechanism with more regular appearances by the Governor before Parliament; he mentioned the objective of improving the quality of our statistics and publications, along with their clarity and accessibility, bringing them within reach of the broadest possible audience; and he expressed the Banco de España's commitment to continue to foster the collegiate functioning of its governing bodies and to strengthen the functioning of its committees and commissions.



Appearance by the Governor of the Banco de España, Pablo Hernández de Cos, before the Parliamentary Audit Committee on Democratic Quality, the Fight against Corruption, and Institutional and Legal Reforms.