

INSTITUTIONAL REPORT

2021

BANCO DE **ESPAÑA**
Eurosistema



INSTITUTIONAL REPORT 2021

1

FUNCTIONS, ORGANISATION AND TRANSPARENCY

- 1 Main functions of the Banco de España** 22
- 2 Strategic Plan 2024** 26
 - 2.1 Overview of the Strategic Plan 2024 26
 - 2.2 Headway on the Strategic Plan 2024 in 2021 28
 - 2.3 Evaluation programme to assess the Banco de España's actions 31
- 3 Governing bodies of the Banco de España** 32
 - 3.1 Governing bodies 32
 - 3.2 Banco de España senior officers 34
 - 3.3 Committees 36
- 4 Structure and organisation** 38
 - 4.1 Organisation chart and structure of the Banco de España 38
 - 4.2 Head offices and branches 41
 - 4.3 Staff composition and internal administration 42
 - 4.4 Special purpose entities 46
- 5 Publications** 49
 - 5.1 Reports and other annual publications 49
 - 5.2 Other periodic publications 50
 - 5.3 Other non-periodic publications 51
- 6 Transparency and accountability** 52
 - 6.1 Transparency Portal 52
 - 6.2 Parliamentary appearances 54
 - 6.3 Other public speeches 56
- 7 Services to the general public: on-site and remote** 57
 - 7.1 The Banco de España website and portals 57
 - 7.2 Virtual Office and other services 57

2

ACTIVITY REPORT

- 1 Economic analysis, research and statistics** 66
 - 1.1 Economic analysis and research 66
 - 1.2 Statistics 73
- 2 Monetary policy implementation, asset and financial risk management, and payment systems** 78
 - 2.1 Monetary policy implementation 78
 - 2.2 Asset and financial risk management 83
 - 2.3 Payment systems and market infrastructures 84
- 3 Banknotes and coins** 87
 - 3.1 Banknote and coin management 87
 - 3.2 Cash and other means of payment 91
 - 3.3 Combating banknote and coin counterfeiting 96
- 4 Supervision of financial institutions** 99
 - 4.1 Prudential supervision 99
 - 4.2 Supervision of institutions' conduct 104
 - 4.3 Oversight and supervision of market infrastructures 106
 - 4.4 Sanctioning activity 107
- 5 Financial stability and preventive resolution** 110
 - 5.1 Macroprudential policy 110
 - 5.2 Preventive resolution 112
 - 5.3 Financial reporting and reporting to the Central Credit Register 113
- 6 Complaints and enquiries received from bank customers** 116
- 7 Financial education** 121
 - 7.1 Promoting financial education 121
 - 7.2 The Banco de España's financial education initiatives 121
- 8 Environmental sustainability** 129
 - 8.1 Main regulatory developments 129
 - 8.2 Sustainability at the Banco de España 132

2

ACTIVITY REPORT (cont'd)

- 9 Activities of the Banco de España as a member of the Eurosystem and other international organisations** 136
 - 9.1 The Eurosystem and other European Union institutions 136
 - 9.2 European Banking Authority 138
 - 9.3 European Systemic Risk Board 140
 - 9.4 Single Resolution Board 141
 - 9.5 The Financial Stability Board, the Basel Committee on Banking Supervision and the Bank for International Settlements 142
 - 9.6 The International Monetary Fund and the G20 144
- 10 International cooperation** 147
- 11 Regulatory changes** 149

3

INSTITUTIONAL SOCIAL RESPONSIBILITY

- 1 Art collection** 153
- 2 Temporary exhibition: “2328 reales de vellón. Goya and the origins of the Banco de España’s art collection”** 156
- 3 Historical archive** 163
- 4 Bibliographic heritage** 165
- 5 Research grants** 169
- 6 Beneficent-social and cultural fund** 170
- 7 The artistic, historical and bibliographic heritage of the Banco de España in its Institutional Reports** 171

4

FINANCIAL INFORMATION OF THE BANCO DE ESPAÑA

- 1 Balance sheet** 176
 - 1.1 Assets 178
 - 1.2 Liabilities 181
- 2 Financial resources** 184
- 3 Profit and loss account** 186
- 4 Operational and financial risk** 189

-
- Acronyms and abbreviations 190
 - List of photographs 192
 - Banco de España publications 194

INDEX OF TABLES

- 1.1 Most viewed procedures and contents in 2021 59
- 2.1 Credit institutions with an establishment in Spain 101
- 2.2 Institutions with an establishment in Spain other than credit institutions 102

INDEX OF CHARTS

- 1.1 Staff composition (2012-2021) 44
- 1.2 Staff composition, by professional group 45
- 1.3 Staff composition, by gender 45
- 1.4 Registers, incoming 60
- 1.5 Registers, outgoing 60

- 2.1 The Eurosystem's balance sheet 78
- 2.2 Use of collateral with the Eurosystem 80
- 2.3 Monthly purchases, by programme (APP and PEPP) 81
- 2.4 Cumulative purchases under the APP and the PEPP 82
- 2.5 Euro banknotes 88
- 2.6 Net banknote issuance by the Banco de España. Time series and breakdown by denomination in 2021 89
- 2.7 Coins delivered and collected by the Banco de España 90
- 2.8 Net coin issuance by the Banco de España. Time series and breakdown by denomination in 2021 90
- 2.9 Counterfeit banknotes withdrawn from circulation in Spain. Time series (2016-2021) and breakdown by denomination in 2021 97
- 2.10 Counterfeit euro coins withdrawn from circulation in Spain. Time series (2016-2021) and breakdown by denomination in 2021 98
- 2.11 Conduct-related supervisory actions in 2021, by type 104
- 2.12 Complaints filed in the last ten years 118
- 2.13 Types of complaints 118
- 2.14 Most frequent types of complaint in the last two years 119
- 2.15 Written enquiries and telephone enquiries received in 2021 119

- 4.1 Balance sheet of the Banco de España 178
- 4.2 Securities held for monetary policy purposes 179
- 4.3 Lending to credit institutions related to monetary policy operations 180
- 4.4 Breakdown of claims denominated in foreign currency, by currency and by type of instrument, as at 31.12.2021 181

INDEX OF CHARTS

- 4.5 Monetary policy and TARGET2 balance 182
- 4.6 Deposits held by credit institutions 183
- 4.7 Financial resources (excluding profit) 184
- 4.8 Revaluation accounts 185
- 4.9 Profit of the Banco de España 186
- 4.10 Net interest income of the Banco de España 187
- 4.11 Operating expenses of the Banco de España in 2021 188

INDEX OF SCHEMAS

- 1.1 Main functions of the Banco de España 25
- 1.2 Governing bodies of the Banco de España 32
- 1.3 Banco de España senior officers 35
- 1.4 Audit Committee and Steering Committee of the Banco de España 36
- 1.5 Internal committees of the Banco de España 37
- 1.6 Organisation chart of the Banco de España 38
- 1.7 Functions of the Directorates General and General Secretariat 39
- 1.8 Banco de España Portals 58

- 2.1 Developments in the Banco de España's statistical activities in 2021 74
- 2.2 New challenges for the Banco de España's statistical activity 77
- 2.3 Main types of institutions supervised by the Banco de España 103
- 2.4 The Banco de España's presence on European Union bodies 138
- 2.5 Main legislative developments in 2021 149

- 3.1 The artistic, historical and bibliographic heritage of the Banco de España in different editions of the *Institutional Report* 171

- 4.1 Simplified balance sheet of the Banco de España as at 31.12.2021 177

INDEX OF FIGURES

- 1.1 The ESCB and the Eurosystem 23
- 1.2 Strategic Plan 2024 27
- 1.3 Headway on the Strategic Plan 2024 in 2021 29
- 1.4 Branch offices of the Banco de España 43
- 1.5 Key annual publications 49
- 1.6 Other periodic publications 50
- 1.7 The most downloaded Occasional Papers, Working Papers and Analytical Articles in 2021 51
- 1.8 Transparency: a quality inherent to the Banco de España's culture 53

- 2.1 Publications relating to economic analysis and financial stability 67

INDEX OF BOXES

- 1.1 Legislation regulating the Banco de España 24
- 1.2 Visit by H.M. King Felipe VI 33
- 1.3 Imprenta de Billetes, SA 47
- 1.4 CEMFI 48
- 1.5 The Banco de España's compliance with the Transparency Law 54
- 1.6 The Governor's parliamentary appearances 55
- 1.7 Other public appearances by the Governor 56
- 1.8 Public appearances by the Deputy Governor 56

- 2.1 The digital euro: launch of the investigation project 85
- 2.2 Results of the annual cash survey 92
- 2.3 Exchanging pesetas for euro 95
- 2.4 Reporting possible infringements of the organisational and disciplinary rules and regulations 109
- 2.5 Central Credit Register data in BELab 114
- 2.6 Resolution of complaints and enquiries: 35 years of public service 117
- 2.7 Signing of the agreement on the Financial Education Plan 2022-2025. Key developments 122

- 3.1 Ceán Bermúdez: the Banco Nacional de San Carlos employee who paved the way for the art collection 158
- 3.2 Banco Nacional de San Carlos and public works 159
- 3.3 Portrait of King Ferdinand VII 160
- 3.4 The banknotes of Banco Nacional de San Carlos 161
- 3.5 Banco Nacional de San Carlos shares 162
- 3.6 The Institutional Repository: preserving and disseminating the Bank's bibliographic heritage 168

Foreword by the Governor Pablo Hernández de Cos



As I have already had the opportunity of highlighting on a number of occasions, transparency and accountability are basic principles governing the functioning of the Banco de España as a public institution, central bank and national banking supervisor. The trustworthiness and credibility of independent public authorities stem, among other things, from the exercise of these principles, which also form part of the values defined in our Strategic Plan 2024.

The commitment 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. This report's digital format, with its many references to other Banco de España articles and publications, has also proved to be an appropriate channel for readers to learn in more detail about our organisation and the wealth of activities carried out in the preceding year.

In 2021, following the strong declines observed in 2020 as a consequence of the pandemic, the global economy embarked on a path of recovery, whose pace, however, was uneven across different sectors, geographical areas and population groups. In addition, the strength of the recovery was subject to a high degree of uncertainty arising from the course of the pandemic itself, the extent of the scarring that the crisis may have caused to employment or the productive system, the global supply chain disruptions and inflation surprises, among other aspects.

In step with economic developments, the Bank published various specific studies in the year to complement the periodic publications that provide analyses and projections about the economy or financial stability, such as the *Annual Report*, the *Economic Bulletin* or the *Financial Stability Report*. These specific studies focused on the Bank's analysis and research priorities and addressed significant issues such as the medium and long-term implications of the pandemic crisis, the economic and financial consequences of climate change, the impact of Next Generation EU or the digital euro, among others.

Supervisory activity in 2021 was affected by the impact the pandemic had on banking sector operations. Thus, prudential supervision actions centred on important aspects

such as appropriate risk management by banks, the soundness of their capital positions, the sustainability of their business models as regards the sector's digital transformation process or the improvement of banks' governance. Numerous activities were also carried out in the framework of the supervision of institutions' conduct, in such diverse areas as consumer credit, real estate credit, the marketing of banking products through digital channels or the advertising of banking products and services. Lastly, a number of actions were performed relating to the supervision and oversight of market infrastructures, essential for the proper functioning of the financial system.

With the aim of improving our internal organisation and incorporating various measures to enable us to enhance our effectiveness, the Strategic Plan promoted the creation of an evaluation programme and its governance framework. During 2021, as part of this evaluation programme, a self-assessment exercise was performed by the Governing Council, aimed at jointly defining possible improvements and practices, which has resulted in a plan that will be reviewed and monitored. An external evaluation of the dissemination and publication of the Banco de España's economic and financial reports was also carried out. This evaluation was undertaken by three independent experts who were tasked with making recommendations for improvement.

To help advance the modernisation and digital transformation of our institution, major steps were taken in 2021 for the deployment of new robots to automate tasks, and a new cyber security framework was created to address the new cyber risks.

Also, to achieve our goal of being a leading central bank, we enhanced the availability of information for research by incorporating new databases into the Banco de España's Data Laboratory (BELab). New options were made available for researchers (for example, the opening of a data room at the Barcelona branch office) and collaboration with other government agencies for joint access to information was encouraged.

Other areas of activity in which our institution has proactively promoted a number of initiatives include environmental sustainability and financial education. Regarding the former, through internal initiatives (such as establishing a corporate sustainability policy) and also by looking at the potential impact of climate-related risks on financial

stability or economic growth. In the area of financial education, in addition to signing a new cooperation agreement for the Financial Education Plan, numerous activities were carried out targeted at the education community or banking product users and consumers.

I would also like to highlight the impetus the Bank gave in 2021 to activities in the context of institutional social responsibility and patronage, notably making our artistic heritage more accessible to the general public. A permanent exhibition space has been opened in the Cibeles building, the Bank's central offices in Madrid. This new exhibition gallery will allow for a variety of selected items from our artistic and documentary heritage and our bibliographic and numismatic collections to be displayed as part of a permanent exhibition programme. The inaugural exhibition "*2328 reales de vellón. Goya and the origins of the Banco de España's art collection*", was extremely well received by the general public.

None of this, or any of the other data and information found throughout this report, would have been possible without the valuable work of our employees, who have continued to accomplish the day-to-day tasks entrusted to them with their customary high level of efficiency and responsibility.

Although this report focuses mainly on 2021, I would also like to highlight a few more recent developments which will affect the way we work and the service we provide to society.

First, at the end of April 2022, the Governing Council approved the restructuring of the Banco de España's internal organisation with the creation of the new Directorate General Financial Conduct and Banknotes, which will combine functions that were previously performed by different organisational areas, and will also be responsible for the management and coordination of the activities of the Banco de España's network of branches located throughout Spain. The primary objective is to improve the Bank's ability to adapt to new trends, enhance its efficiency and bring value to society. In recent years, the use of cash by the general public has declined, a trend that has been compounded by the pandemic. At the same time, the crucial importance that good bank conduct with customers and enhanced general financial

literacy have for financial stability, for the sector's reputation and for confidence therein (the key to financial relationships) has become ever clearer. In response to this changing environment, the new internal organisation will enable us to better harness the synergies and the closer contact with the public provided by the branch network. Accordingly, without ceasing to perform cash-related functions, the Banco de España's branches will gradually refocus their activities to increase support for our work in the area of conduct supervision and financial literacy, ensuring they reach a wider audience.

Lastly, I wish to mention one of the key developments of recent months, given its major economic and social consequences, that is, the Russian army's invasion of Ukraine. Two years after the outbreak of the pandemic, the world economy has been hit by this extraordinary event. In addition to the human drama it poses for the people of Ukraine, the consequences of the invasion will foreseeably be global and extremely severe, for both the geopolitical and the economic and financial situation.

This new shock impacted the Spanish economy in a setting of gradual recovery, which was incomplete and uneven across sectors and continued to be influenced by the course of the pandemic and continuous upside inflation surprises. The invasion of Ukraine and the western authorities' reaction, which led to the imposition of unprecedented economic sanctions on Moscow, introduce a great deal of uncertainty which will have adverse consequences for economic activity and will generate increased inflationary pressures worldwide.

Our commitment as a Eurosystem central bank is to ensure fulfilment of the price stability mandate and to continue to perform our functions efficiently and responsibly to help minimise the negative impact that these events may have on the prosperity and well-being of Spanish society.

Pablo Hernández de Cos

Governor of the Banco de España

Introduction by the Deputy Governor Margarita Delgado Tejero



This *Institutional Report* aims to offer the reader, in a simple and accessible format, an overall view of the organisation, structure and functions of the Banco de España, along with a summary its main activities in the year. It is an annual publication, in the context of the institution's need to be accountable to society and to foster the transparency of its activities.

The Banco de España's *Institutional Report 2016* was the first in the series. Five editions later, this *Institutional Report 2021* incorporates a number of changes and improvements, both in its structure and content and, most notably, in its design. These new features, as mentioned by the Governor in his Foreword, are designed to attain the Strategic Plan's objective of generating greater confidence in the Banco de España and greater value for society.

The report is divided into four chapters (as opposed to three in previous years), which give an account of the main aspects of the Banco de España's organisation and activities. The report's new structure seeks to respond to the questions of what the Banco de España is and how it is internally organised, what activities it engages in and how it meets its commitment to institutional social responsibility. It also seeks to explain the resources it has available and financial results of its activity.

Chapter 1, "Functions, organisation and transparency", reports on the institution's main functions, the progress made in its Strategic Plan, the composition of its decision-making and governing bodies, its structure and organisation, and the periodic publications, occasional papers and analytical articles which generated most interest in 2021. It also includes information about transparency and accountability, necessary complements to the independence enjoyed by the Banco de España, and highlights the main public appearances of the Governor and myself during the year.

Chapter 2, "Activity report", summarises the key activities carried out in different operational frameworks, notably economic analysis, research and statistics, the implementation of monetary policy, asset and financial risk management, cash management, prudential supervision and the supervision of conduct and payment

systems, and financial stability and preventive resolution. It also includes the main activities the institution engaged in as a member of the Eurosystem and of other international organisations, its actions in the field of international cooperation and the most significant regulatory changes of the year affecting the Banco de España's activity. New features of this chapter include aspects such as financial education or environmental sustainability, which are essential to the Banco de España's activity and which in previous reports were scattered throughout other sections.

Chapter 3, “Institutional social responsibility”, describes the main dissemination actions carried out to raise public awareness of the Bank’s artistic heritage, Historical Archive and bibliographic heritage. Special mention should be made of the temporary exhibition “*2328 reales de vellón. Goya and the origins of the Banco de España’s art collection*”, with which the institution’s new gallery was inaugurated in October 2021 and which received a large number of visitors. Moreover, this chapter reports on other activities carried out by the institution as a centre fostering economic research and internships, and on the research grants and beneficent-social assistance awarded in 2021.

The fourth and last chapter, “Financial information of the Banco de España”, explains the way in which the institution's functions and activities are reflected in its financial statements, financial resources and results obtained in 2021. The risks the Bank faces as a result of its activities and the policies pursued to mitigate them are also described.

As regards the report’s new design features, this edition provides simplified content backed by a larger number of visuals. Additionally, throughout the different chapters, information boxes appear enabling the reader to expand on the content with links to other publications, other sections of the report or explanatory videos about certain key aspects.

We trust that this new format proves more engaging and gives the reader a clearer and more accessible view of our institution and its organisation and structure, and the different areas in which it performs its functions.

To conclude, I would like to refer briefly to the social and economic setting in which the Banco de España operated last year and has operated so far this year. In 2021, the pandemic evolved favourably, thanks to the large-scale vaccination programme, although uncertainty remained high owing to the emergence of new strains of the virus, especially in the closing months of the year. This prompted our organisation to continue adjusting its work dynamics to this setting, combining on-site and remote working in areas and positions in which this was a viable alternative. In any event, the Bank's adaptation to an increasingly digital environment, through the widespread use of IT applications such as electronic signatures and document notifications, or videoconferencing for national and international meetings, has become increasingly more matter-of-course and prevalent in our work.

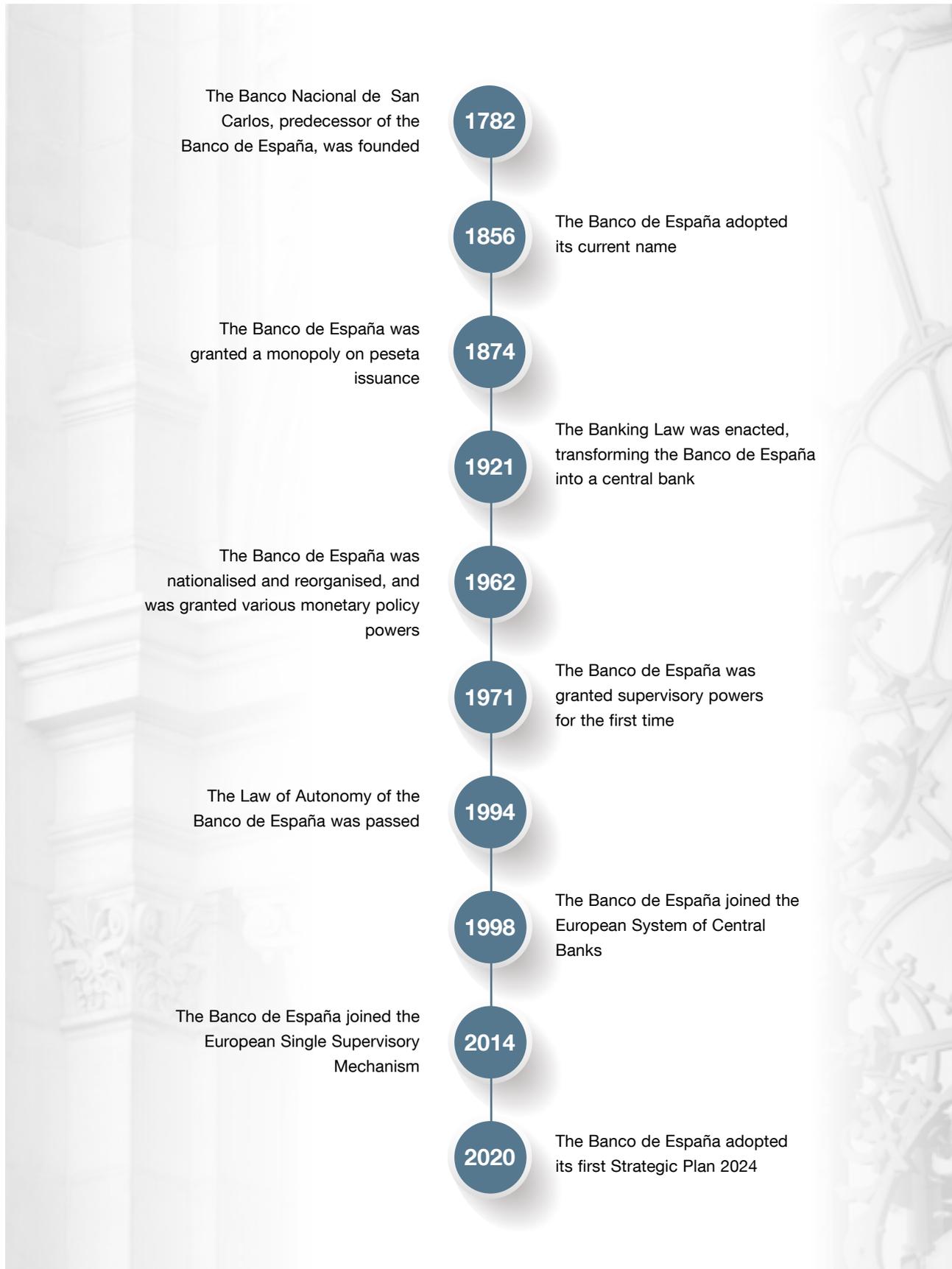
Regrettably, the improved economic developments which began to emerge in early 2022 have been radically affected by another exceptional and severe scenario. The war triggered by Russia's invasion of Ukraine is already having serious repercussions from a humanitarian standpoint and will foreseeably have adverse effects on the global – and especially the European – economy.

Lastly, I should like to take this opportunity to once again express my gratitude to all our employees for their hard work, professionalism and dedication in this period of extraordinary and far-reaching change, amid so much uncertainty. Thanks to the excellent work performed in all our areas, the Banco de España has succeeded in discharging its functions efficiently, working continuously, in the national and international arena, to properly fulfil its mission, and contributing to the public interest.

Margarita Delgado Tejero

Introduction by the Deputy Governor

OUR HISTORY 1782-2021





1

FUNCTIONS, ORGANISATION AND TRANSPARENCY

THE BANCO DE ESPAÑA IN A NUTSHELL



MISSION

The Banco de España's mission is to support stable economic growth. To this end, it pursues both price and financial system stability and, through its analysis, contributes to other economic policy-making



ANALYSIS

It publishes a range of documents and research papers on subjects relating to the economy, finance, its history and activities, and other topical issues



SUPERVISION

Under the Single Supervisory Mechanism it supervises Spanish banks to ensure public trust in the stability of the banking system



COOPERATION

It is a member of the European System of Central Banks, the Eurosystem, the Single Supervisory Mechanism and the Single Resolution Mechanism



OFFICES

It has two head offices in Madrid and 15 branches located throughout Spain



GOVERNING BODIES

The Governor, the Deputy Governor, the Executive Commission and the Governing Council



EMPLOYEES

The Banco de España has a staff of 3,366 employees: 51.16% women and 48.84% men



PUBLIC SERVICE

It is a public institution that strives to be a leading and dynamic central bank committed to society

1 MAIN FUNCTIONS OF THE BANCO DE ESPAÑA

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

The Banco de España performs these functions as a member of the following **European institutions**: the European System of Central Banks (ESCB), the Eurosystem, the Single Supervisory Mechanism (SSM) and the Single Resolution Mechanism (SRM).

Figure 1.1 describes the main characteristics of the ESCB and the Eurosystem.

The legislation acknowledges the Banco de España's **separate legal personality and autonomy** from the central government, affording it the status of an independent institution. This means that neither the government nor any national or EU body may issue the Banco de España with instructions, and the latter may not request or



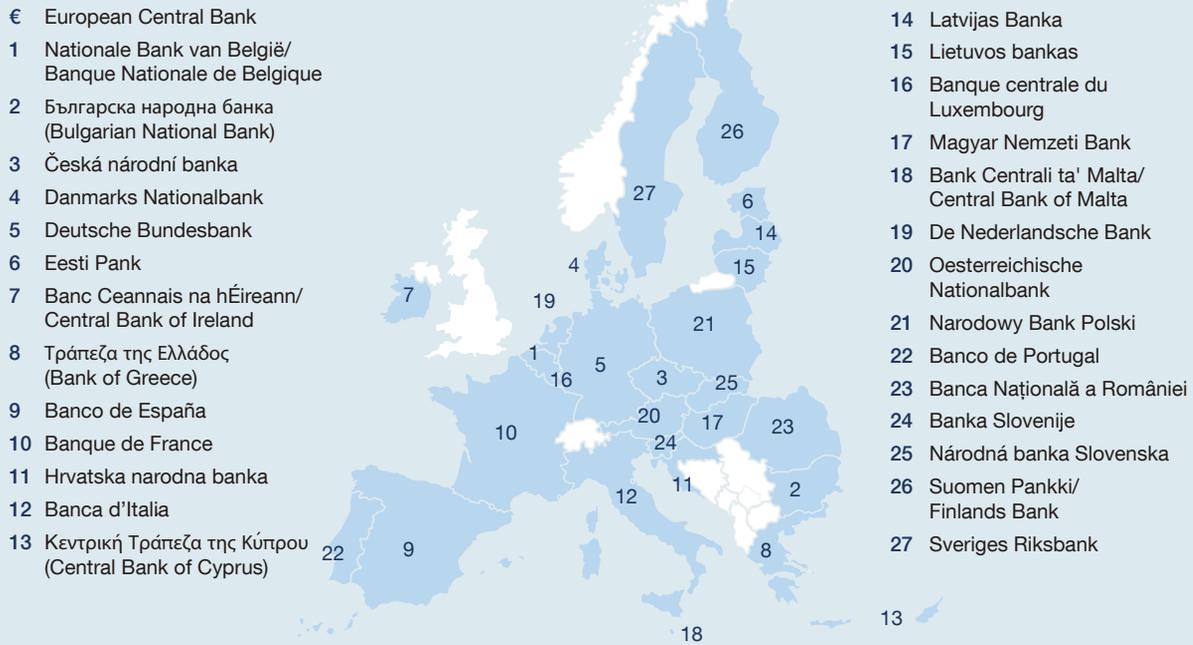
Euro symbol in front of the Eurotower in Frankfurt am Main (Germany).

Figure 1.1

THE ESCB AND THE EUROSYSTEM

THE SEBC

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.



Alongside the ESCB, the Eurosystem groups together the ECB and the national central banks of the 19 Member States that have adopted the euro.

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. Additional 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.

LEGISLATION REGULATING THE BANCO DE ESPAÑA

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 and of the European Central Bank).

- Statute of the ESCB and of the European Central Bank (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.

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).

Box 1.1 sets out the main legislation regulating the activity of the Banco de España.

Although the Banco de España is a public institution, its actions are subject to private law, except where exercising its administrative powers, which include those related to its supervisory functions.

Schema 1.1 shows the main functions of the Banco de España.



For more information on the supervisory functions performed by the Banco de España in 2021, see the [Supervision Report 2021](#) and Section 4 of Chapter 2 of this report.

MAIN FUNCTIONS OF THE BANCO DE ESPAÑA



AS A MEMBER OF THE ESCB/EUROSYSTEM

- 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.

In the performance of these functions, the Banco de España is subject to the guidelines and instructions issued by the decision-making bodies of the ECB.



AS A NATIONAL CENTRAL BANK

- 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 A SUPERVISORY AUTHORITY

- Microprudential supervision.
- Macroprudential policy.
- Market conduct supervision 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 goal of safeguarding the stability of the financial system.



OTHER FUNCTIONS

- 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.
- Other tasks: its role as a regulator; management of the CCR; resolution of complaints filed by users of bank 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; and many more.

SOURCE: Banco de España.

2 STRATEGIC PLAN 2024

2.1 Overview of the Strategic Plan 2024

On 9 January 2020, the Governing Council of the Banco de España approved the [Strategic Plan 2024](#). This is the institution's first-ever strategic plan and defines the Banco de España's mission (its rationale) vision (what it wants to become in the future and how it wishes to be perceived) and values (the key components of institutional culture).

In short, the Strategic Plan 2024 reflects the commitment of the Banco de España and of all its staff to contribute to the future well-being of the Spanish people, within the scope of the functions assigned to it, through the achievement of five strategic objectives, shown in Figure 1.2.



The Banco de España Governing Council meeting room where the Strategic Plan 2024, the institution's first-ever strategic plan, was approved.

Figure 1.2
STRATEGIC PLAN 2024

	<h3>MISSION</h3> <p>The mission of the Banco de España is to support stable economic growth. To this end, it pursues both price and financial system stability and, through its analysis, contributes towards other economic-policy making</p>	<h3>VISION</h3> <p>The Banco de España seeks to be an outstanding and dynamic central bank committed to society</p>		
<h2>VALUES</h2>				
 <p>INDEPENDENCE</p>	 <p>TRANSPARENCY</p>	 <p>PUBLIC SERVICE</p>	 <p>INTEGRITY</p>	 <p>EXCELLENCE</p>
<h2>STRATEGIC OBJECTIVES</h2>				
<p>1</p>  <p>To improve the capacity to identify and react promptly to risks to economic and financial stability</p>	<p>2</p>  <p>To modernise the Banco de España in order to make it more efficient, flexible and innovative</p>	<p>3</p>  <p>To promote excellence through talent management and commitment to employees</p>	<p>4</p>  <p>To increase the Bank's influence over its areas of activity</p>	<p>5</p>  <p>To generate greater confidence in the Banco de España and greater value for society</p>
<p>SOURCE: Banco de España.</p>				

2.2 Headway on the Strategic Plan 2024 in 2021

In 2021, implementation of the Banco de España's Strategic Plan 2024 continued and three strategic initiatives were successfully completed: the definition of a strategy for communicating macroprudential measures; the approval of a crisis management manual (which includes a governance framework and a crisis communication policy); and the definition of a programme to position the Banco de España as a leading player in the provision of technology services to the Eurosystem and to other central banks. In addition, significant progress was made on the other initiatives, bringing the Banco de España closer to achieving its strategic objectives and its vision of being a leading and dynamic central bank with a commitment to society.

Figure 1.3 shows the most significant progress made in 2021 vis-à-vis the Strategic Plan's five objectives detailed in Figure 1.2.



View of the Library's reading room, the former banking hall of the Banco de España's Madrid headquarters.

Figure 1.3

HEADWAY ON THE STRATEGIC PLAN 2024 IN 2021



**OBJECTIVE 1
TO REACT PROMPTLY TO ECONOMIC AND
FINANCIAL STABILITY RISKS**

During the last quarter of 2021, an exercise was carried out to estimate the impact of the materialisation of transition risks associated with climate change at Spanish banks, and “An initial analysis of energy transition risks using the Banco de España’s FLESB stress-testing framework” was published in the Autumn 2021 *Financial Stability Review*. In addition, the Third Conference on Financial Stability was held from 18 to 19 October in a hybrid format, with the participation of various institutions, academics and professionals, notably including Randal Quarles, Vice Chair for Supervision of the Federal Reserve Board and Chair of the Financial Stability Board (FSB).

**OBJECTIVE 2
TO MODERNISE THE BANCO DE ESPAÑA**

As part of the Banco de España’s Evaluation Programme, a self-assessment exercise was performed by the Governing Council in 2021. In addition, an external evaluation of the dissemination of the Banco de España’s economic and financial reports was conducted by three independent experts in the areas of communication strategy and economics.

Task automation continued as part of the Digital Transformation Programme, with five new robots, bringing the total number introduced since the programme started to 21. These robotisation initiatives represent a saving in terms of hours of manual and repetitive work that is higher than initially estimated. Also, in the second quarter of the year, a cyber security framework was approved to address the new cyber risks.



**OBJECTIVE 3
TO PROMOTE EXCELLENCE
THROUGH TALENT
MANAGEMENT**

To boost diversity at the Banco de España, an operational and governance framework was created and a team of ambassadors established to advance actions promoting gender and generational diversity within the institution.

SOURCE: : Banco de España.

Figure 1.3

HEADWAY ON THE STRATEGIC PLAN IN 2021 (cont'd)

OBJECTIVE 4
TO INCREASE THE BANCO DE ESPAÑA'S INFLUENCE

As part of the programme for increasing the Banco de España's role in economic and social debates, the *Analysis and research priorities for the Banco de España: 2020-2024*, published in 2020, were updated in the third quarter of 2021.

Also, in order to position the Banco de España as a leading bank in the Eurosystem and in the global arena, potential supotech initiatives were identified and prioritised and a coordination framework was defined between the different areas of the Bank participating in international groups, to ensure the consistency of messages, remove inefficiencies and harness synergies.



OBJECTIVE 5
TO GENERATE GREATER CONFIDENCE IN THE BANCO DE ESPAÑA

To foster bank conduct best practices and improve the legislation on banking products and services, the second quarter of 2021 saw the approval of the *Guidelines on the organisational and operating criteria of customer service departments at banks supervised by the Banco de España* and *Circular 4/2021* on confidential return models relating to market conduct, transparency and customer protection and on the complaints register.

As part of the Banco de España's work to foster financial education, on 14 January 2022 the Ministry of Economic Affairs and Digital Transformation became a sponsor of the Financial Education Plan, promoted by the National Securities Market Commission (CNMV, by its Spanish abbreviation) and the Banco de España.

In the first quarter, the Transparency and Good Governance Council assessed the degree of compliance with the Transparency Law of several constitutional and supervisory bodies, including the Banco de España. For its commitment to active disclosure, the Council gave the Banco de España a score of 95.7%, the highest of all the constitutional and supervisory bodies assessed. The assessment identified a series of improvements to the Transparency Portal, on which progress was made during the year.



For more information on the Transparency and Good Governance Council's assessment, see Box 1.5.

Over the course of 2021, new databases were incorporated into the Banco de España's Data Laboratory (BELab), such as Central Credit Register data, making the Banco de España one of the first central banks to make this type of information available to researchers. In addition, a data room was opened at the Barcelona branch office, and on 13 April 2021 it was announced that the Banco de España, along with the National Statistics Institute (INE), the Tax Agency and Social Security, would establish a joint system of access to their databases for research purposes.

In the area of sustainability, in the third quarter of 2021 a corporate sustainability service was created and the Banco de España's **Corporate Sustainability Policy** (available only in Spanish) was approved, along with projects to design and implement an environmental management system and to calculate the institution's carbon footprint.

As regards institutional social responsibility (ISR), the Banco de España's first ISR Plan and Curatorship Plan were approved in 2021. In addition, in October 2021, the new permanent exhibition gallery, located at the Banco de España's main head offices in Madrid, was opened to the public with the exhibition *"2328 reales de vellón. Goya and the origins of the Banco de España's art collection"*, which could be visited free of charge.

SOURCE: Banco de España.

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

The [Strategic Plan 2024](#) establishes, among its initiatives, the creation of an annual evaluation programme of the Banco de España's actions, aimed at promoting its modernisation, incorporating various criteria to increase the efficiency of its actions and establishing a process of continuous improvement.

The evaluation programme focuses both on the activities carried out by the Banco de España in the performance of its tasks and on the functioning of its governing bodies. The Governing Council has approved the evaluation guidelines for the implementation of this programme, which aims to examine and improve the Banco de España's performance, transparency and accountability, and to foster the rational use of public funds and the promotion of service quality management.

As part of this evaluation programme, two separate actions were carried out in 2021. First, a self-assessment exercise of the Governing Council was performed, which included an interview and questionnaire process for its members, aimed at jointly defining possible improvements and practices, set out in a plan that will be reviewed and monitored. Second, an external evaluation was conducted of the dissemination of the Banco de España's economic and financial reports, focusing on the area of communication strategy and the economy. This evaluation was carried out by three independent experts who analysed different aspects of this issue, with the aim of recommending possible improvements.

Three further evaluation exercises have been scheduled for 2022 and 2023 on research, economic forecasting activity and the Banco de España's authorisation process for payment and e-money institutions.



For more information about the evaluation programme guidelines, the evaluations carried out in 2021 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

According to the Law of Autonomy of the Banco de España, the governing bodies of the Banco de España are the Governor, the Deputy Governor, the Governing Council and the Executive Commission. Schema 1.2 summarises their functions and describes the members forming part of the collegiate bodies.

Schema 1.2

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 of the Treasury and International Financing and the Vice-Chair of the CNMV).
- Meetings are attended, in a non-voting capacity, by the General Secretary, the Directors General 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 appointed by the Governing Council.
- 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.

VISIT BY H.M. KING FELIPE VI

On 13 October 2021, His Majesty the King inaugurated the new exhibition gallery and the exhibition “2328 reales de vellón. Goya and the origins of the Banco de España’s art collection” and presided over a meeting with members of the Governing Council.

At this meeting, Governing Council members had the opportunity to talk with His Majesty the King, and three Directors General (Economics, Statistics and Research; Financial Stability, Regulation and Resolution; and Banking Supervision) delivered a presentation on Spain's economic and financial situation.



His Majesty King Felipe VI presides over a meeting with members of the Banco de España's Governing Council on 13 October 2021.

On 13 October 2021, His Majesty the King presided over a meeting with members of the Governing Council and inaugurated, in the new permanent exhibition gallery, the exhibition “2328 reales de vellón. Goya and the origins of the Banco de España's art collection”. For more information about this event, see Box 1.2.

3.2 Banco de España senior officers

The Banco de España performs its functions 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 institution's senior officers.

Schema 1.3 shows the composition of the Governing Council of the Banco de España and indicates which of its members also sit on the Executive Commission, the Audit Committee and the Steering Committee. In addition, it provides details of the Banco de España's other senior officers.



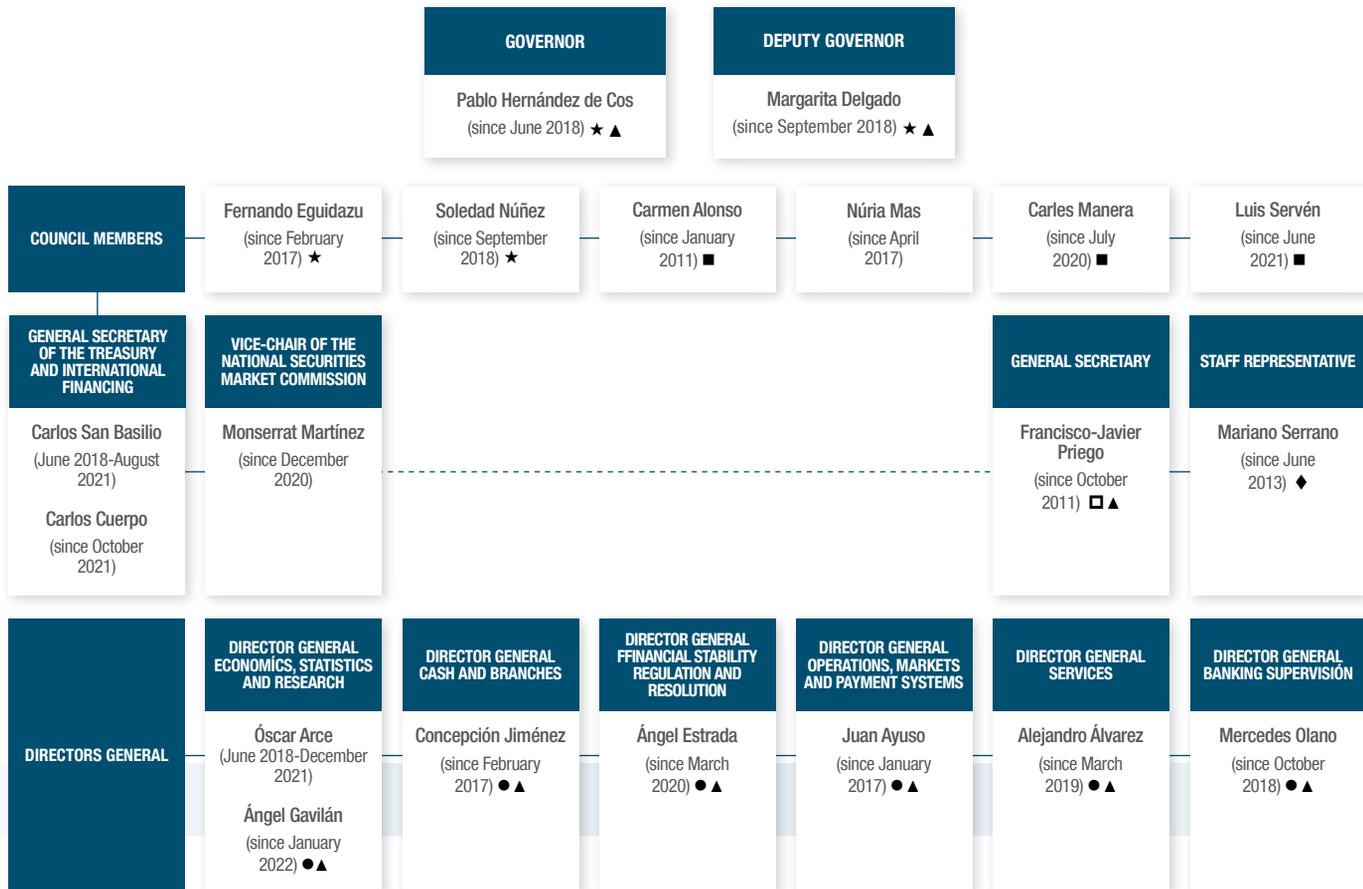
For more information about the professional experience and curriculum vitae of the members of the Governing Council, see the [Banco de España's website](#).



His Majesty King Felipe VI and the Minister for Education and Vocational Training, Pilar Alegría, with members of the Banco de España's Governing Council.

BANCO DE ESPAÑA SENIOR OFFICERS

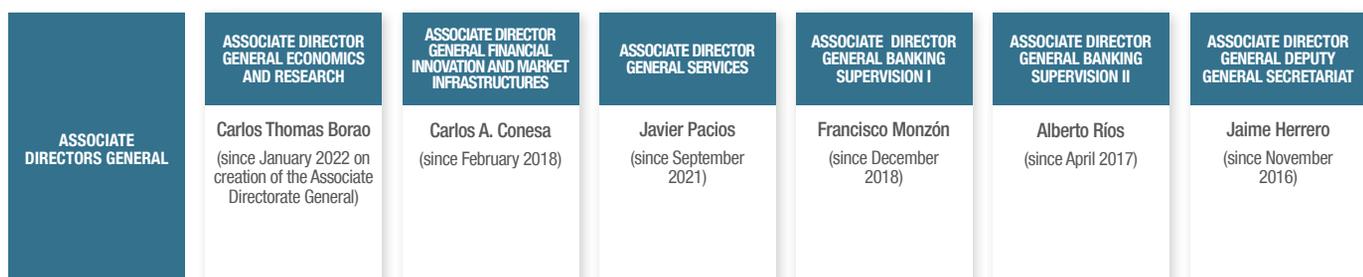
MEMBERS OF THE GOVERNING COUNCIL



- ★ 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.
- ◆ A staff representative attends the meetings of the Governing Council.
- Members of the Audit Committee.
- ▲ Members of the Steering Committee.

The Executive Commission, at its meeting on 25 April 2022, and with effect from 5 May 2022, approved: 1) the name change from Directorate General Cash and Branches to Directorate General Financial Conduct and Banknotes, and the appointment of Alberto Ríos as Director General, in replacement of Concepción Jiménez; 2) the creation of an Associate Directorate General, reporting to the aforementioned Directorate General, headed by Helena Tejero, and 3) the name change from Associate Directorate General Financial Innovation and Market Infrastructures to Associate Directorate General Payments and Market Infrastructures.

OTHER SENIOR OFFICERS



SOURCE: Banco de España.

3.3 Committees

In addition to the Governing Council and the Executive Commission, the Internal Rules of the Banco de España (hereafter, IRBE) establish a second organisation level comprising two collegiate bodies: the Audit Committee and the Steering Committee, whose main functions are detailed in Schema 1.4.

There is also a third organisation level, provided for in the authority the IRBE confers upon the Executive Commission to set up internal committees to perform tasks relating to examining and resolving any matters considered appropriate. Accordingly, the Banco de España has a number of internal committees, entrusted with specific functions which fundamentally play an advisory role and coordinate the activities of the different Directorates General. The Banco de España's internal committees are described in Schema 1.5.

Schema 1.4

AUDIT COMMITTEE AND STEERING COMMITTEE OF THE BANCO DE ESPAÑA

	COMPOSITION	TASKS
AUDIT COMMITTEE	Three members of the Governing Council, appointed by the latter from among the elected council members	<ul style="list-style-type: none"> – Reviews the draft annual accounts of the Banco de España. – Supervises relations with the external auditors and the functioning of the audit and internal control services.
STEERING COMMITTEE	Governor, Deputy Governor and the Directors General	<ul style="list-style-type: none"> – Advises the Governor and the Deputy Governor on matters or decisions, as required. – Assists in the preparation of matters to be submitted for decision by the Governing Council and the Executive Commission. – Complies with the resolutions adopted by these bodies. – Coordinates the activities of the different Directorates General.



SOURCE: Banco de España.

INTERNAL COMMITTEES OF THE BANCO DE ESPAÑA

<p>FINANCIAL STABILITY COMMITTEE</p> <p>Identifies and assesses the risks to financial stability and proposes macroprudential measures for mitigating them</p>	<p>RISK MANAGEMENT COMMITTEE</p> <p>Proposes to the Executive Commission measures for managing financial and operational risks, metrics for such risks and an appropriate level of provisioning. Conducts risk monitoring</p>	<p>INFORMATION SYSTEMS COMMITTEE</p> <p>Approves and monitors the annual information systems plan of the Banco de España</p>
<p>INTERNATIONAL COOPERATION COMMITTEE</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>BUDGET COMMITTEE</p> <p>Analyses the Banco de España's draft annual budget and monitors the approved budget</p>	<p>COMPREHENSIVE SECURITY COMMITTEE</p> <p>Proposes the adoption of decisions by the Banco de España relating to corporate security matters</p>
<p>DOCUMENTARY POLICY AND ASSESSMENT COMMITTEE</p> <p>Defines the standards for the classification, use and preservation of Banco de España documents</p>	<p>FINANCIAL AND PRUDENTIAL INFORMATION COMMITTEE</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>COMMITTEE ON THE PREVENTION OF MONEY LAUNDERING AND TERRORIST FINANCING</p> <p>Responsible for complying with internal regulations on the prevention of money laundering and terrorist financing</p>
<p>LEAVE OF ABSENCE ASSESSMENT COMMITTEE</p> <p>Assesses the leave of absence requests submitted by Banco de España employees to work for supervised or financial sector institutions</p>	<p>WORKPLACE HEALTH AND SAFETY COMMITTEE</p> <p>Proposes the policies and basic principles for workplace health and safety and coordinates and monitors preventive action</p>	<p>COMMITTEE FOR THE ASSESSMENT OF BSF FINANCIAL ASSISTANCE</p> <p>Assesses financial assistance applications made to the Beneficent-Social Fund (BSF)</p>
<p>COMMITTEE OF INDEPENDENT EXPERTS' FOR THE EVALUATION OF SUPERVISED INSTITUTIONS' SENIOR OFFICERS</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>		

SOURCE: Banco de España.

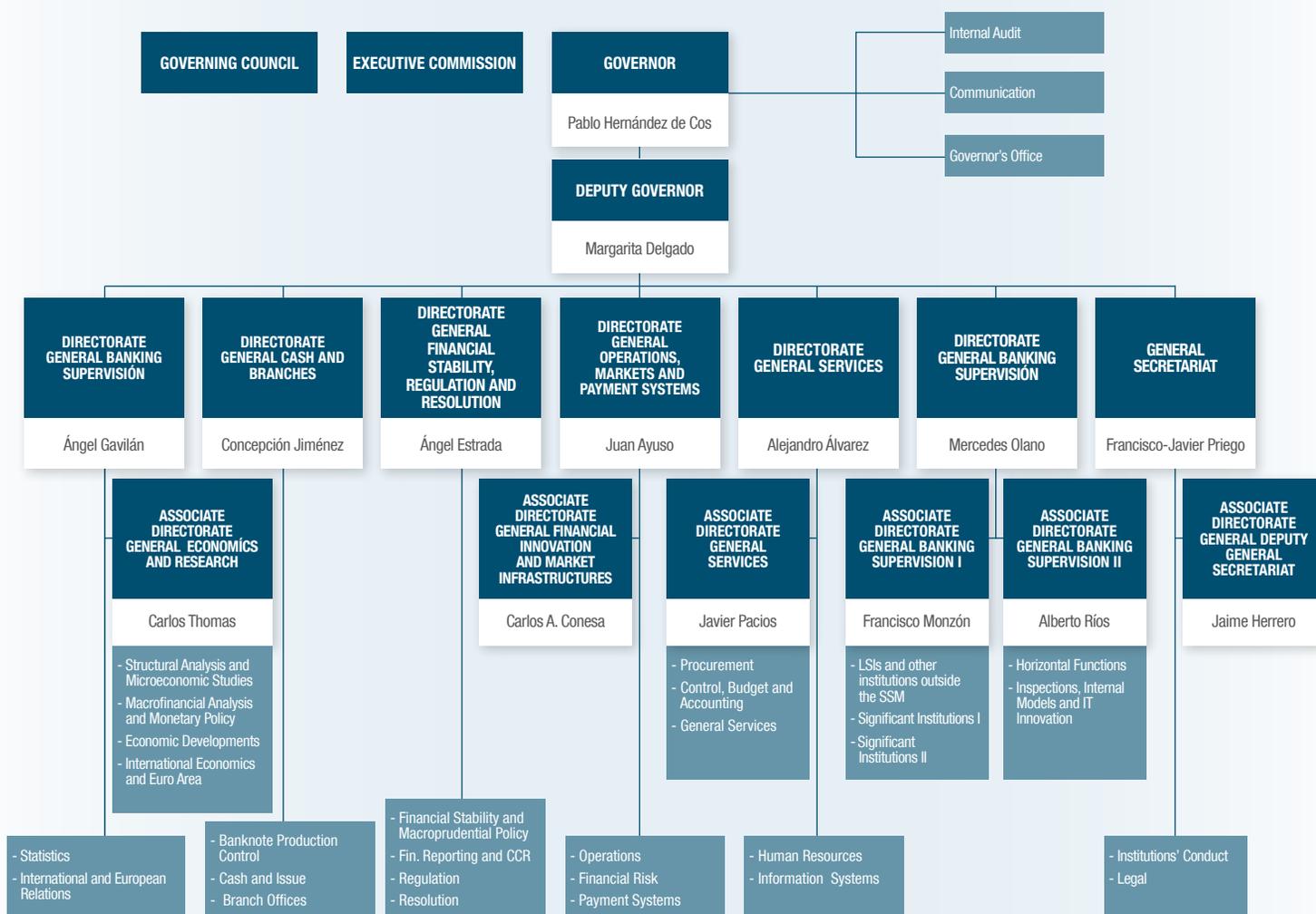
4 STRUCTURE AND ORGANISATION

4.1 Organisation chart and structure of the Banco de España

The Executive Commission approves the Banco de España's organisation chart, which is currently structured around six Directorates General and a General Secretariat, as detailed in Schema 1.6.

Schema 1.6

ORGANISATION CHART OF THE BANCO DE ESPAÑA



The Executive Commission, at its meeting on 24 January 2022 and with effect from 1 February 2022, approved: 1) the appointment of Ángel Gavilán as Director General Economics, Statistics and Research (in replacement of Óscar Arce), ratified by the Governing Council on the same day, and 2) the creation of an Associate Directorate General Economics and Research, reporting to the Directorate General Economics, Statistics and Research and headed by Carlos Thomas Borao. In addition, the Executive Commission, at its meeting on 25 April 2022, and with effect from 5 May 2022, approved: 1) the name change from Directorate General Cash and Branches to Directorate General Financial Conduct and Banknotes, and the appointment of Alberto Ríos as Director General, in replacement of Concepción Jiménez; 2) the creation of an Associate Directorate General, reporting to the aforementioned Directorate General, headed by Helena Tejero, and -3) the name change from Associate Directorate General Financial Innovation and Market Infrastructures to Associate Directorate General Payments and Market Infrastructures. The new Directorate General Financial Conduct and Banknotes will include the Institutions' Conduct Department (hitherto part of the General Secretariat) and the Cash and Issue, Bank Production Control and Branch Offices Departments (hitherto part of the Directorate General Cash and Branches). The new Associate Directorate General Payments and Market Infrastructure will have direct responsibility over the Financial Innovation and Market Infrastructures Department (newly created) and the Payment Systems Department (hitherto part of the Directorate General Operations, Markets and Payment Systems).

SOURCE: Banco de España.

FUNCTIONS OF THE DIRECTORATES GENERAL AND GENERAL SECRETARIAT

DIRECTORATE GENERAL	MAIN FUNCTIONS
 <p>DIRECTORATE GENERAL ECONOMICS, STATISTICS AND RESEARCH</p>	<ul style="list-style-type: none"> – Economic and financial studies and research. – Compilation, analysis and dissemination of statistics. – Drafting of the Annual Report and other publications on economic and monetary policy issues. – 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. – Coordination of international cooperation (including technical assistance) with other national central banks, financial supervisors and other similar public agencies. – Monitoring political, economic and solvency-related developments in material countries in terms of the financial risk assumed by Spanish institutions. – Management of the Banco de España Library.
 <p>DIRECTORATE GENERAL CASH AND BRANCHES</p>	<ul style="list-style-type: none"> – Controlling euro banknote production entrusted to IMBISA, including the coordination and audit of the company. – Issuing euro banknotes and putting cash into circulation, along with their withdrawal, exchange, safekeeping and recirculation. – Promotion of the quality and authenticity of the banknotes and coins in circulation, and oversight of those involved in the processing and handling of cash. – Detection and analysis of counterfeit banknotes and coins through the National Analysis Centres for banknotes and coins. – Exchange of unfit banknotes and providing cash services to general government agencies. – Management of the Banco de España branch network.
 <p>DIRECTORATE GENERAL FINANCIAL STABILITY, REGULATION AND RESOLUTION</p>	<ul style="list-style-type: none"> – Analysis and monitoring of financial stability and drafting of the Financial Stability Report. – Analysis and formulation of macroprudential policy proposals. – 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). – 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. – Carrying out the Banco de España’s statutory functions in respect of resolution. – Preparing draft rules and regulations on the periodic reporting required from supervised institutions. – Receipt, quality control, custody and dissemination of the periodic information reported by supervised institutions. – Management of the CCR.
 <p>DIRECTORATE GENERAL OPERATIONS, MARKETS AND PAYMENT SYSTEMS</p>	<ul style="list-style-type: none"> – Implementing the operations of the Banco de España in its capacity as a central bank and member of the Eurosystem. – Managing the gold, foreign exchange reserves and euro-denominated financial assets owned by the Banco de España. – 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. – Providing financial services for government debt. – Providing payment services and other banking operations to the Treasury and to other public-sector entities. – Promotion and oversight of the proper functioning of payment systems and instruments. – Providing, managing and maintaining market infrastructures. – Monitoring and analysis of innovations in financial markets.

SOURCE: Banco de España.

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

DIRECTORATE GENERAL	MAIN FUNCTIONS
 <p>DIRECTORATE GENERAL OPERATIONS, MARKETS AND PAYMENT SYSTEMS (cont'd)</p>	<ul style="list-style-type: none"> – 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. – 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).
 <p>DIRECTORATE GENERAL SERVICES</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"> – Human resources. – Workplace health and safety. – Preparation of the draft expenditure and investment budget. – Preparation of the draft accounts (balance sheet, income statement and notes to the accounts); the accounting and control of operations. – Hiring arrangements. – Acquisition, maintenance and administration of assets and the art collection. – Information systems. – Administration and organisation of internal security services and, in general, whatsoever tasks and areas are required to carry out the function entrusted to it.
 <p>DIRECTORATE GENERAL BANKING SUPERVISION</p>	<ul style="list-style-type: none"> – 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. – Formulating the necessary proposals for the adoption of preventive, disciplinary and cautionary measures in respect of the above-mentioned institutions, groups and individuals. – 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. – 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. – Drawing up draft accounting standards for credit institutions and other supervised institutions, and addressing enquiries in this connection.
 <p>GENERAL SECRETARIAT</p>	<ul style="list-style-type: none"> – Secretariat to the governing bodies of the Banco de España, and assistance to the Council Members. – Legal advice to the governing bodies and, in general, to the Bank. – Conduct of sanctioning proceedings. – 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. – Supervision, supervisory and regulatory policy, handling enquiries, preparing reports and proposals relating to the drafting of general provisions that affect the institutions supervised by the Banco de España in relation to market conduct, banking transparency and customer protection. – Resolution of enquiries, complaints and claims submitted by banking service users about the conduct of the supervised institutions, in relation to transparency and customer protection regulations, and to best banking practices. – Management of the official registers of the Banco de España. – 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.

SOURCE: Banco de España.

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

Schema 1.7 sets out the functions of the six Directorates General and of the General Secretariat, pursuant to the current version of the resolution of the Executive Commission of the Banco de España, approved on 29 July 2021.

In addition to the Directorates General and the General Secretariat, and reporting directly to the Governor, there are other departments entrusted with cross-departmental functions, namely the Internal Audit Department, the Communication 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 stands on the site of the former palace of the Marquis of Alcañices and has undergone three extensions. The building contains elements of great historic and artistic value, notably the grand staircase and the library (formerly the banking hall), which boasts a cast iron structure commissioned from the Mieres foundry.



For more information about the Banco de España's central headquarters, see Box 3.3 of the [2019 Institutional Report](#) (page 147).

In the 1980s, the Banco de España found itself in need of a second head office in Madrid to relieve its overcrowded historic building. A 70,000 m² plot was selected in Avenida de Aragón, which at the time was a continuation of Calle de Alcalá but today forms part of it.

Functionally, the head office houses the Bank's central services and is where the Banco de España's governing bodies and other senior management are located. The building at Calle de Alcalá, 522 is reserved for various operational functions and general services.

The Banco de España also has 15 branches (located in A Coruña, Alicante, Badajoz, Barcelona, Bilbao, Las Palmas de Gran Canaria, Malaga, Murcia, Oviedo, Palma,



Main façade of the Seville branch office (left). Stained glass ceiling in the banking hall of the Zaragoza branch office (right).

Seville, Santa Cruz de Tenerife, Valencia, Valladolid and Zaragoza). The branch offices of the Banco de España are shown in Figure 1.4.

The branches located throughout Spain operate with credit institutions and provide specific services to the general public, such as cash-to-cash euro operations (including damaged banknotes and coins), withdrawal of suspected counterfeit cash and government debt subscription and operations. They also handle requests for Central Credit Register information, complaints or enquiries about institutions' conduct and transactions relating to accounts opened by public institutions. In addition, they hold financial training workshops and courses and disseminate information materials and publications produced by the Banco de España. Also, since 2021, the economic and financial research community can access the data laboratory (BELab) through the data room located in the Barcelona branch office.

4.3 Staff composition and internal administration

a) Staff composition

As at 31 December 2021, the total number of Banco de España employees was 3,366.

The average age (**45.74 years**) of employees fell slightly compared with 2020. By gender, **women account for 51%** of staff and **men 49%**, with the gender balance of recent years holding steady.

Figure 1.4

BRANCH OFFICES OF THE BANCO DE ESPAÑA



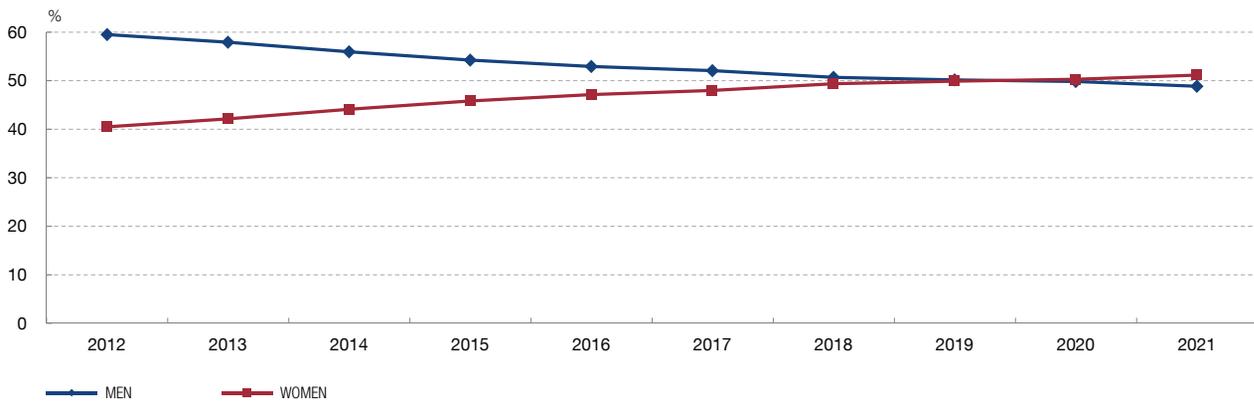
Notably, over the last decade, the proportion of total Banco de España female staff has increased by almost 10 percentage points, as shown in Chart 1.1.

Chart 1.2 shows the staff composition by different professional groups, as follows: a) individuals in management positions or with responsibility over teams; b) senior experts and specialists (management grade 9 or higher); c) experts and specialists (management grades 10 to 14); d) administrative staff; and e) 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 workforce.

At the end of 2021, there were 414 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 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 1.1
STAFF COMPOSITION
(2012-2021)



Percentage

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Men	57.90	55.92	54.21	52.89	52.01	50.67	50.11	49.77	49.30	48.84
Women	42.10	44.08	45.79	47.11	47.99	49.33	49.89	50.23	50.70	51.16

SOURCE: Banco de España.

b) Internal administration

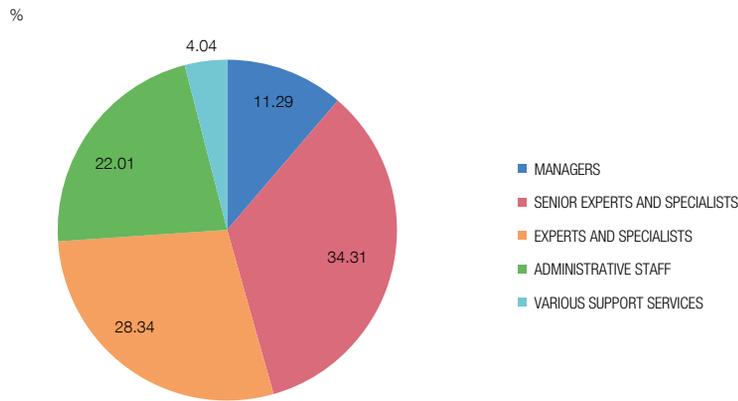
Throughout the year, the Banco de España had to maintain a high level of remote working due to the spread of the COVID-19 pandemic. As a result, it took the necessary steps to ensure the stability of the technical solutions that enabled the institution to provide the same level of service to the general public and to ensure fulfilment of its functions.

The development and dissemination of the Banco de España brand as an employer of choice continue to be priorities to attract the best professionals, and are included in the institution's Strategic Plan 2024.

In 2021, communications continued to be strengthened through various channels such as LinkedIn, where 92 general interest messages were issued. Moreover, LinkedIn started to be used as a channel for the dissemination of economic research and reports produced by different areas of the Bank, to raise awareness of the work carried out by the institution, with the number of followers reaching 68,000. Job offers were also published via other channels, such as Twitter and InfoJobs.

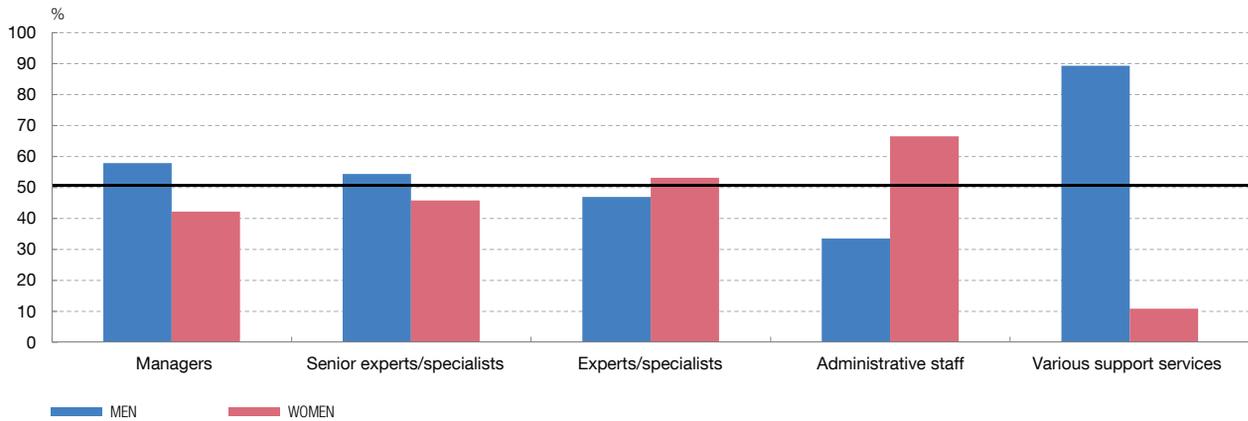
The Banco de España's employees — and especially the branch office staff — have become the best ambassadors of its brand, collaborating on various initiatives, including more than 40 job forums held throughout the country.

Chart 1.2
STAFF COMPOSITION, BY PROFESSIONAL GROUP



SOURCE: Banco de España.

Chart 1.3
STAFF COMPOSITION, BY GENDER



SOURCE: Banco de España.

Promotion of mobility processes and cooperation with national and international organisations continued, with the Banco de España's employees contributing their experience and dedication.

Employees' promotion to management positions with responsibility for teams continued to be encouraged and supported. In 2021, 39 employees, 31% of them women, were promoted to such positions, thus maintaining the Banco de España's diversity momentum.



Ornamental clock on the façade of the Banco de España's Madrid headquarters.

In the framework of the [Strategic Plan 2024](#), the Digital Transformation Programme was strengthened, increasing added value and task automation which already represents a saving of more than 100,000 hours of manual work, in 21 robotisation initiatives across 12 departments. Following the programme's success, its current scope will be extended in 2022 to include new technological capacities centred on data analytics, reinforcing the Banco de España's commitment to enhance the value of its data.

4.4 Special purpose entities

In accordance with ECB regulations and as provided for by the Law of Autonomy, the Banco de España is supported by two special purpose entities: Imprenta de Billetes, S.A. (IMBISA), a business entity, and the Centro de Estudios Monetarios y Financieros (CEMFI) foundation. The main characteristics of these two special-purpose entities are described in Box 1.3 and 1.4.

IMPRESA DE BILLETES, S.A.

Imprenta de Billetes, S.A. (IMBISA) 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.

In order to adapt to the new ECB regulations on printing processes and to address the technical and banknote production limitations of the current premises, in June 2016 IMBISA commenced work to build new banknote printing works that comply with all the security requirements and are equipped with the necessary technical means.

The construction of the new IMBISA premises commenced in March 2020 and considerable progress was made in 2021. Construction is scheduled for completion in April 2022, following which new machines will be installed and existing elements will be relocated. Production will then be transferred from the current premises in Calle Jorge Juan (Madrid), for the new premises to begin operating at the end of 2022.

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. Its design factors in sustainability criteria, making effective use of materials and energy so as to minimise its environmental impact.

The new printing works will be more efficient, will have greater productive capacity and will be equipped with the most advanced banknote production technology. For reasons of efficiency and saving, 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.



View of the construction site 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, in collaboration with the Directorate General Banking Supervision, a Diploma in Banking Supervision to provide training for the candidates who have successfully passed the first phase of the public examination to form part of the credit institutions inspectorate.

- 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.



Inner courtyard at CEMFI's head offices.

5 PUBLICATIONS

5.1 Reports and other annual publications

The Banco de España periodically publishes documents providing information on its activities. Figure 1.5 briefly describes some of the Bank's key annual publications.

Figure 1.5

KEY ANNUAL PUBLICATIONS

The infographic displays seven key annual publications of Banco de España, each with a small image of the publication cover and a brief description. The publications are arranged in two columns. The bottom right section features a laptop displaying the website, with text indicating that all publications can be found there.

- 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
- Central Balance Sheet Data 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 publications can be found on the [Banco de España's website](#)

SOURCE: Banco de España.

5.2 Other periodic publications

In addition to the annual publications described above, the Banco de España publishes, with varying frequency, other documents, bulletins and reviews, which notably include those detailed in Figure 1.6.

Figure 1.6

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

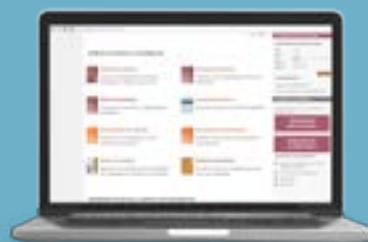
STATISTICAL INFORMATION



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 on the [Banco de España’s website](#)



SOURCE: Banco de España.

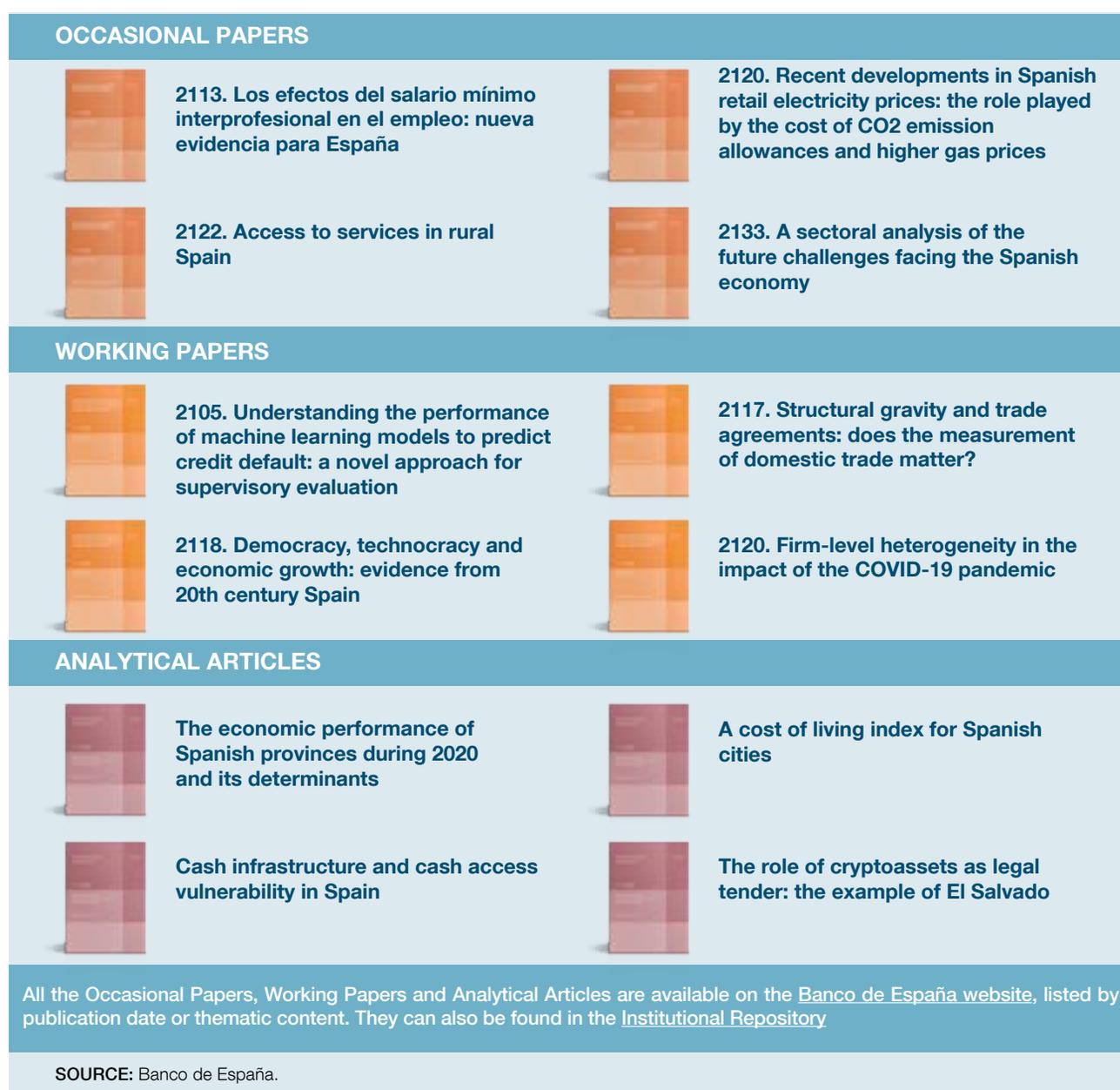
5.3 Other non-periodic publications

In addition to the periodic publications referred to above, the Banco de España publishes other documents and research papers on subjects relating to the economy, finance, the history and activities of the Banco de España, and other topical issues.

Figure 1.7 describes some of the most downloaded Occasional Papers, Working Papers and Analytical Articles published in 2021.

Figure 1.7

THE MOST DOWNLOADED OCCASIONAL PAPERS, WORKING PAPERS AND ANALYTICAL ARTICLES IN 2021



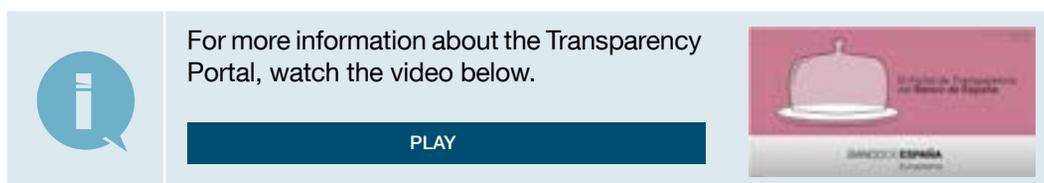
6 TRANSPARENCY AND ACCOUNTABILITY

As a necessary complement to its independence, the Banco de España is fully committed to the principles of transparency and accountability to the public and its representatives.

6.1 Transparency Portal

Transparency is inherent to the culture of the Banco de España, which is, in addition, subject to Law 19/2013 of 9 December 2013 on transparency, access to public information and good governance (better known as the “Transparency Law”).

Figure 1.8 analyses the Banco de España's main obligations under the Transparency Law.



In 2021, the Transparency and Good Governance Council assessed the degree of compliance with the Transparency Law by different institutions, including the Banco de España. Box 1.5 summarises the main findings of the Transparency and Good Governance Council's assessment.

Moreover, to boost its institutional transparency vis-à-vis the public, the Banco de España publishes the [Governor's and Deputy Governor's calendars](#) monthly on its Transparency Portal. These calendars provide information about the Governor's and Deputy Governor's participation in meetings of governing bodies, international and European committees and events such as Parliamentary appearances and conferences. They also include information on various institutional meetings, including with the media, unless releasing the information could undermine the protection of 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 two sections summarise the appearances before Parliament and some of the key speeches delivered at international and national fora.

Figure 1.8

TRANSPARENCY: A QUALITY INHERENT TO THE BANCO DE ESPAÑA'S CULTURE

Under the Transparency Law, the Banco de España must comply with the following two obligations:

- To regularly publish, ex officio, certain information on the Transparency Portal (*active disclosure*).
- To guarantee the public's right of access to content or documents held by the Banco de España, which have been prepared or acquired in the exercise of its functions subject to administrative law (*managing the right of access to public information*).



THE TRANSPARENCY PORTAL



The **Transparency Portal** is the website where the Banco de España regularly publishes and updates the information stipulated in the Transparency Law and other content deemed to be of interest to the public. This information is split into the following sections:

- **Institutional and planning information:** provides essential information on the Banco de España, what it does, how it is organised and how it works.
- **Legally relevant information:** contains circulars, documents subject to public consultation, reports, technical applications and guidelines prepared by the Banco de España.
- **Economic information:** includes economic, budgetary and statistical information and details on the Banco de España's use of public funds.
- **Right of access:** provides key information on how to request information from the Banco de España and on the requests for access to public information received by it and the outcome.

The Banco de España guarantees the public's access to content or documents, whatever their format or medium (hard copy or digital), prepared or acquired by the Banco de España with regard to its activities that are subject to administrative law. The procedure and requirements for requesting such information are explained in the **Virtual Office**.

However, the right of access to information is subject to certain limitations, regulated by the Transparency Law, to protect other public and private interests or property. The Banco de España is also subject to a specific legal regime on secrecy, pursuant to which the activities it performs in the exercise of its functions are confidential and may only be disclosed in certain circumstances.

In 2021, members of the public submitted 32 requests for access to public information held by the Banco de España. In 11 instances the Banco de España resolved to grant access to all the information requested, one request was partially accepted and five were rejected (owing to the confidential nature of the information requested, typically because the documentation had been obtained by the Banco de España in the exercise of its supervisory function). In another 11 instances, the Banco de España was not the competent authority to grant the requests, which were therefore referred to the competent authority. In three cases, the requests were rejected because the information requested was not held by the Banco de España, and in another instance the applicant failed to rectify the shortcomings identified in the request, which was therefore filed (withdrawn).

MANAGING THE RIGHT OF ACCESS TO PUBLIC INFORMATION



SOURCE: Banco de España.

THE BANCO DE ESPAÑA'S COMPLIANCE WITH THE TRANSPARENCY LAW

In 2021, the Transparency and Good Governance Council assessed the degree of compliance with the Law on Transparency of ten constitutional and six supervisory bodies, including the Banco de España.

The Council's evaluation focused on the main obligations established under the Law on Transparency, namely, active disclosure (content published on transparency portals) and ensuring the right of access to public information:

- **The active disclosure obligation** was assessed using the mandatory information compliance indicator (better known by its Spanish abbreviation ICIO). This indicator measures the compliance of the information that different institutions must publish on their transparency portals under the Law on Transparency, taking into account their actual publication and the attributes of the published information.

The Council gave the Banco de España a score of 95.7%, the highest of all the assessed constitutional and supervisory bodies. This far exceeded the average score obtained by constitutional bodies (75.9%) and supervisory bodies (76%), and is similar to that granted by the Council to the Banco de España in 2016 (94.3%).

- In the **assessment of the obligation to ensure the right of access to public information**, the Council favourably noted the Banco de España's handling of an information request (submitted using the "mystery customer technique"), and highlighted some of its best practices (such as the publication of statistics on requests for access, the different channels enabled for submitting requests and the contact form for enquiries or comments on the procedure for requesting information from the Banco de España).



For more information about the assessment of the Banco de España and of the other supervisory and constitutional bodies, see the website of the [Transparency and Good Governance Council](#).

6.2 Parliamentary appearances

The Governor, as the representative of the Banco de España before the Spanish Parliament, regularly appears before the lower and upper houses (*Congreso* and *Senado*). In addition, in accordance with the Law of Autonomy, the Governor appears before Parliament to present the *Annual Report*, a publication through which the Bank contributes to the dissemination of its economic analyses.

Parliamentary appearances are one of the Banco de España's main channels of accountability to the public and its representatives. In 2021, the Governor made three parliamentary appearances, detailed in Box 1.6.

THE GOVERNOR'S PARLIAMENTARY APPEARANCES

APPEARANCE BEFORE THE CONGRESS OF DEPUTIES' ECONOMIC AFFAIRS AND DIGITAL TRANSFORMATION COMMITTEE TO PRESENT THE *ANNUAL REPORT 2020* OF THE BANCO DE ESPAÑA, 19 MAY



The Governor presented the Banco de España's *Annual Report 2020*, which analyses the developments, outlook and challenges the Spanish economy faces, along with the institution's economic policy recommendations.

In his appearance, the Governor provided a diagnosis of the economic situation, assessed the economic policy response during the crisis and set out the main economic policy recommendations to promote recovery and to raise growth potential.

PLAY ▶

APPEARANCE BEFORE THE CONGRESS OF DEPUTIES' BUDGET COMMITTEE IN RELATION TO THE DRAFT STATE BUDGET FOR 2022, 25 OCTOBER

The Governor appeared before this Committee to present before Parliament the Banco de España's view of the State and Social Security Budget for 2022.

The Governor described the recent developments and outlook for the Spanish economy, set out the Banco de España's view of the key features of the Draft State Budget, referred to the medium-term fiscal policy challenges facing Spain and noted the advisability of reaching a national agreement with social agents to mitigate the adverse effects of inflationary pressures.

PLAY ▶



APPEARANCE BEFORE THE SENATE BUDGET COMMITTEE IN RELATION TO THE DRAFT STATE BUDGET FOR 2022, 30 NOVEMBER



In his appearance, as part of the process to debate the State Budget for 2022, the Governor, as he had done before the Congress of Deputies' Committee, analysed the economic developments and outlook of the Spanish economy, the main features of the Draft State Budget and Spain's medium-term fiscal policy challenges.

PLAY ▶

6.3 Other public speeches

Both the Governor and the Deputy Governor delivered numerous public speeches at different international and national fora during 2021, some of which are mentioned in Box 1.7 and 1.8.

Box 1.7

OTHER PUBLIC APPEARANCES BY THE GOVERNOR

The Governor's participation in **international fora** notably included the [Green Swan 2021 Global Virtual Conference](#), organised by the Bank for International Settlements, the International Monetary Fund, Banque de France and the Network for Greening the Financial System; his remarks at the [Fifth ESRB Annual Conference](#) on strengthening the financial system post-COVID; his speech at the [European Commission webinar](#) on a stronger policy mix for the euro area, and his address at the [Banco de España and European Investment Bank Conference](#) on the recovery of Spanish corporates.

In **Spain**, the Governor participated in a panel discussion with the UN Secretary-General and the Minister for the

Ecological Transition and the Demographic Challenge at [an event on climate action](#) organised by the Ministry for the Ecological Transition; he took part in the [main event of Financial Education Day](#), and in the event on the [Euro Yearbook](#) organised by the ICO Foundation and the Financial Studies Foundation (FEF). In the academic sphere, he gave a [speech on financial stability and macroprudential policy](#) at the University of Zaragoza; a [speech on the economic impact of the pandemic in Spain](#) at the International University of Andalusia (UNIA), and participated in the [closing session of the 38th Seminar organised by APIE](#) at the Menéndez Pelayo International University (UIMP), at which he discussed economic policy priorities.

Box 1.8

PUBLIC APPEARANCES BY THE DEPUTY GOVERNOR

The Deputy Governor participated in various **international fora**, notably including her address in the [World Bank webinar](#) on recovery, climate and growth in the Caribbean and Latin America; her participation in the [IMF roundtable organised](#) on inclusive green finance; her speech at the [Financial Mercosur seminar](#) on sustainability, and her participation in the [webinar on the situation and outlook of the Spanish banking system in Latin America](#), jointly organised by the Latin American Reserve Fund (FLAR) and the Banco de España.

In **Spain**, the Deputy Governor attended the [virtual conversation on the digital euro](#) organised by the Elcano Royal Institute; the [FUNCAS conference](#) on the future of the banking sector following the new

regulations, the financial crisis and the pandemic; the [18th Deloitte/ABC Financial Sector Meeting](#) on the situation of the sector post-COVID; and the [event on sustainable finance and the vision of central banks](#) run by the Fundación de Estudios Bursátiles y Financieros. And in the academic sphere, she participated in the Master's Degree on Banking and Financial Regulation organised by the University of Navarre, giving a [presentation on climate risk](#); in the [economic policy and sustainable finance seminar](#) at Rey Juan Carlos University, with a speech on regulation in this area; at the CEU San Pablo University, where she taught a [class on the financial system](#), and in the CEI International Affairs with a [presentation on inequality and globalisation in the post-COVID era](#)

7.1 The Banco de España website and portals

The website (www.bde.es) is the Banco de España's main channel of communication, as evidenced by the more than 4.6 million visitors and 47 million page views in 2021. 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, public debt, financial stability, statistics, monetary policy, resolution, payment systems and supervision.

The website, whose home page was redesigned in September 2021, offers access to the main economic and financial indicators and the most important Banco de España news. 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.

The Banco de España website also provides access to various specialised portals of unquestionable 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 1.8 describes the content of each of these portals.

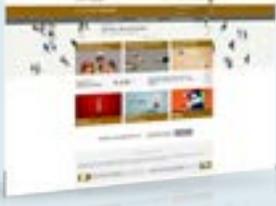
7.2 Virtual Office and other services

a) Virtual Office

The Virtual Office is available to all users wishing to conduct business with the Banco de España online. 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. The Virtual Office provides members of the public, businesses, financial institutions and administrations with a secure digital environment in which to conduct their business swiftly and efficiently.

In 2021, seven new procedures were added to the Virtual Office, bringing the total number of electronic procedures to 110.

BANCO DE ESPAÑA PORTALS

	<p>Transparency Portal Includes relevant information to broaden and strengthen the institution's transparency as a mechanism for facilitating control of its public actions</p>		<p>Virtual Office Offers a range of services and procedures that can be provided online by the Banco de España</p>
	<p>Bank Customer Portal Provides access to information on the main banking products, services and practices</p>		<p>Education Portal Makes various educational resources for students and teachers available to the school community</p>
	<p>Finance for All A portal run by the CNMV and the Banco de España, providing information related to banking operations and dealings</p>		<p>Banco de España Art Collection Contains information on the Banco de España's artistic heritage</p>
	<p>Economic Research Portal Provides information on the research projects undertaken at the Banco de España, the priority areas of research and the research staff</p>		<p>CEMFI Provides information on CEMFI, a foundation set up as a Banco de España special purpose entity to promote education and research in economics</p>

SOURCE: Banco de España.

The number of visits to the Virtual Office in 2021 was 1,963,683,13% higher than in the previous year.

The most-visited sections of the Virtual Office are: Catalogue of procedures (containing an alphabetical list of all of the procedures and services offered), with 43% of visits; Citizens, with 22%; Public authorities, with 26%; Companies, with 4% and Financial institutions, with 2%. During 2021 a total of 436,712 files were

Table 1.1

MOST VIEWED PROCEDURES AND CONTENTS IN 2021

Requests for credit reports from the CCR	1,824,180 page views (42% of the total)
Complaints and enquiries about transparency legislation and good banking practice criteria	228,812 page views (5% of the total)
Reporting by residents in Spain on cross-border economic transactions and balance of external financial assets and liabilities (ETE form)	171,508 page views (4% of the total)
Electronic signature	101,161 page views (2% of the total)
Exchanging pesetas for euro	85,503 page views (2% of the total)
Electronic register: general information, technical requirements and instructions	59,379 page views (1% of the total)
Complaint against an institution over information reported to the CCR	57,782 page views (1% of the total)
Changing euro banknotes and coins for other denominations	27,719 page views (1% of the total)
Submission of documentation through the Electronic Register	24,481 page views (1% of the total)

SOURCE: Banco de España

downloaded from the Virtual Office. In addition, 3,763 general enquiries relating to the Virtual Office were handled via e-mail.

b) General Register and information for the public

The Electronic Register is the channel for electronic receipt of requests, communications and other documents relating to procedures available in the Virtual Office that require registration. **It is operational 24 hours a day, all year round.**

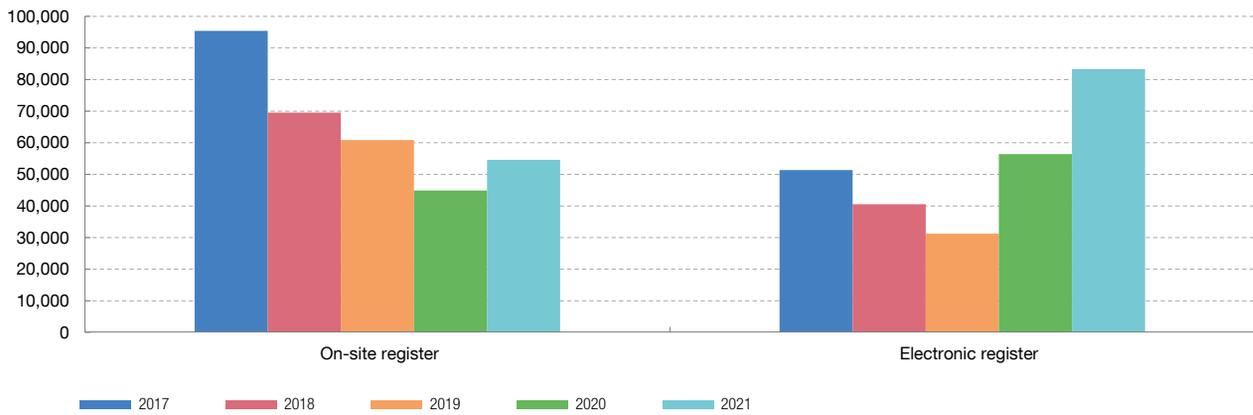
Chart 1.4 illustrates the significant increase in electronic submissions in 2021, owing to the integration of different applications with the Electronic Register and the requirement for legal entities to conduct their business with the Banco de España by electronic means. Moreover, citizens' use of electronic means in their dealings with the Banco de España has increased steadily as a result of the pandemic.

Similarly, in recent years the volume of outgoing documentation from the Electronic Register has been very high (see Chart 1.5).

The Banco de España also provides 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.

Chart 1.4

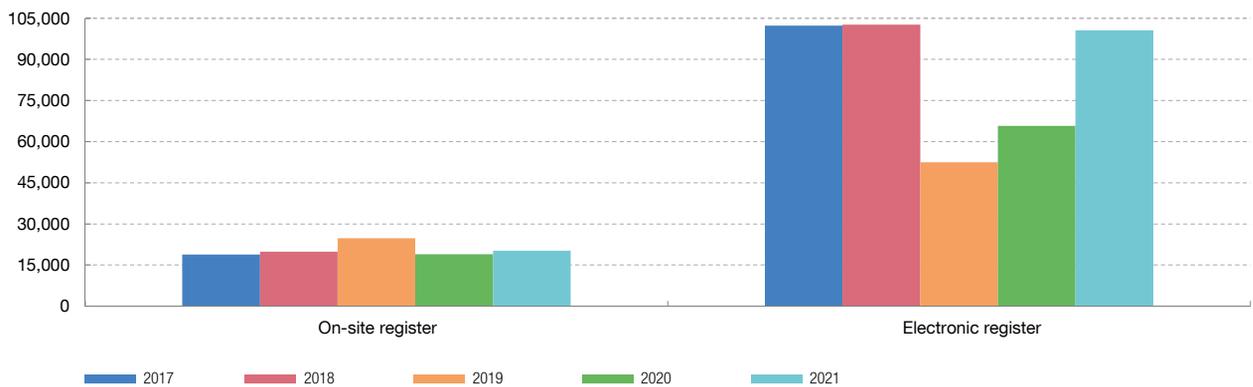
REGISTERS, INCOMING



SOURCE: Banco de España.

Chart 1.5

REGISTERS, OUTGOING



SOURCE: Banco de España.

The Banco de España also has a general information desk available to the public, both at its head office and in the branch offices, granting access to any general information they may need on procedures, processes and services provided by the Banco de España. In 2021 the general information desk handled 1,834 enquiries. This represented a decline on previous years, owing to the situation caused by the health crisis and the increase in the use of electronic means to submit enquiries.

Lastly, the general public were able to go to the Banco de España to exchange their pesetas for euro until 30 June 2021. This service was launched on 1 January 2002, when euro banknotes and coins were put into circulation, and concluded on 30 June 2021, when the peseta ceased to exist.



View of the Banking Hall of the Banco de España's Madrid headquarters on 30 June 2021, the last day on which pesetas could be exchanged for euro.



For more information on the conclusion of the period for exchanging pesetas to euro, see [Box 2.3](#) of this report.

c) Electronic notification service

In May 2021, the Banco de España joined the Notifica platform, a service provided by the central government for sending and making available electronic communications and notifications, pursuant to Article 14 of Law 39/2015 of 1 October 2015 on the Common Administrative Procedure for General Government. Following this, the general public and other interested parties were able to access the Banco de España's electronic communications (1,433) and notifications (4,885) through the [Carpeta Ciudadana](#) (Citizen's Folder).

Further, in 2021, the Banco de España took the steps required to join the electronic notification service of the “[Dirección Electrónica Habilitada Única \(Dehú\)](#)” (e-mail enabled single point of notification), which facilitates access to electronic notifications and/or communications, and signed up for this service in February 2022. In 2022, the Banco de España will continue to work on its integration with different electronic platforms and services provided by central government.



2

ACTIVITY REPORT

MILESTONES IN 2021

JANUARY



21 January

Launch of a **new application for requesting appointments** to use on-site services at the Banco de España

25 January

The Ministry of Consumer Affairs, the Banco de España and the CNMV enter into an **agreement to improve consumer protection** through financial education

FEBRUARY



4 February

The Banco de España adopts the Eurosystem's common stance for **sustainable investment**

9 February

Joint press statement by the CNMV and the Banco de España **on cryptocurrency investment risks**

MARCH



4 March

The Banco de España adopts the **TIBER-EU cybersecurity test framework** for the Spanish financial sector

15 March

The Banco de España commences annual publication of the **main public financial statements** of specialised lending institutions

APRIL



13 April

The INE, the Tax Agency, the Social Security and the Banco de España agree to work together on developing **a system of access to their databases** for scientific purposes in the public interest

22 April

The Banco de España publishes the **supervisory statistics** of credit institutions for 2020 Q4

MAY



12 May

The Banco de España incorporates remote access and new databases into its **data laboratory (BELab)**

21 May

The Banco de España publishes a briefing note on application of the **moratoria established by law and by the banking sector** up to 30 April 2021

JUNE



28 June

Nine central bank Governors discuss how central bank policies can **ease the impact of COVID-19 and reactivate the economy**

30 June

The **last day for exchanging peseta banknotes and coins** for euro at the Banco de España

JULY



29 July

The Banco de España and the Banco Central del Uruguay enter into a **cooperation and technical assistance** agreement

30 July

Spanish banks show resilience in the **stress tests** published by the European Banking Authority

AUGUST



26 August

The Banco de España reports that, by the end of the exchange period, **the public had exchanged 96.8% of the pesetas** in circulation at 31 December 2001

31 August

Publication of the data on the **net lending of the Spanish economy** in July 2021: €0.8bn, compared with €2.4bn a year earlier

SEPTEMBER



8 September

The Financial Education Plan, sponsored by the CNMV and the Banco de España, renews its **www.finanzasparatodos.es** website

27 September

CAF-Development Bank of Latin America and Banco de España present the awards for the third edition of the **"Ideas para el Futuro" student** essay competition

OCTOBER



4 October

The 7th **Financial Education Day** is held under the theme "Make your finances sustainable"

13 October

HM King Felipe VI inaugurates an **exhibition on Goya and the origins of the Banco de España art collection** in a new permanent exhibition gallery at its Madrid head offices

NOVEMBER



5 November

The Banco de España opens a new point of on-site access to **BELab at its Barcelona branch office**

22 November

The Financial Education Plan launches the **10th edition of the Financial Education Programme** and the Financial Literacy Competition

DECEMBER



23 December

The Banco de España approves the **Circular** implementing its new **macroprudential tools**

28 December

The Banco de España reports on a cross-institutional supervisory action which examined **car loans**

1.1 Economic analysis and research

In October 2020, the Banco de España published its medium-term analysis and research priorities for the first time. The five areas on which analysis and research efforts will focus in 2020-2024 are: 1) central bank policies and their interactions; 2) long-term trends in the Spanish economy; 3) risks and opportunities arising from the international environment; 4) the aggregate consequences of the heterogeneity of households and firms, and 5) new technologies and information sources: challenges for a central bank. One year after their approval, [the Banco de España confirmed their validity](#) in the yearly exercise of reviewing compliance with these priorities. In the short term, efforts will continue to be concentrated on the same lines of work, although the focus will shift to give greater prominence to the following:

- The medium and long-term implications of the pandemic crisis.
- The economic and financial consequences of climate change.
- The impact of the Next Generation EU programme.
- The uneven effects of the pandemic across households and firms, and the role of economic policies.
- The digital euro.

Research relating to the monitoring and analysis of the pandemic's economic and financial impact continued to be prioritised in 2021. In addition, the usual research activities continued, such as seminars and conferences, mostly held online.

Figure 2.1 provides a summary of the main publications relating to economic analysis and financial stability in 2021.



For more information on the Banco de España's publications, see [Sections 5.1 and 5.2 of Chapter 1](#) of this report, which briefly describe the main features of the Banco de España's regular publications.

Figure 2.1

PUBLICATIONS RELATING TO ECONOMIC ANALYSIS AND FINANCIAL STABILITY



In 2021, **45 Working Papers** and 33 **Occasional Papers** were published. As for external publications, a total of 38 articles were published in anonymously refereed academic and professional journals, 28 articles were accepted and pending publication at year-end, and another 20 articles were published in other journals and books. Mention should also be made of the participation of Banco de España researchers in Eurosystem and international initiatives, such as the joint research conducted annually with the Center for Latin American Monetary Studies (CEMLA) and other initiatives with the IMF and the OECD, and in numerous expert seminars and conferences.



The Banco de España publishes its **macroeconomic projections for the Spanish economy** four times a year. These projections provide its view of the economic outlook over a horizon of around three years. On the day of their release, they are presented to the media at a press conference. The uncertainty implicit in the projection exercises was aggravated in 2021, just as it was in 2020, as a result of the course of the pandemic and its economic implications.



In addition to the **“Quarterly report on the Spanish economy”**, which includes the projections and the most recent developments in the Spanish economy and its external environment, the Banco de España’s **Economic Bulletin** features links to the publications during the quarter from the Analytical Articles and Economic Notes series. Both of these series seek to bring the analyses of the Banco de España to the attention of a broad audience, ranging from experts in economic analysis to the general public. In 2021, a total of 41 **Analytical Articles** and 12 **Economic Notes** were published.



As part of the **Economic Bulletin** released in April and October, the Banco de España publishes the “Report on the Latin American Economy”, which reviews recent macro-financial developments in those Latin American economies where the Spanish banking system is most present. The report describes the future outlook of these economies, which in 2020 and 2021 were subject to a high degree of uncertainty owing to the health crisis linked to the COVID-19 pandemic, and the main risks facing them. The 2021 reports also examined issues such as the vulnerabilities of these economies in a setting of rising inflation and little economic policy headroom, as well as the causes and potential effects of the social unrest witnessed in some countries of the region.



Twice a year (in spring and autumn) the Banco de España publishes the **Financial Stability Report (FSR)**, which reviews the main risks and vulnerabilities affecting the stability of the Spanish financial system, analyses the resilience of banks and sets out the main developments in macroprudential analysis and policy. The FSRs published in 2021 assessed the uneven impact of the crisis triggered by the pandemic on the financial situation of different segments of households and firms. There was also monitoring of the credit support programmes – in the form of moratoria and public guarantees –, the regulatory response to the crisis and the development of new macroprudential tools. These reports likewise analysed the link between the normalisation of economic scenarios in 2021 and the containment of risks to banking sector solvency, as well as an initial assessment of the climate change risks posed thereto.



Two editions of the **Financial Stability Review** were published in 2021, featuring 15 articles by researchers from the Banco de España and other authorities. In addition to the regular coverage of specific topical issues, such as the regulatory and supervisory response to the pandemic, several FSR articles were dedicated to technological developments in the financial sector, cyber risks and cyber resilience, the development of central bank digital currencies and regulating competition between banks and the technology sector. The FSR has also helped disseminate research papers on the macroprudential tools recently made available to the Banco de España, along with the latest methodological advances for the analysis of climate change.

SOURCE: Banco de España.

Research activities during the year encompassed a wide range of areas.

In relation to the analysis of the economic situation in Spain, once the worst of the pandemic was over, research priorities were focused on the factors that will shape the course of the Spanish economy during the recovery phase and thereafter. Specifically, issues such as the pace at which households will spend the saving built up during the pandemic, depending on their particular characteristics, the strength of the recovery of international tourist flows or how tensions in global supply chains are impacting the Spanish economy.

Additionally, in the latter part of the year, resources were devoted to analysing in depth the factors behind the rise in inflation and its potential consequences, focusing particularly on the energy component. Taking a longer term view, the impact on growth potential of the scarring effects of the pandemic was quantified, as was the role of the Next Generation EU funds and the associated structural reforms as catalysts. In the same vein, there was analysis of the possible consequences of certain challenges facing the Spanish economy, such as digitalisation, climate change and population ageing, along with the relative positioning of the various sectors of activity vis-à-vis these challenges.

In the international sphere, the analytical work continued to focus primarily on the effects of the COVID-19 pandemic on different economies – paying particular



Analysis of the economic situation in Spain focused on issues such as the pace of spending of savings built up during the pandemic.

attention to those that are systemic or more important for the euro area and for Spain – and especially on the sharp rise in inflation and the macroeconomic effects of the increase in energy prices and the supply-side “bottlenecks”.

Analysis of the emerging economies most relevant to Spain continued to preponderate in research projects. Risk scenario analysis models were used for these economies, examining their vulnerabilities (particularly in Latin America), financial markets and demand for credit.

Other areas addressed included environmental and climate change issues, with analysis of carbon taxes with border adjustment mechanisms; different aspects of world trade, such as the heightened uncertainty, globalisation or Latin America’s trade agreements with the European Union (EU), and the problems of the real estate market in China. Regarding the negotiation and effects of the United Kingdom’s departure from the EU, the Banco de España continued to participate in the analysis of the economic and trade effects of Brexit conducted by the Eurosystem’s International Relations Committee.

In the euro area, notable efforts were made to analyse the effects of the pandemic on activity and inflation. Worth noting in this latter area is the work relating to the review of the monetary policy strategy of the European Central Bank (ECB), which concluded in July 2021. In particular, the Banco de España, in collaboration with the ECB, the Bundesbank and the Banca d’Italia, led research into issues relating to the measurement of inflation and contributed to the work carried out in other areas, such as the interactions between monetary policy and fiscal policy or how globalisation has influenced monetary policy.

Regarding the effects on economic activity, special attention was paid to the incorporation of key tools in a pandemic scenario, such as an epidemiological model to assess the impact of the different waves of infections on the population’s mobility and on the economy, or the estimation of the stock of savings accumulated by households during this period and its potential impact on future consumption.

In addition, European governance and construction were addressed in depth, particularly the reform of the Stability and Growth Pact, the impact of the European funds on the economy and the initiatives regarding the strategic autonomy of the EU.

With regard to **research on financial issues**, the following areas were analysed in 2021: the effect of the fresh-start mechanism on the business sector; the impact of the health crisis on financial markets; the recourse of firms to market-based debt financing; the effect of fires and other natural disasters on the access of non-financial corporations to credit; and the risks associated with the complex organisational structure of banks.

In 2021, research continued on the liquidity needs, solvency and viability of Spanish non-financial corporations, and on the impact of the measures adopted to mitigate the economic crisis (the ICO public guarantee facilities) on firms' financing conditions. Accordingly, the solvency problems faced by non-financial corporations in Spain were explored in depth and a model to estimate their probability of default was created, along with a taxonomy of “zombie firms” centred on their relationships with banks. Also analysed were the factors behind the sluggishness of bank lending once the lending mobilised by the public guarantee schemes began to lose momentum. Lastly, a tool for the accurate calculation of the equity risk premium was developed and a number of research projects analysing the activity of non-bank intermediaries in Spain were initiated.

Research in the area of monetary policy continued to focus on the analysis of the monetary policy measures deployed by the Eurosystem during the pandemic, in particular the Pandemic Emergency Purchase Programme (PEPP), and on various aspects relating to the ECB's monetary policy strategy review which concluded in 2021. In this latter area, research covered the effects of monetary policy on productivity, the interactions between the monetary policy stance and fiscal and/or macroprudential policy, and the redistributive effects of inflation. Additionally, work began on issues such as the implications for monetary policy of the possible launch of the digital euro or the relationship between monetary policy and the risks associated with climate change.

In the area of macroprudential policy and financial stability, research encompassed multiple projects, including, most notably:

- The ongoing study of growth-at-risk models, particularly how they can be applied to bank lending, and of leading indicators of viability problems in banking.
- The scope of the research on the measures to support credit adopted during the pandemic was extended to include studies on the recommendations on dividend restrictions, banks' solvency levels and the effect of bank-customer relationships on lending decisions.
- Regarding the real estate market, a new price index was designed for commercial real estate, and the effect of borrowers' “rootedness” on the cost and quality of mortgage lending was analysed.
- A sectoral probability of default model was developed to analyse the impact on the banking sector of the costs of initiating the energy transition process towards a more sustainable economic model.

As regards microeconomic research, the main contributions can be grouped into eight broad areas:

- **In the area of households and individuals**, various sources and techniques were used to analyse recent developments in economic aggregates such as household spending, income, debt and wealth, but also their physical and mental health, especially in the wake of the pandemic and compared with other European countries, focusing in particular on the most vulnerable groups: young people, women or people living in remote rural areas. Possible responses to the pandemic, such as migration, were also documented. Individuals' relationships with financial institutions were also analysed, focusing on different forms of financial inclusion and the importance of financial literacy. As regards measuring the financial position of households, progress was made on further automating the early detection of atypical or problematic cases and, generally, on developing tools to increase automation in monitoring the process of conducting interviews, and their organisation, allocation and supervision. The external comparison and validation of the figures provided by the Spanish Survey of Household Finances (EFF) with other statistical sources and their potential use for the purposes of forecasting wealth distribution was also studied.

- **In relation to firms**, work was under way to identify the types of firms that provide unstable employment in terms of contract duration, or offer wages close to the national minimum wage, and the consequences of this job insecurity on human capital accumulation and other long-term decisions of employees, such as new household formation and parenthood. Moreover, a study of the main results of the Survey of Small Enterprises' Financial Literacy was carried out and published, and the impact of tariff barriers on trade flows was analysed.

- **As to the labour market**, a number of publications and ongoing research projects analysed how factors such as wages, employment and career advancement respond to aggregate phenomena such as robotisation, environmental quality or wage bargaining, but also to individual aspects such as contract type, maternity or loss of employment, paying particular attention to gender gaps. A study was published on how the increase in the national minimum wage affects employment, and another on the transition costs involved in setting up a capitalisation fund ("the Austrian backpack") in the Spanish labour market. The simulation of severance payments under the latter project has been used to analyse the impact of different reforms on severance costs. Additionally, work continued on the creation of a database that will enable quantification of wage cushions (wages above the level stipulated in the collective bargaining agreement) at firms.



In relation to energy and climate change, the impact of subsidies for the purchase of electric vehicles was analysed.

- **As regards education**, the job opportunities that vocational training courses offer their graduates, depending on the level of vocational training chosen and the limitations on the supply of places for each qualification, were analysed. A study was completed on how knowledge and skill-building is affected when people are displaced from their homes in childhood, and other studies on the short and long-term impact of the pandemic on the acquisition of knowledge and skills in early life.
- **In relation to other economic policies**, research was conducted on how changes in the regulatory base calculation period affect new retirement pension amounts, and work continued on the pensions micro-simulator to estimate changes in retirement, unemployment and employment patterns depending on the level of expected pensions, unemployment benefits and wages. The Bank participated in the Committee of Experts for the Reform of the Spanish Tax System, contributing, inter alia, an analysis carried out – using VAT and excise duty micro-simulation tools – on the differences in tax burdens and environmental taxes over the life cycle. Also in the area of fiscal policy, the potential impact of different fiscal incentives on retirement saving was analysed.
- **In relation to energy and climate change**, an analysis was published on recent changes in CO₂ emissions in Spain, which also describes how different types of households contribute to these emissions, according to their spending patterns. In addition, work was carried out on both the local

macroeconomic impact of investment in renewable energy and on the implications of the different taxes that could be levied on the consumption of polluting goods.

- **As for structural reform**, there was ex ante monitoring and evaluation of the main measures approved in the framework of the Spanish Recovery, Transformation and Resilience Plan, particularly with regard to public tenders, employment, housing, pensions and the minimum income scheme.
- **Lastly, in the area of economic policy**, work was undertaken on surveys measuring the relationship between trust in financial institutions and tax preferences, and economic policy uncertainty indices were created using big data techniques.

1.2 Statistics

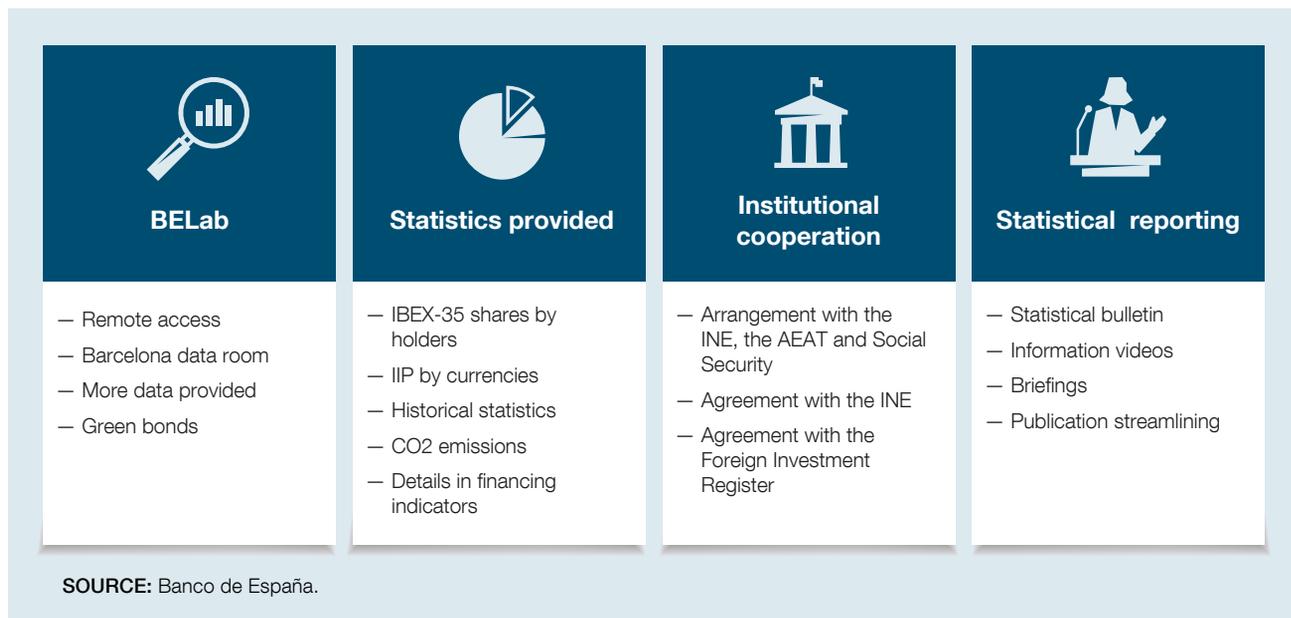
Regular statistical production absorbs most of the available resources in this area of activity which, moreover, is subject to new reporting requirements from international organisations and users. In 2021, further progress was made in offering users new statistical products, making these even more accessible, strengthening cooperation with other institutions and improving communication with users.

Schema 2.1 summarises the progress made by the Banco de España in its statistical activity in 2021 with respect to its data laboratory (BELab), the improvement in the statistics provided, cooperation with other institutions and communication with users.

BELab made significant strides in 2021, with improved accessibility after remote access to the laboratory was enabled and a new safe space was created at the Barcelona branch office. As regards content, the statistics provided increased substantially in 2021 to include the microdata of consolidated non-financial corporate groups, loans to legal persons drawn from the Central Credit Register (CRR) and debt securities issues. Information on these issues also includes their “sustainability” status, specifying whether they are green, sustainable or social bonds or are linked to sustainability goals. The increase in available data made it worthwhile to create an interactive catalogue of the available databases.

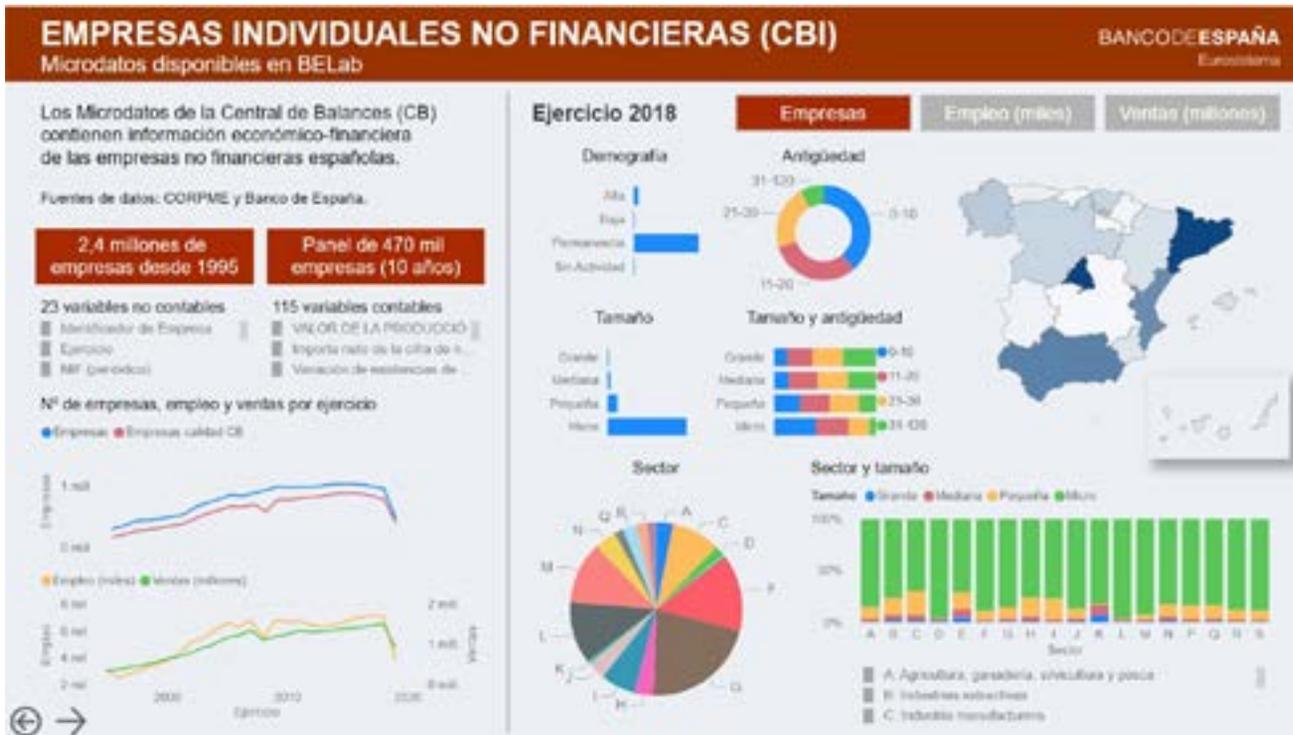
Statistical information also improved in the area of securities markets, with the publication of information on institutional sectors holding IBEX 35 shares. Information on both the international investment position (IIP) and external debt is now provided with a breakdown by major international currencies. Also in the area of external statistics, information on foreign direct investment began to be provided

DEVELOPMENTS IN THE BANCO DE ESPAÑA'S STATISTICAL ACTIVITIES IN 2021



also by ultimate investing economy, rather than only by immediate investing economy (this type of information is further explained in [Statistical Note 15](#)). The information furnished by the Central Balance Sheet Data Office was broadened to include the CO₂ emissions of the most significant listed groups. More detailed information was provided on the liquidity and funding indicators of non-financial sectors, including data on loans to small and medium-sized enterprises (SMEs) and sole proprietors. Lastly, a new section called “[Historical statistics for researchers](#)” was created on the Bank’s website, providing access to discontinued Banco de España statistical series and to series compiled by researchers and published in Banco de España papers.

Work was also undertaken to develop and prepare the fieldwork for the **2021 Survey of Financial Competences** (ECF, by its Spanish abbreviation), the protocols and methods of which have had to be substantially changed and adapted to the pandemic situation, meaning, in many instances, that face-to-face interviews could not be held. The main fieldwork has been under way since November 2021, as has the ongoing review of the interviews completed to date. As regards the **Survey of Household Finances** (EFF, by its Spanish abbreviation), the EFF 2020 interviews were completed in 2021 and headway was made on data editing, imputation, preparation and analysis, with a view to publishing the main results of the survey in 2022. Work was also under way to provide users with data in an interactive format, and a machine learning tool was in development to automate the data editing process. In 2021, a study on the quality of the information on debt reported by households in the EFF was completed, which involved cross-referencing the information against CCR administrative data.



The statistics provided by BELab increased substantially in 2021.

The **Survey of Small Enterprises' Financial Literacy**, was conducted for the first time, as part of a project launched by the OECD's International Network on Financial Education (INFE), to measure firms' financial literacy and the financial instruments held by them.



A new website section called "Historical statistics for researchers" has been created to provide access to discontinued Banco de España statistical series.



The Banco de España Statistics Information Bulletin seeks to maintain a channel of communication with statistical data users.

In 2021, several cooperation agreements were entered into **with other national statistics institutions**. The Banco de España agreed with the National Statistics Institute (INE), the tax revenue service (AEAT) and the social security administration to commence joint work on developing a system of access to their databases for scientific purposes in the public interest. In addition, an agreement for institutional cooperation and regular information-sharing was entered into for the first time with INE. A cooperation agreement was also entered into with the Foreign Investment Register (RIE), attached to the Ministry of Industry, Trade and Tourism, for the exchange of information on foreign direct investment.

The launch of the *Banco de España Statistics Information Bulletin* in 2021 opened up a new channel of **communication with users**. The year also saw the start of a series of **briefing sessions** covering different aspects of statistical production and dissemination. Information videos were chosen as the tool to make the Banco de España's statistics available to a broader audience. Lastly, **publications were streamlined**, with the annual publication of the *Financial Accounts of the Spanish Economy* brought to an end – while continuing to provide their full content on the website – and integrating the *Economic Indicators* into the *Statistical Bulletin*.

Schema 2.2 summarises the new challenges for the Banco de España's statistical activity.

NEW CHALLENGES FOR THE BANCO DE ESPAÑA'S STATISTICAL ACTIVITY

The main challenges that the Banco de España currently faces in the statistical realm are as follows:

 Statistical reporting	To continue progress in providing experts, but also the general public, with access to statistical information.
 Data science	To make increasing use of data science and automation tools in statistics compilation processes. These tools will allow us to expand the set of information that we are able to process and, above all, to improve its quality.
 Sustainable development	To provide more economic data related with the sustainable development targets.

SOURCE: Banco de España.



Watch the following video for more information on the importance of the statistics prepared by the Banco de España:



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

The course of the COVID-19 pandemic and its impact on economic activity continued to shape monetary policy. For most of the year, the bulk of activities relating to the implementation of monetary policy and the management of portfolios and the attendant financial risks were conducted remotely, as part of what, for now, constitutes the "new normal".

2.1 Monetary policy implementation

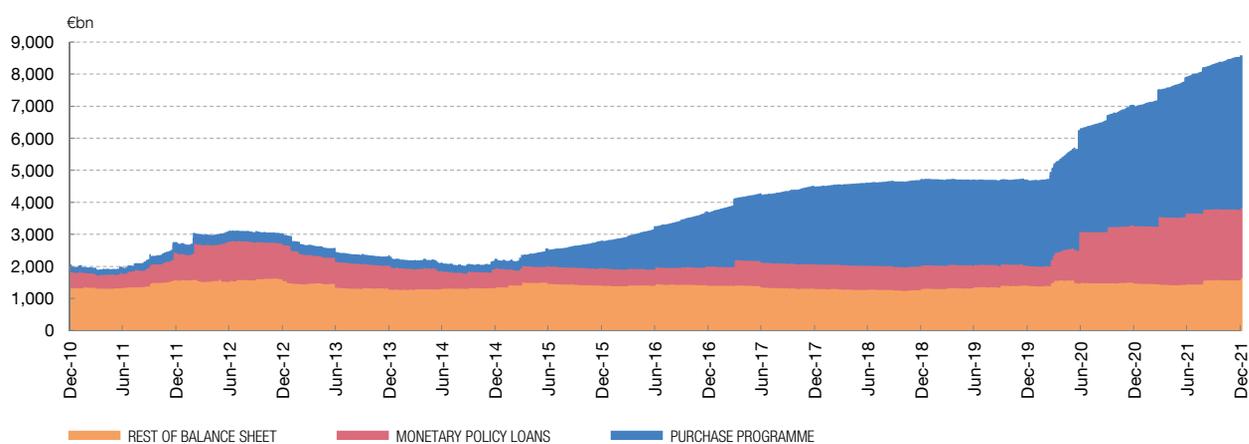
2021 was marked by the economic recovery following the sharp contraction triggered by the COVID-19 pandemic in 2020. Central banks played a vital role, further expanding their balance sheets and continually providing liquidity to credit institutions and the financial system as a whole through monetary policy loans and the purchase programmes (see Chart 2.1).

The ECB left its key interest rates unchanged throughout the year at 0.00% for main refinancing operations, 0.25% for the marginal lending facility and -0.05% for the deposit facility.

This is in line with the outcome of the monetary policy strategy review announced by the ECB in July 2021. Key interest rates remain the principal monetary policy instruments to achieve the inflation target of 2% over the medium-term. However, it

Chart 2.1

THE EUROSISTEM'S BALANCE SHEET



SOURCE: Banco de España.

was acknowledged that other instruments, such as forward guidance, longer-term refinancing operations and asset purchases, are important for achieving this symmetric inflation target, for which positive and negative deviations from the 2% target are equally undesirable.

a) Longer-term refinancing operations

Targeted longer-term refinancing operations (TLTROs) – which seek to maintain favourable financing conditions and support the accommodative monetary policy stance – reinforce the monetary policy transmission mechanism by encouraging lending to the real economy. The participating banks obtain ECB funding at more favourable interest rates depending on the extent to which they fulfil growth targets in lending to firms and households. The current TLTRO programme (TLTRO III) consists of a series of ten refinancing operations, each with a maturity of three years, conducted quarterly between September 2019 and December 2021.

In January 2021 the ECB introduced a series of changes to TLTRO III¹ aimed at prolonging the more favourable financing conditions for credit institutions, extending the availability of the more advantageous rate² by one year provided that they meet their business and household lending targets. Further, it raised the amount that banks were entitled to borrow³ and introduced three additional quarterly operations. Under these new conditions, in 2021 €31.9 billion were allotted to Spanish banks under TLTRO III and €589.2 billion to euro area banks as a whole.⁴

The pandemic emergency longer-term refinancing operations (PELTROs) continued during 2021, at an interest rate below that of the main refinancing operations and each with a tenor of one year. A total of four PELTROs were conducted, in which Spanish banks bid for €0.1 billion and euro area banks as a whole €3.4 billion.

b) Collateral framework

Regarding the framework of eligible collateral, the easing measures adopted in April 2020 (to ensure credit institutions' continued access to central bank financing and the correct transmission of monetary policy) remained in effect during 2021.

1 As a result of the measures announced by the ECB Governing Council on 10 December 2020.

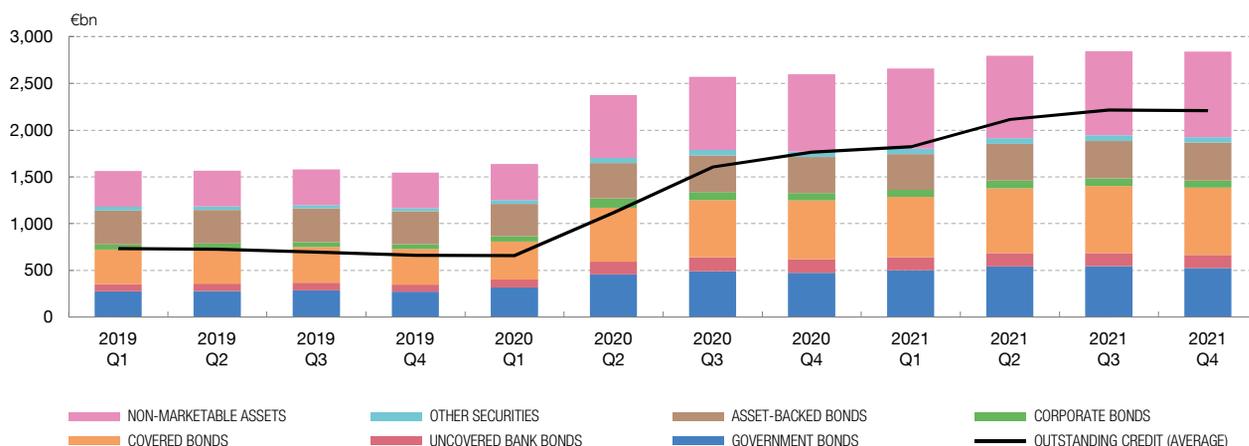
2 The reduced rate at which banks participating in TLTRO III can obtain financing is the average rate on the deposit facility, currently -0.5%, less 50 basis points. This interest rate was applicable in the periods June 2020-June 2021 and June 2021-June 2022, provided that the banks achieved, for each reference period, the growth target for lending to firms and households.

3 The limit was raised by 10%, from 50% to 55% of their portfolio of eligible loans.

4 Since September 2021, banks have the option of repaying early the amounts borrowed under TLTRO III operations on a quarterly basis. In 2021 European credit institutions made early repayments amounting to €139.4 billion.

Chart 2.2

USE OF COLLATERAL WITH THE EUROSYSTEM



SOURCE: ECB.

Chart 2.2 shows the slight increase over the year in total collateral assets used (9%), owing to the rise in the use of covered bonds (14%), non-marketable assets (11%) and government bonds (11%).

c) Asset purchase programmes

The asset purchase programmes provide monetary stimulus to the economy, in a setting in which the key ECB interest rates are very low. They also help to further ease monetary and financial conditions, lowering funding costs for firms and households and thus supporting investment and consumption, and ultimately contributing to returning inflation levels to around the symmetric target of 2% over the medium term.

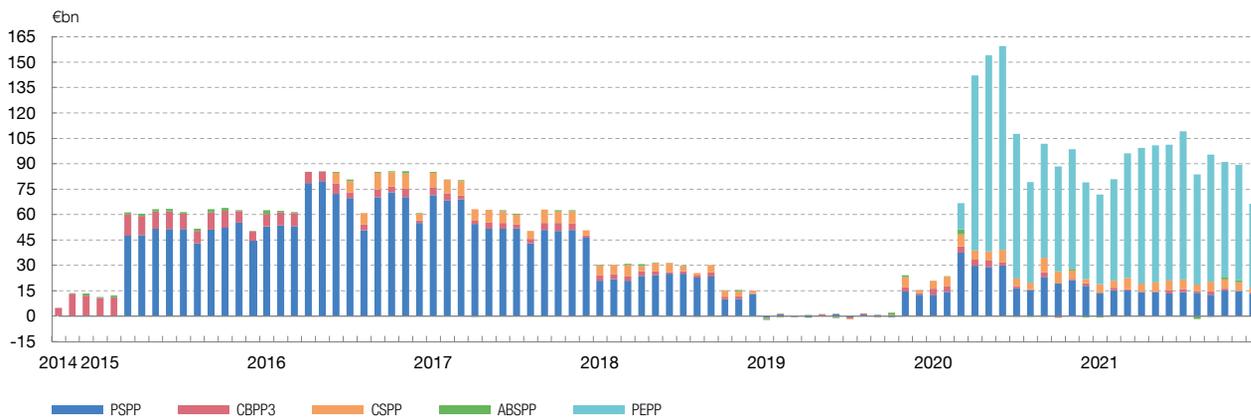
The main programmes presently in force are the asset purchase programme (APP) and the PEPP, the features of which are as follows.

Asset purchase programme

The APP has been implemented since 2015. 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)).

Chart 2.3

MONTHLY PURCHASES, BY PROGRAMME (APP AND PEPP)



SOURCE: ECB.

Purchases under the APP continued in 2021 at a monthly rate of €20 billion, in accordance with the ECB Governing Council decision of September 2019 (see Chart 2.3).

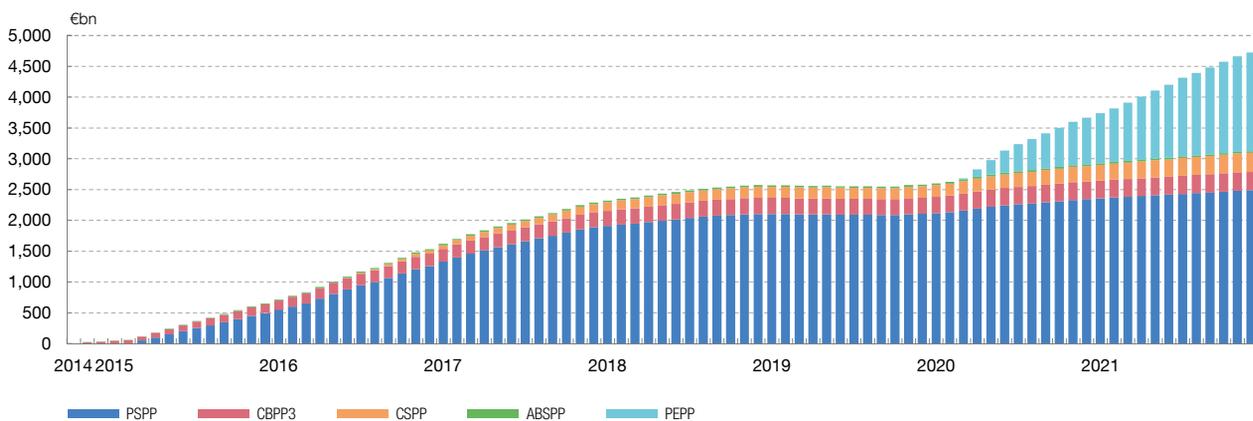
The public sector purchase programme accounts for the largest volume, followed by the corporate sector programme, the covered bond programme and, lastly, the asset-backed securities programme. Also worth noting is the smooth functioning of the lending facility for securities purchased under the public sector purchase programmes (APP and PEPP), which has helped to lessen repo market tensions at quarter and year ends, with the 2021 year-end having been particularly challenging. On 15 November 2021 the limit for securities lending against cash for the Eurosystem as a whole was raised from €75 billion to €150 billion (see Chart 2.4).

Pandemic emergency purchase programme

This programme was launched in March 2020 with an initial envelope of €750 billion, subsequently increased to €1,850 billion,⁵ to counter the impact of the pandemic on the monetary policy transmission mechanisms and on the outlook for the euro area. The assets eligible under the PEPP are similar to those under the APP, but extended slightly to include public sector and private sector (commercial paper) instruments with a shorter maturity (in the latter case, extended to the CSPP of the APP).

⁵ At 31 March 2022, the end date of the net purchase phase, €1,718 billion of the €1,850 billion envelope had been used.

Chart 2.4

CUMULATIVE PURCHASES UNDER THE APP AND THE PEPP

SOURCE: ECB.

For purchases under the public sector purchase programme, the benchmark is the capital key of the national central banks. At the same time, purchases under the PEPP are conducted in a flexible manner across time, asset classes and jurisdictions, with a view to maintaining favourable financing conditions during the pandemic period.

The following is a summary of the ECB Governing Council's main decisions in relation to the pace of purchases under the programmes and their reinvestment over the coming years.⁶

Pace of purchases

In December 2021, the Governing Council of the ECB judged that the progress on economic recovery and towards its medium-term inflation target permitted a step-by-step reduction in the pace of its asset purchases during the subsequent quarters. As a result, it announced that in the first quarter of 2022 net asset purchases under the PEPP would be conducted at a significantly lower pace than in the previous quarter and that it would discontinue net asset purchases under the PEPP at the end of March 2022. In March 2022 it announced that monthly net purchases under the APP would amount to €40 billion in April, €30 billion in May and €20 billion in June, while reserving the option to calibrate net purchases for the third quarter based on economic developments.

⁶ The ECB Governing Council adopts monetary policy decisions every six weeks, determining what should be done to keep inflation at 2%. These decisions can be found on the [ECB website](#).

Reinvestments

In December 2021 the ECB Governing Council decided to extend the reinvestment horizon for the PEPP until at least the end of 2024. The reinvestments can be adjusted flexibly across time, asset classes and jurisdictions to combat any pandemic-related market fragmentation. In any case, the future roll-off of the PEPP portfolio will be managed flexibly and to avoid interference with the appropriate monetary policy stance. It intends to continue reinvesting, in full, the principal payments from maturing securities purchased under the APP for an extended period of time past the date when the key ECB interest rates start to rise, and in any case for as long as necessary to maintain favourable liquidity conditions and an ample degree of monetary accommodation.

2.2 Asset and financial risk management

As regards the management of own portfolios, the diversification of foreign reserves holdings continued in 2021, 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 part 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.

For the third consecutive year, and in response to the second of the recommendations published by the Network for Greening the Financial System (NGFS) in 2019,⁷ sustainability and responsibility principles were applied in own-portfolio investment decisions, which led to a rise in the share of sustainable bonds (green bonds in particular). 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 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 related disclosures 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 Operations,

⁷ For more details, see NGFS (2019), [A call for action – Climate change as a source of financial risk](#), April 2019.



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 promoting sustainable finance.

Markets and Payment Systems is a member, and by other Eurosystem working groups in which other members of that Directorate General continue to participate.

In 2021, strict control continued to be exercised over financial risks to ensure prudent risk-taking and that investments provide an efficient risk-return combination. The financial risks of own portfolios (mainly, exchange rate risk) scarcely changed.



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 2021.

2.3 Payment systems and market infrastructures

Payment and securities settlement systems are at the heart of a country's economic and financial activity. Broadly speaking, they are the infrastructure through which assets are channelled in an economy.

As an operator, the Banco de España manages the Spanish component of the large-value euro payments system (TARGET2-BE), which in 2021 settled a total of 6,661,161 transactions, with a value of more than €15 trillion. With respect to 2020, these

THE DIGITAL EURO: LAUNCH OF THE INVESTIGATION PROJECT

Following the publication of an initial report in October 2020, the conclusion of a public consultation¹ and a series of experiments to ascertain the feasibility of various technological proposals, in July 2021 the Governing Council of the European Central Bank (ECB) authorised the commencement of the investigation phase of the digital euro project.² This decision does not mean that a sovereign digital currency will soon be issued in the euro area. The aim is to press ahead with the preparations needed to be able to launch the currency if so decided in the future.

During the investigation phase, which is expected to last for two years starting in October 2021, the Eurosystem will analyse how a digital euro might best be designed and distributed among potential users, as well as its potential impact on the market and the changes that would have to be made to the EU legislative framework. There are also plans to construct one or several prototypes to confirm the viability of any design decisions adopted during this phase.

Communicating with all of the stakeholders is deemed key to meeting these goals and ensuring the initiative is a

success. With this in mind, the Eurosystem has arranged a series of events in order to identify and gain feedback on the preferences of small retailers and consumers. In parallel, an advisory group with different industry representatives has been set up³ to advise on design and distribution-related aspects and the potential benefits a digital euro has to offer society as a whole. The results of the investigation phase will be crucial to support the Eurosystem in its deliberations on the advisability or otherwise of launching the digital euro implementation phase.

Given its strategic importance for the European Union, the digital euro project must have the full backing of the institutions. Thus, a major effort has been made from the outset to coordinate with representatives from both the European Parliament and the European Commission (EC). To this end, prominent members of the ECB Governing Council have made various appearances before such bodies. Meanwhile, a joint technical group has been set up by the ECB and the EC to further analyse the legal aspects of this project.

1 Conducted between October 2020 and January 2021.

2 See the [ECB press release](#) of 14 July 2021 for further details.

3 See the [ECB press release](#) of 25 October 2021 for further details.

figures represented an increase of 13.51% in the number of transactions and of 7.31% in their total value.

As a provider of market infrastructure services to other central banks of the European System of Central Banks (ESCB), the Banco de España contributes actively to the integration and standardisation of European financial markets. Together with the central banks of Germany, France and Italy, it operates the Eurosystem's securities settlement platform, TARGET2-Securities. In 2021 it led the launch of the mechanism to calculate penalties for failed settlement instructions, in accordance with the European settlement discipline regulation which came into force in February 2022. It also played a key role in the development of a single framework for posting collateral in Eurosystem refinancing operations. An important milestone in this project was reached in 2021 with delivery of the first version of the platform for user testing to get under way. The launch is scheduled for November 2023.

The Banco de España, jointly with the Banque de France, manages and operates the MAPS platform for the processing of market transactions, from trading to final

settlement. MAPS provides services to the central banks of France, Cyprus and Spain, with work ongoing to expand services to other Eurosystem members. The incorporation of the central bank of the Netherlands is at a very advanced stage and a project is under way to incorporate the central bank of Malta. Both central banks are expected to join MAPS over the course of 2022.

Lastly, 2021 saw the start of a Eurosystem research project on the digital euro, meaning an electronic form of the central bank's money which all citizens and firms can use quickly, easily and securely to make everyday payments, like banknotes but in digital format. Box 2.1 details the launch of the digital euro research project.



Watch the video below for more information about the digital euro:

PLAY ▶



The graphic on the right features a background of binary code (0s and 1s). In the center, there is a Euro symbol (€) on the left, a padlock icon in the middle, and a lightbulb icon on the right, symbolizing digital currency, security, and innovation.

3 BANKNOTES AND COINS

3.1 Banknote and coin management

As a member of the ESCB, the Banco de España's functions 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 issuance

In 2021, the **Banco de España provided credit institutions with a total of 2,571 million banknotes, amounting to €79,015 million.** 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 value of euro banknotes put into circulation by the Banco de España in 2021 decreased by 9.6% compared with 2020.

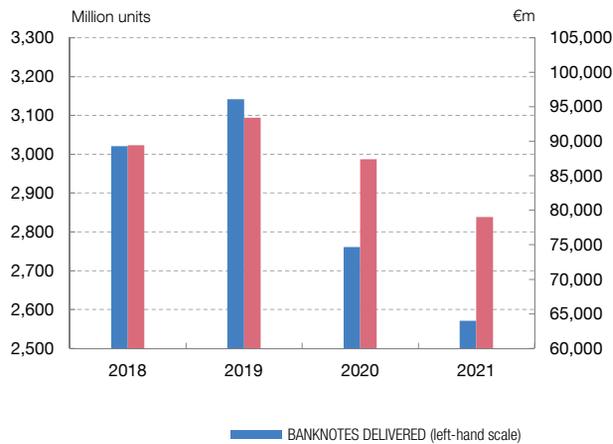


The Banco de España's functions include issuing euro banknotes, which it does together with the ECB and the other euro area national central banks.

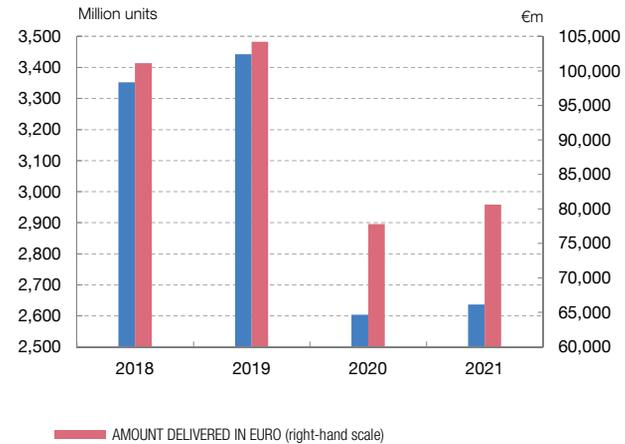
Chart 2.5

EURO BANKNOTES

1 PUT INTO CIRCULATION



2 WITHDRAWN FROM CIRCULATION



SOURCE: Banco de España.

The number of banknotes withdrawn from circulation increased slightly as compared with 2020. During the year the Bank **withdrew 2,637 million banknotes, amounting to €80,612 million**, 3.6% more than in the previous period.

Net issuance in Spain, i.e. banknotes put into circulation less those withdrawn from circulation, was negative in 2021, marking a return to the normal trajectory, albeit still at moderate levels. Despite the economic recovery, the volume both of banknotes issued and of those withdrawn from circulation by the Banco de España held below 2019 levels.

In 2021 tourism remained well short of pre-pandemic figures, which affected the flow of cash since tourists visiting Spain with money from their countries of origin help to increase money flows.

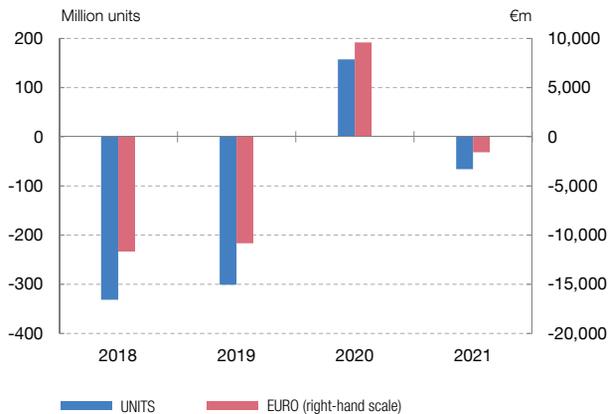
As compared with 2020, **net issuance declined by 224 million banknotes in 2021, amounting to €11,177 million**. Analysis of the distribution reveals that the most demanded banknote denomination in 2021 was the €50 banknote (43% of the total), followed by the €20 banknote (28.2%) (see Chart 2.6).

With a view to safeguarding the integrity of the banknotes in circulation, in 2021 **the Banco de España examined approximately 2,881 million banknotes** using automated processing systems. These systems check the authenticity and the condition of banknotes deposited by credit institutions, firms and individuals. Of these banknotes, 83.4% were fit for recirculation and the rest were destroyed.

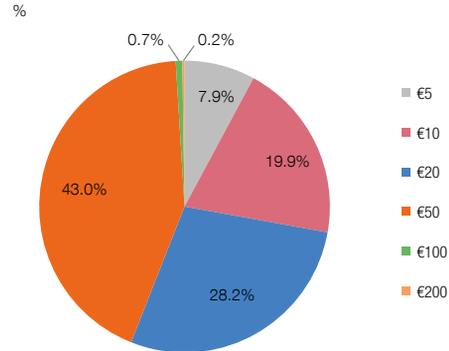
Chart 2.6

NET BANKNOTE ISSUANCE BY THE BANCO DE ESPAÑA. TIME SERIES AND BREAKDOWN BY DENOMINATION IN 2021

1 NET ISSUANCE OF EURO BANKNOTES



2 BREAKDOWN BY DENOMINATION IN 2021



SOURCE: Banco de España.

To the same end, the Banco de España continued its oversight of banknote handling activities by the private sector. **531 inspection visits were conducted at the facilities of cash-in-transit companies**, more than in the previous year owing to the pandemic restrictions in 2021 and the closure of some operational centres. In addition, **203 inspections were conducted at bank branches to check the processing and recirculation of euro banknotes**. 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.

b) Coin issuance

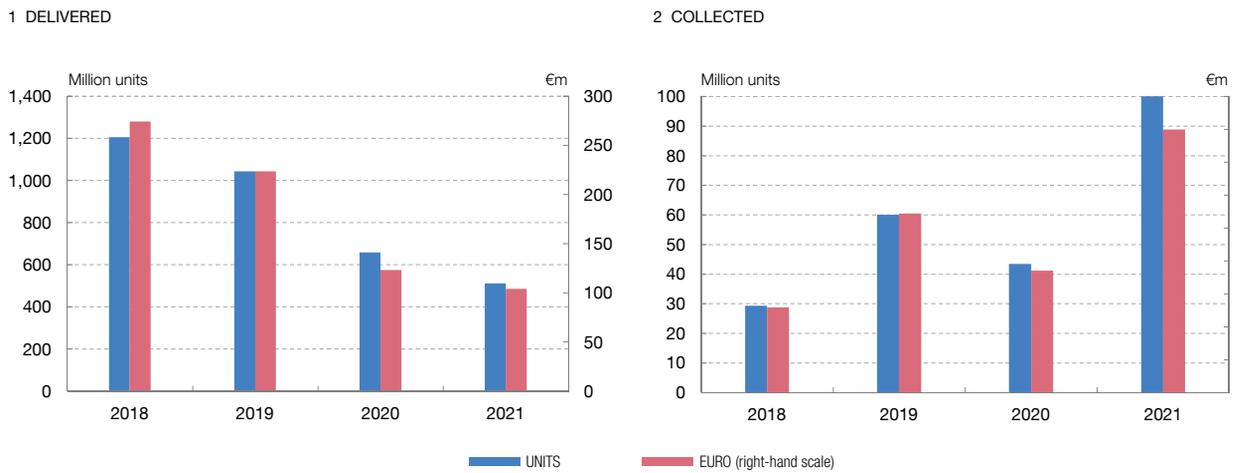
The circulation of coins also declined in 2021 compared with 2020. **The Banco de España put 511 million coins into circulation, for a total of €104 million**; this was down by 22.5% on 2020 and by 51.1% on 2019, and is the lowest figure in the time series.

A total of 102.5 million coins, amounting to €79.9 million, were withdrawn from circulation. These figures double those of 2020. High denomination coins (€1 or €2) accounted for most of the withdrawals, representing 76.8% of the total value but just 20.1% of the total units.

The difference between the coins distributed and collected by the Banco de España, i.e. **net issuance, was 408 million units, equivalent to €24 million.** As a result, in

Chart 2.7

COINS DELIVERED AND COLLECTED BY THE BANCO DE ESPAÑA



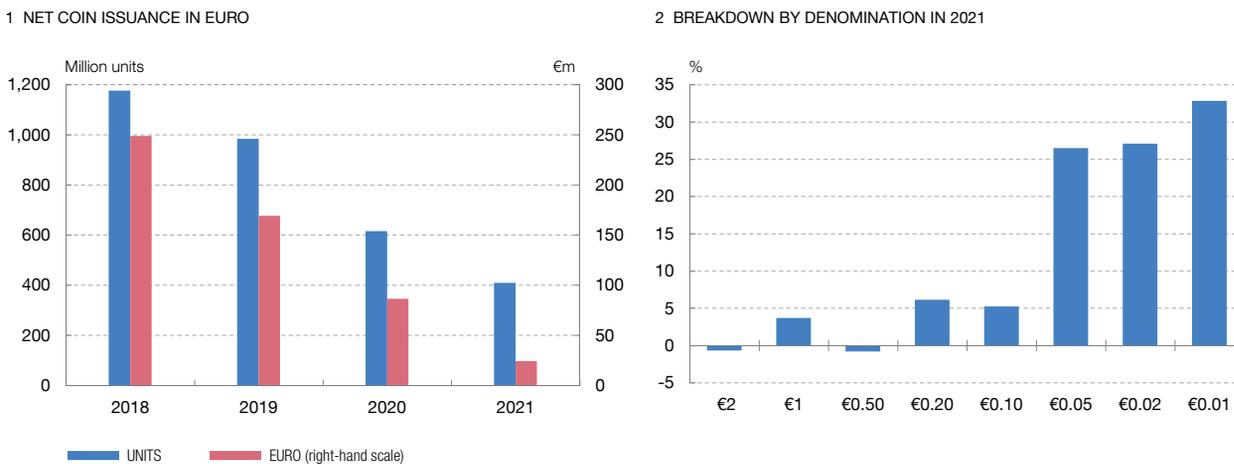
SOURCE: Banco de España.

2021 the net issuance of coins in terms of units and euro value was down by 33% and 72%, respectively, on 2020 (see Chart 2.7).

Small denomination coins (one, two and five euro cent) accounted for 86.4% of the net issuance (see Chart 2.8). The most demanded coin (among those of high denomination) in Spain was the €1 coin (3.6%). This is in contrast with other Eurosystem countries, which prefer the €2 coin.

Chart 2.8

NET COIN ISSUANCE BY THE BANCO DE ESPAÑA. TIME SERIES AND BREAKDOWN BY DENOMINATION IN 2021



SOURCE: Banco de España.



According to the survey, cash as a means of retail payment has been affected by the COVID-19 pandemic.

In order to ensure the authenticity and optimal condition of the coins in circulation, in 2021 **the Banco de España conducted inspection visits at 22% of coin processing centres** and checked the correct functioning of the coin processing machines. Overall, these machines verified around 997 million coins of the three highest denominations (€2, €1 and €0.50 coins).

3.2 Cash and other means of payment

a) Annual cash survey

Since 2005, the Banco de España has conducted an annual cash survey of the general public, the hospitality sector and small and large retailers to gather feedback on how they use and what they think of banknotes and coins in Spain. The results of the survey conducted in late 2020 were published in 2021 and are summarised in Box 2.2.

RESULTS OF THE ANNUAL CASH SURVEY

A cash survey of the general public, the hospitality sector and small and large retailers was conducted at the end of 2020 to gather feedback on how they use and what they think of banknotes and coins in Spain.

According to the survey findings published in 2021 (see Chart 1), cash as a means of retail payment has been affected by the COVID-19 pandemic, and it now trails debit cards as the preferred method. While 53% of those surveyed gave cash as their standard payment method in the survey published in 2020, this share had fallen to 35.9% by 2021. The findings unveiled in 2021 also show that 54.1% of those surveyed opt for debit cards as their preferred means of payment. Moreover, up to 40% of respondents plan to use or increase their use of means of payment based on new technologies, as compared with 24% in 2019.

Notably, 2.5% of the survey population stated that they no longer use cash for hygiene reasons as a result of the pandemic. The habit of paying in cash has declined particularly since the COVID-19 lockdown, largely due to the fact that almost half of all retailers encouraged the use of other payment methods, as well as to the hygiene measures deriving from the health alert, according to 61% of the survey population.

Quality of euro banknotes

According to the three groups surveyed, the quality of the banknotes withdrawn from ATMs and over the counter worsened in 2020, highlighting the difficulties in renewing the cash in circulation during the mobility restrictions (see Chart 2).

Checking the authenticity of banknotes

Over 70% of the hospitality establishments and retailers surveyed claim to check the authenticity of the banknotes they receive, as opposed to only 11% of the general public. The most frequently checked features are the type of paper, raised lines and the security thread (see Chart 3).

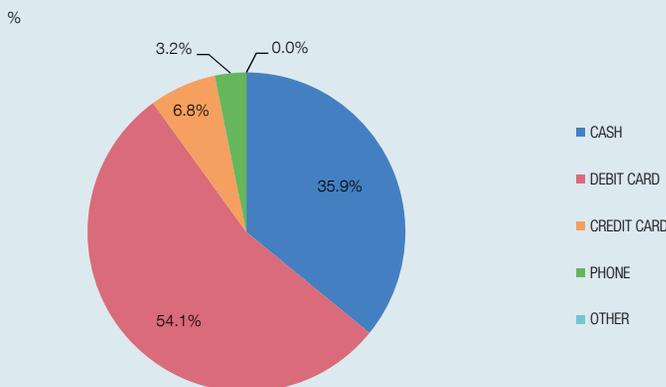
Cash withdrawals

ATMs are the most popular means of obtaining cash among the general public (84%), while over-the-counter withdrawals are becoming increasingly infrequent, with only 13.3% claiming to make such withdrawals on a monthly basis. Over-the-counter withdrawals are most popular with the over-64s (see Chart 4).



According to Fabio Panetta, member of the Executive Board of the ECB, **scientific research has shown that coronaviruses can survive more easily on a stainless steel surface (e.g. door handles) than on our cotton banknotes**, with survival rates approximately 10 to 100 times higher in the first few hours after contamination. Other analyses show that **it is much easier for a virus to be transferred from smooth surfaces like plastic** than from porous surfaces such as cotton banknotes.

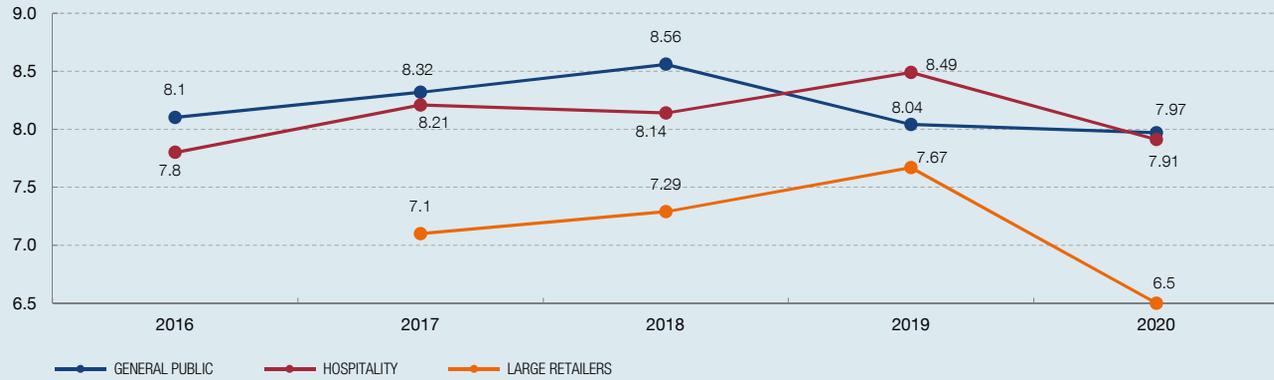
Chart 1
PREFERRED MEANS OF PAYMENT



SOURCE: Banco de España.

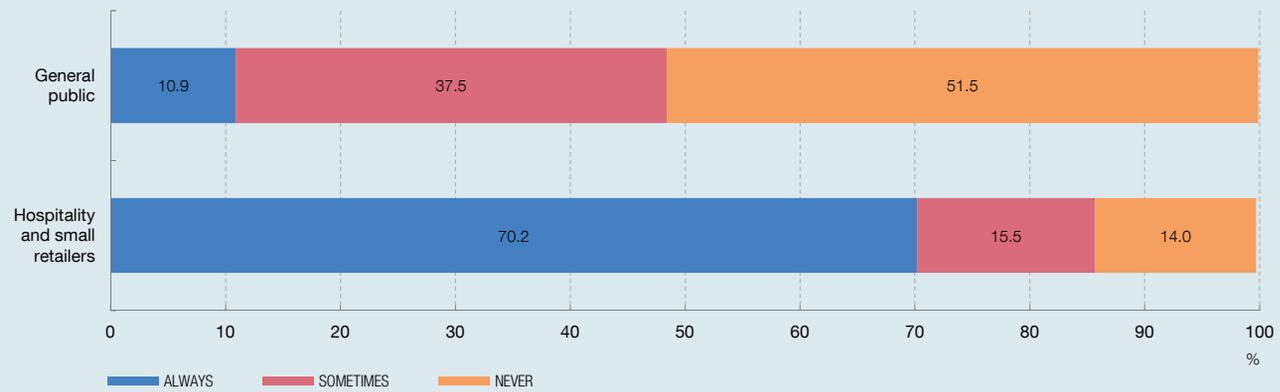
RESULTS OF THE ANNUAL CASH SURVEY (cont'd)

Chart 2
AVERAGE ASSESSMENT OF BANKNOTE QUALITY



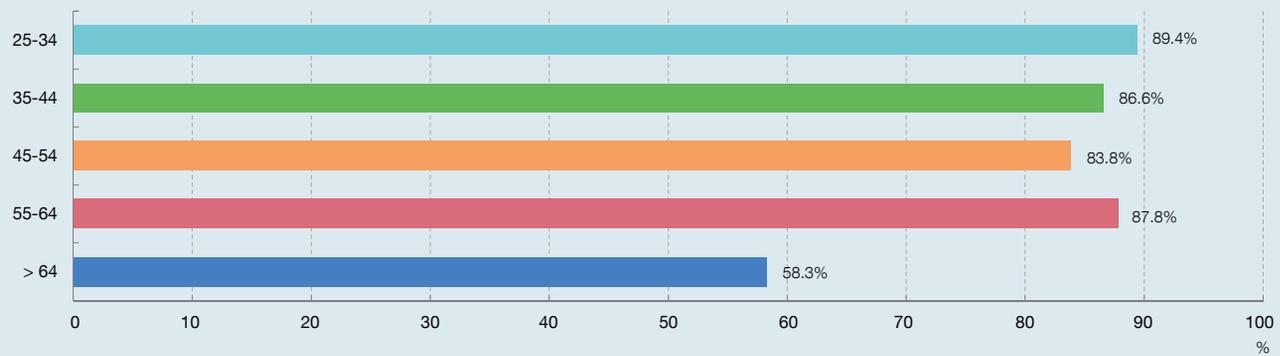
SOURCE: Banco de España.

Chart 3
CHECKING FOR BANKNOTE AUTHENTICITY



SOURCE: Banco de España.

Chart 4
CUSTOMERS THAT DO NOT MAKE OVER-THE-COUNTER CASH WITHDRAWALS, BY AGE RANGE



SOURCE: Banco de España.

RESULTS OF THE ANNUAL CASH SURVEY (cont'd)

44% of the survey population feel that their bank makes it hard to perform over-the-counter cash transactions, forcing them to use cash deposit ATMs (38%) or make their way to another branch (35%).

Meanwhile, owing to branch closures, 5.9% of the respondents living in municipalities with fewer than 100,000 inhabitants stated that their closest branch is more than 10 km from their home.



The ECB plans to redesign euro banknotes. This process was launched following a commitment by the ECB's Governing Council to ensure innovative and secure banknotes that connect with Europeans. To this end, feedback will be gathered from the general public and an advisory group will be set up. This group will comprise one expert from each euro area country, drawn from diverse fields such as history, the natural sciences, the arts, etc. Spain will be represented by Nuria Oliver, Director and Co-founder of Fundación Unidad ELLIS Alicante (European Laboratory for Learning and Intelligent Systems) and Chief Data Scientist at Data-Pop Alliance.

b) End of the period for exchanging pesetas for euro

On 30 June 2021 the peseta ceased to be exchangeable for euro, ending the currency's more than three centuries of history.

Box 2.3 details the end of the period in which pesetas could be exchanged for euro, a service that was available at the Banco de España's facilities for 19 years.

EXCHANGING PESETAS FOR EURO

In November 2020, the statutory deadline for exchanging pesetas was extended from 31 December 2020 to 30 June 2021, to give more time to the large number of people with peseta banknotes and coins that may have been prevented from exchanging them due to the mobility restrictions deriving from the pandemic. Pesetas could only be exchanged at the Banco de España's Madrid offices and its branches across the country.

Consequences of the extension to the exchange period

Despite the lengthy deadline for exchanging pesetas following the euro's launch in January 2002, it became clear that the public was making its way to the Banco de España's offices to this end in increasing numbers as the deadline approached. The deadline extension meant that the opening months of 2021 were quieter, with the average amount exchanged levelling off at around €300,000 a week. However, public demand increased exponentially in June, particularly as the month neared its end. Thus, the average weekly amount exchanged increased nine-fold, exceeding €2 million in the week of 21-25 June.

With this in mind and to enable those wishing to exchange their pesetas to do so, in the days leading up to the deadline this service was opened to anyone calling at the

Banco de España's various offices, no appointment required. To this end, the technical and human resources were reinforced in order to cater to as many people as possible.

Exchange of pesetas for euro in figures

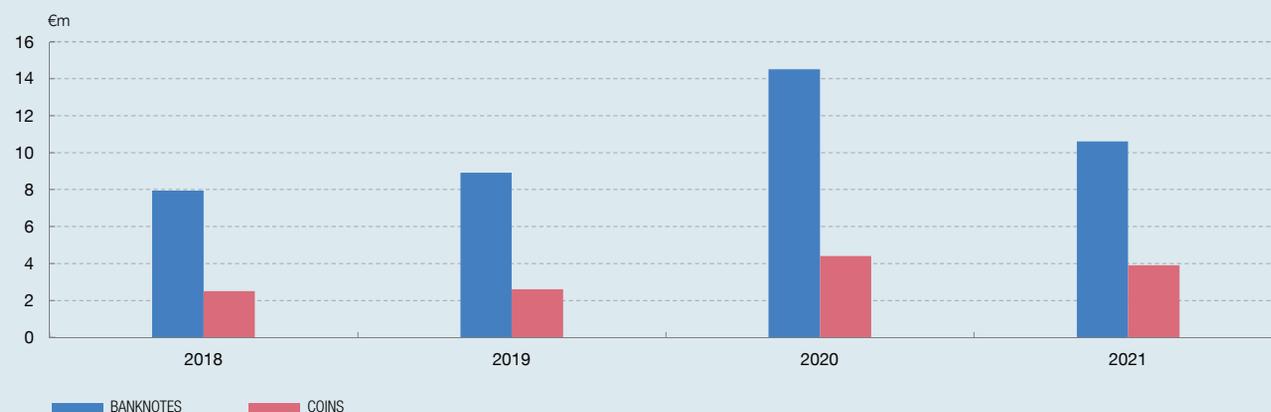
In 2021, peseta banknotes and coins were exchanged for an equivalent value of **€10.6 and €3.9 million**, respectively. By the end of the exchange period, the public had exchanged 96.8% of the amount of pesetas in circulation at 31 December 2001. Pesetas for an equivalent value of €1,575 million remained unexchanged. Banknotes accounted for €793 million of this amount, and coins for €782 million.

Chart 1 shows how the amount of pesetas exchanged for euro varied between 2018 and 2021.

Awareness-raising initiatives

In order to inform the public of the end of the exchange period, in 2021 the Banco de España carried out more than 50 awareness-raising actions across different media outlets, alongside regular publications on its website and various social networks.

Chart 1
EXCHANGE OF PESETAS FOR EURO



SOURCE: Banco de España.



The deadline for exchanging peseta banknotes and coins for euro passed on 30 June 2021.



Watch the following video or see [Box 3.4 of the Institutional Report 2020](#) for more information on the history of peseta banknotes and coins.

PLAY ▶



3.3 Combating banknote and coin counterfeiting

Under Spanish law the Banco de España is the competent national authority for the protection of the euro against counterfeiting, while it is also designated as Spain's National Analysis Centre (NAC) and Coin National Analysis Centre (CNAC).

The NAC and CNAC are tasked with analysing and identifying counterfeit euro banknotes and coins in Spain. They work to identify counterfeits in coordination with the Banco de España Monetary Offences Investigation Brigade (BIBE, by its Spanish abbreviation). This police unit is attached to the Banco de España and is responsible for investigating and prosecuting offences relating to the counterfeiting of national or foreign currency, including, for example, the dismantling of illegal print shops.

a) Banknote counterfeiting

A total of 56,389 counterfeit euro banknotes were withdrawn from circulation in Spain in 2021, down by 5.6% on the 2020 figure. In addition, in 2021 the NAC recorded a further 19,516 counterfeit banknotes that were seized by the police before going into circulation.



Counterfeit €10 and €20 banknotes.

As in 2020, the bulk of the counterfeits identified in 2021 were unlawful reproductions of euro banknotes. These are low-quality counterfeits which the general public may mistake for genuine banknotes. They usually have poor imitations of security features and sometimes bear inscriptions such as “copy”, “not legal tender” or “prop money only”.

Chart 2.9 shows developments in counterfeit euro banknotes withdrawn from circulation since 2015, and a breakdown by denomination in 2021.

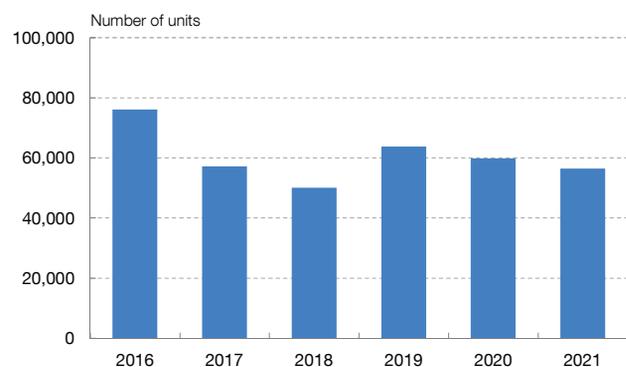
The €20 denomination is the most counterfeited banknote, followed by the €50 and €10 denominations; jointly these account for approximately 89% of all counterfeits withdrawn from circulation.

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

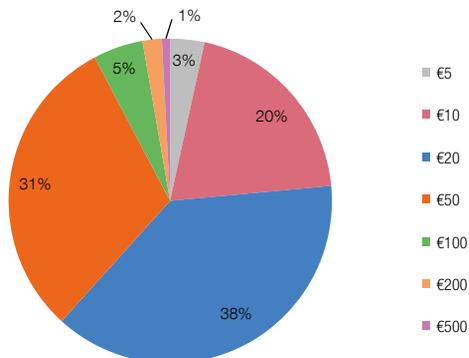
Chart 2.9

COUNTERFEIT BANKNOTES WITHDRAWN FROM CIRCULATION IN SPAIN. TIME SERIES (2016-2021) AND BREAKDOWN BY DENOMINATION IN 2021

1 TIME SERIES



2 BREAKDOWN BY DENOMINATION IN 2021



SOURCE: Banco de España.

In 2021 Spain ranked second in the Eurosystem for the identification and withdrawal from circulation of suspected counterfeit euro banknotes.

b) Coin counterfeiting

In Spain, **the total number of counterfeit coins withdrawn from circulation in 2021 was 29,073**, down by 30% on the 41,700 units recorded in 2020. In addition, 3,873 coins were withdrawn before going into circulation.

Chart 2.10 shows developments in the number of counterfeit euro coins withdrawn from circulation since 2015, and a breakdown by denomination in 2021.

The €2 coin remains the most counterfeited denomination, accounting for more than 92% of all counterfeit coins withdrawn from circulation in Spain. As with banknotes, the likelihood of receiving counterfeit coins is very low: there are seven counterfeits per million coins of the three highest denominations in circulation.

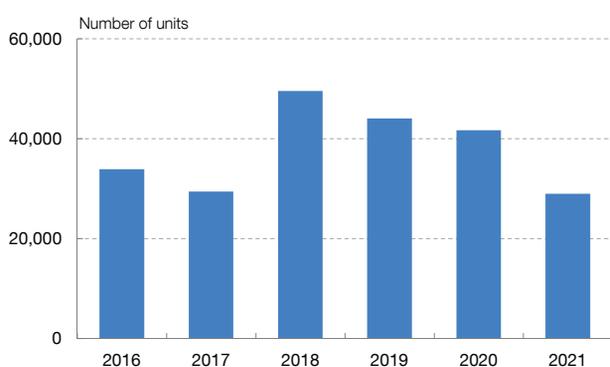


Further information on the design and security of cash can be found in the [Banknotes and coins](#) section of the Banco de España website. The [Training programme](#) section provides information on “Get to know the euro”, a free online course that familiarises users with the security features of euro banknotes and coins and what to do if they suspect one is a counterfeit.

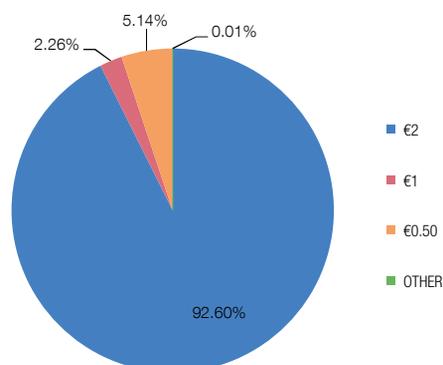
Chart 2.10

COUNTERFEIT EURO COINS WITHDRAWN FROM CIRCULATION IN SPAIN. TIME SERIES (2016-2021) AND BREAKDOWN BY DENOMINATION IN 2021

1 TIME SERIES



2 BREAKDOWN BY DENOMINATION IN 2021



SOURCE: Banco de España.

4 SUPERVISION OF FINANCIAL INSTITUTIONS

4.1 Prudential supervision

Since November 2014 the institutions of countries participating in the banking union have been supervised by the Single Supervisory Mechanism (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”), in close collaboration with the NSAs. All other credit institutions (“less significant institutions”) are directly supervised by the NSAs according to a common policy laid down by the ECB.

At 31 December 2021, there were ten Spanish groups of significant institutions,⁸ which accounted for 90.2% of total assets in the Spanish banking system, and 57 Spanish institutions or groups classified as less significant, accounting for 5.7%. The remaining 4.1% were distributed among subsidiaries and branches of foreign credit institutions.

In 2021, supervisory activity remained conditioned by the risks arising from the pandemic. The supervisory work focused on four broad areas. First, proper credit risk management by the institutions, ensuring the early detection of asset impairment. Second, the soundness of their capital position, to which end the institutions’ capital plans and dividend policies were monitored. Third, the sustainability of the institutions’ business models and, in particular, the progress they have made in digital transformation. Lastly, supervision in the governance area focused on, inter alia, (i) the composition and functioning of the banks’ management bodies, (ii) the banks’ crisis management procedures and their ability to duly adapt and implement these, and (iii) technology and cyber risk, above all with respect to the risks arising from the outsourcing of services.

As part of its commitment to improving cyber security in the financial sector, the Banco de España has adopted the TIBER-ES framework for advanced cyber security tests. This constitutes the local adoption of the TIBER-EU framework published by the ECB, whereby any financial institution or financial market infrastructure operating in Spain can voluntarily undergo testing to identify potential weaknesses and improve its cyber security capabilities.

The activities comprising the microprudential supervision of credit institutions are grouped into two distinct areas: ongoing off-site supervision and on-site

⁸ Santander, BBVA, CaixaBank, Sabadell, Unicaja, Bankinter, Kutxabank, Ibercaja, Abanca and Banco de Crédito Social Cooperativo.

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 serve to analyse in depth any other area relating to the institutions. Besides being tasked with the direct supervision of Spain's less significant institutions, the Banco de España makes an essential contribution to the supervision of Spain's significant institutions, carrying out ongoing off-site supervision through the joint supervisory teams (JSTs) and on-site inspections and investigations of significant institutions' models.

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, making these key tasks in this supervisory area. It is worth recalling that last year, in view of the COVID-19 crisis, both the ECB and the Banco de España decided to take a simplified, pragmatic and flexible approach. In 2021 the return to relative normality allowed the JSTs to apply the full SREP methodology, as set out in the European Banking Authority (EBA) guidelines (EBA/GL/2014/13) and in the SSM supervisory manuals.

Among other tasks, the ongoing supervision teams worked on horizontal reviews of supervisory priority areas, such as adequate coverage of non-performing exposures and the alignment of institutions' practices with supervisory expectations on climate-related and environmental risks. They also reviewed institutions' recovery plans and participated in both the European and Spanish stress tests conducted in 2021, which assessed the banks' resilience to hypothetical adverse macroeconomic scenarios.

As for **on-site supervision**, the inspections and internal model investigations were largely conducted online. From October 2021, the first steps were taken towards a hybrid model, combining remote work and ad hoc visits to institutions' offices. A total of 15 inspections of significant institutions belonging to Spanish groups were conducted in 2021, of which 12 were led by Banco de España staff and three by their ECB counterparts. More than half centred on credit risk. Banco de España staff also led the inspection of a significant institution of another SSM Member State. In 2021 a total of 13 internal model investigations were conducted at Spanish significant institutions, of which 11 were led by Banco de España staff, one by the Banco de Portugal and another by ECB staff. Most of the investigations focused on credit risk models. Lastly, six inspections were conducted at less significant institutions. These focused on assessing credit quality, foreclosed assets, governance and solvency, along with IT-related matters.

The Executive Commission of the Banco de España was briefed on the **528 decisions and actions of the ECB's Supervisory Board**, on which the Banco de España is represented, which affected Spanish institutions in 2021: 518 supervisory decisions

addressed specifically to Spanish institutions (282 to significant institutions and 236 to less significant institutions) and a further ten decisions on more general matters or on SSM policy or organisational issues.

Following the different prudential supervisory tasks carried out on less significant credit institutions, the Banco de España issued 108 recommendation and requirement letters, of which 57 were on capital decisions, 45 on recovery plans and six on inspections.

In 2021, the Banco de España processed a total of 431 files concerning the suitability assessment of senior officers: 233 relating to credit institutions, 64 to specialised lending institutions, 61 to payment institutions, 32 to mutual guarantee companies, 26 to electronic money institutions, nine to currency-exchange bureaux and six to appraisal companies.

Table 2.1 lists the different types of credit institution operating “with an establishment” in Spain at end-2021.

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 2021, a total of 399 ongoing off-site supervision actions and three inspections were performed at these institutions. Four recommendation and requirement letters were sent as a result of these supervisory actions: three in connection with inspections and one in relation to ongoing supervisory actions.

Table 2.2 lists the institutions other than credit institutions operating “with an establishment” in Spain that were recorded in the registers of the Banco de España in 2021, grouped by type and area of activity.

Table 2.1

CREDIT INSTITUTIONS WITH AN ESTABLISHMENT IN SPAIN

	2021
Banks	48
Savings banks	2
Credit cooperatives	61
ICO	1
Branches of EU credit institutions	79
Branches of non-EU credit institutions	4
Total	195

SOURCE: Banco de España.

Table 2.2

INSTITUTIONS WITH AN ESTABLISHMENT IN SPAIN OTHER THAN CREDIT INSTITUTIONS

Year-end data

	2021
Specialised lending institutions	23
Specialised lending institutions - Payment institutions	9
Branches of financial institutions subsidiaries of EU credit institutions	1
Real estate lenders	136
Real estate credit intermediaries	384
Branches of EU real estate credit intermediaries	2
Mutual guarantee companies	18
Reguarantee companies	1
Appraisal companies	32
Currency-exchange bureaux (a)	16
Payment institutions	49
Payment institutions exempt under Article 14 of Royal Decree-Law 19/2018	9
Payment service providers excluded under Article 4 of Royal Decree-Law 19/2018	15
Account information service providers	1
Branches of EU payment institutions	7
Electronic money institutions	9
Branches of EU electronic money institutions	3
Banking foundations (b)	10
Sareb (c)	1
Total	726

SOURCE: Banco de España.

a Does not include establishments authorised only to purchase foreign currency with payment in euro.

b Banking foundations are not entered in the Register of Institutions of the Banco de España. As at 31 December 2021, just five of the ten banking foundations have to fulfil the requirements laid down in Chapter IV of Title II of Law 26/2013.

c Sareb is not entered in the Register of Institutions of the Banco de España.

Schema 2.3 details the main institutions supervised by the Banco de España.

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 2021. Three inspections were completed, two of which were general inspections reviewing compliance with AML/CFT obligations at two institutions. The third was a specific inspection focused on reviewing the internal control systems implemented by an institution to ensure the application of AML/CFT policies to its group abroad. Three other general inspections were also launched during the year, two at less significant institutions and one at a significant institution.

MAIN TYPES OF INSTITUTIONS SUPERVISED BY THE BANCO DE ESPAÑA

CREDIT INSTITUTIONS	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.
	COMMERCIAL BANKS 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.
	SAVINGS BANKS 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.
	CREDIT COOPERATIVES 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.
	BRANCHES OF FOREIGN CREDIT INSTITUTIONS 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.
SPECIALISED LENDING INSTITUTIONS	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.
ELECTRONIC MONEY INSTITUTIONS	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 linked to electronic money.
PAYMENT INSTITUTIONS	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.
MUTUAL GUARANTEE COMPANIES	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.
REGUARANTEE COMPANIES	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.
CURRENCY-EXCHANGE BUREAUX AUTHORISED TO PURCHASE AND SELL FOREIGN CURRENCY	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.
APPRAISAL COMPANIES	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.

SOURCE: Banco de España.

transparency of mortgage loans arranged after the implementation of supervisory measures.

Similarly, checks were performed, by means of cross-institutional actions, on the **remote marketing of current and savings accounts and on payment account switching**. Adequate conduct-related governance at institutions calls for responsible and transparent customer relations at all times, regardless of the channel used for marketing products and services. To ensure this, in 2021, once the main restrictions prompted by the pandemic were lifted, supervisory actions were conducted at bank branches to verify compliance with certain obligations in relation to transparency and the protection of bank customers, particularly with respect to payment accounts.



For more information on the payment account-related supervisory action conducted at bank branches, see Box 4.3 (page 107) of the [Supervision Report 2021](#).

The marketing of **various types of banking products through digital channels** was also reviewed. The aim is to ensure that the lack of face-to-face contact does not undermine compliance with transparency and customer protection regulations.

Further, in 2021 monitoring continued of certain key indicators of bank conduct, such as customer complaints and the activity of the institutions' customer service departments (CSDs). Indeed, the ongoing supervision of CSDs paved the way for the publication in 2021 of [conduct supervision guidelines on the organisational and operational criteria of the CSDs](#).



The Banco de España has published conduct supervision guidelines on the organisational and operational criteria of customer service departments.

Similarly, **the supervision of banking product and service advertising** played an important role in 2021. Over the course of the year particular attention was paid to how institutions have adapted to Banco de España Circular 4/2020 of 26 June 2020 on the advertising of banking products and services.

Moreover, 1 December 2021 saw the publication of Banco de España [Circular 4/2021](#) of 25 November 2021 to credit institutions and other supervised institutions on confidential return models relating to market conduct, transparency and customer protection, and on the complaints register.

In addition to the above-mentioned actions, 12 inspections were also conducted in 2021 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 Banco de España Circular 5/2012, with a view to contributing to the determination of benchmark rates. Various supervisory measures were also adopted. A further supervisory action was carried out to gather information on consumer exposures affected by the elimination of certain benchmark rates.

4.3 Oversight and supervision of market infrastructures

Financial market infrastructures, through which most of an economy’s trade and financial transactions are cleared, settled and registered, are a cornerstone of the financial system. Given their importance, the smooth operation of these infrastructures is a priority area for central banks, hence the need for supervision and oversight.

In 2021, a significant portion of the supervisory work in payment service provision focused on assessing compliance with Commission Delegated Regulation (EU) 2018/389 of 27 November 2017 for strong customer authentication (SCA) and common and secure open standards of communication (CSC).⁹

Supervision was also performed to ensure that account servicing payment service providers that offer other payment service providers access to online payment accounts through specific interfaces have identified and removed potential obstacles to such access, in accordance with the EBA Opinions of 4 June 2020 and 18 February 2021.¹⁰ In addition, various problems reported by payment service providers relating to the proper functioning of these specific interfaces have been

9 Commission Delegated Regulation (EU) 2018/389 of 27 November 2017, supplementing Directive (EU) 2015/2366 of the European Parliament and of the Council with regard to regulatory technical standards for strong customer authentication and common and secure open standards of communication, also known as “RTS on SCA and CSC”.

10 EBA Opinion on obstacles under Article 32(3) of the RTS on SCA and CSC ([EBA/OP/2020/10](#)) and EBA Opinion on supervisory actions to ensure the removal of obstacles to account access under PSD2 ([EBA/OP/2021/02](#)).

assessed, resulting in the corresponding improvement plans. Further, a significant number of communications from payment institutions and electronic money institutions reporting the outsourcing of operational functions were assessed. Lastly, participation in authorisation procedures for new payment service providers (mainly payment institutions, including payment initiators, account information service providers and small institutions partially exempt from certain requirements) entailed a significant supervisory effort.

With respect to financial market infrastructures, oversight and supervision tasks were conducted in relation to the Spanish retail payment system (SNCE, by its Spanish abbreviation), operated by Iberpay. Oversight of the national payment card scheme (Sistema de Tarjetas y Medios de Pago, SA) was likewise performed. Also, as a member of the Eurosystem, the Banco de España continued to participate in the groups exercising cooperative oversight of pan-European payment systems, along with the Single Euro Payments Area (SEPA) – transfers, instant transfers and direct debits – and the international card schemes AMEX, VISA Europe and Mastercard. The Banco de España was also involved in developing the new oversight framework for electronic payment instruments, schemes and arrangements (PISA), which was approved in November 2021.

In addition, in its capacity as overseer and acting on behalf of the Eurosystem (as the central bank of issue and the central bank whose post-trade infrastructures clear and settle the cash leg of its transactions), the Banco de España undertook various actions in relation to Iberclear and BME Clearing. Notable among these were the monitoring of the recommendations identified for Iberclear in the assessments conducted in the framework of the European regulation on central securities depositories, and the preparation of mandatory reports as a result of changes in BME Clearing internal regulations. Lastly, major work was conducted in 2021 on technical developments and specific regulations arising from the new Regulation (EU) 2020/2011 of the European Central Bank of 1 December 2020 on payments statistics, under which institutions will have to report information for 2022.

4.4 Sanctioning activity

Sanctioning powers, as a corollary of supervisory powers, continued to be exercised in 2021, both in the area of transparency and customer protection (which continued to account for the largest number of sanctioning proceedings) and in the prudential area.

In transparency and customer protection, five proceedings were opened in 2021 (four against banks and one against a Spanish branch of a foreign credit institution), in addition to an ongoing proceeding from 2020. The sanctions imposed in this area relate to conducts such as the inclusion in loan application documents of credit lines

unrelated to the financing originally sought by the customer (moreover, these were not clearly and separately disclosed in the pre-contractual information document), and the inaccurate reporting of information 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.

Noteworthy **in the prudential area** were the proceedings conducted against appraisal companies and their directors and executives. These essentially owed to alleged misconduct relating to their organisation, methodology and quality control procedures and, in general, their internal control mechanisms. Two such proceedings were initiated in 2021, on top of another ongoing proceeding initiated the previous year.

A further two proceedings relate to the same need to ensure, inter alia, the adequacy of internal control mechanisms: one initiated against a savings bank and its directors and executives (resumed in 2020 after it had been suspended due to other criminal proceedings in relation to the same facts) and another initiated against a specialised lending institution in 2021.

Lastly, the Banco de España’s sanctioning powers were also used against shareholders who had acquired a qualifying holding in an electronic money institution without serving prior notice to the Banco de España.



Further information on the Banco de España’s supervisory functions can be found in the [Supervision Report 2021](#).

Lastly, Box 2.4 details a new channel set up by the Banco de España, through which any individual can report potential breaches of the obligations laid down in the organisational and disciplinary rules by parties supervised by the Banco de España.

REPORTING POSSIBLE INFRINGEMENTS OF THE ORGANISATIONAL AND DISCIPLINARY RULES AND REGULATIONS

In late 2018 the Banco de España set in place two procedures via its Virtual Office (website), whereby any natural or legal person could report any circumstance that might, in their opinion, constitute a breach on the part of credit institutions and/or payment service providers of the obligations set out in the organisational and disciplinary rules and regulations.

In June 2021 the Banco de España replaced these two channels with a new [specific procedure](#) via its Virtual Office for the reporting of potential breaches by any of the parties subject to Banco de España supervision of the obligations envisaged in the organisational and disciplinary rules and regulations. This new procedure can also be used to send the Banco de España information on any persons or entities not duly authorised or registered on the Banco de España's official registers that pursue activities legally reserved for the institutions subject to its functions and competences, or that use names reserved for such institutions.

Potential infringements may be reported electronically, by mail or in person at the Banco de España's registries. Communications must include, as material information, the particulars of the reporting party, the details of the potential infringement and the alleged offender and any other documentation evidencing the infringement reported. All communications received are treated confidentially. In particular, the confidentiality of the identity of reporting party and of the information reported is guaranteed. Anonymous reports are also accepted.

Potential breaches of the prudential regulations by credit institutions supervised by the ECB — the so-called "significant institutions" — may be reported via the above procedure to the Banco de España — which will forward such information to the ECB on the terms envisaged in the rules and protocols applicable within the framework of the Single Supervisory Mechanism — or directly to the ECB, via the [specific channel](#) set in place for such purposes by that organisation.

5.1 Macroprudential policy

Under current legislation, the Banco de España has macroprudential policy powers to set credit institutions' capital buffers, in addition to microprudential solvency requirements, and to establish limits on credit standards and on the sectoral concentration of exposures, in order to help prevent or mitigate the emergence of risks and imbalances that pose a threat to financial stability.

In 2021, the **main actions undertaken** in this area related to the quarterly review of the countercyclical capital buffer (CCyB) and the annual review of the list of systemically important banks in Spain. Specifically, the Banco de España left the CCyB unchanged at 0%, against a macro-financial backdrop of a gradual recovery in activity, albeit not yet closing the negative output gap generated by the pandemic, and marked by the absence of warning signs of a build-up of systemic risk.

Once again, 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-SII) at the domestic level, based on objective criteria related to size and business model. In line with the applicable legislation, macroprudential capital buffers were set for each of these institutions to shore up their resilience, to help their senior officers to understand the special significance of their decisions for the financial stability of the system as a whole and to counterbalance potential advantages in terms of financing conditions stemming from their systemic importance.¹¹ As compared with 2020, Bankia, S.A., was removed from the list of O-SIIs due to its merger (by absorption) with CaixaBank, S.A.

In the macroprudential regulation area, in late 2021 the Banco de España published [Circular 5/2021](#), which expanded its macroprudential toolkit. The new tools are as follows: 1) a sectoral component of the CCyB; 2) sectoral concentration limits; and 3) limits and conditions on bank lending.¹² The [Financial stability and macroprudential policy](#) section of the Banco de España website was updated to include explainers on this important regulatory development.

11 For instance, better market financing conditions due to prospects of the bank receiving State aid should it run into difficulties (too big to fail).

12 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 Financial Stability and Macroprudential Policy section of the Banco de España website was updated to include explainers on regulatory developments in this area.

In the performance of its macroprudential functions, **the Banco de España provides advance notice of its actions to the ECB and, at the domestic level, to the Spanish macroprudential authority (AMCESFI)**. This authority is a collegiate body attached to the Ministry of Economic Affairs and Digital Transformation. Its members include the National Securities Market Commission (CNMV) and the Directorate General of Insurance and Pension Funds. It is tasked with oversight of the financial system as a whole.

Banco de España staff participate in AMCESFI at the highest level: the Governor (Deputy Chairman of the Board), the Deputy Governor (Board Member and Chair of the Financial Stability Technical Committee (FSTC)), the Director General Financial Stability, Regulation and Resolution (member of the FSTC) and the Director General Supervision (member of the FSTC). Notably, in July 2021 AMCESFI resolved to issue a favourable advisory opinion on the Banco de España's proposal to revise the macroprudential buffer requirements of O-SIIs. AMCESFI publishes annual reports on its [website](#) providing updated information on its activities.

The **macroprudential stress tests** conducted by the Banco de España on Spanish credit institutions in 2021 assessed their resilience over a three-year horizon. The stress tests were based on the macroeconomic scenarios and the methodological framework for stress testing developed by the Banco de España, known as the Forward-Looking Exercise on Spanish Banks (FLESB). The two scenarios were: (i) a baseline scenario, in line with the most likely projections of economic activity following the outbreak of the pandemic, and (ii) an adverse scenario, assuming the materialisation of the main risks to the European economy identified by the ESRB in early 2021, related to the uncertainty over the course of the COVID-19 pandemic.

Two adjustments were made to the **FLESB analytical tool** to factor in this uncertainty. First, a potential latent worsening of credit quality over the projection horizon was considered, as a result of the sharp slowdown in activity in 2020 and the use of support measures to soften the immediate blow. Second, the effect of such measures was assessed, specifically the extension of the ICO guarantee programme. The tool was also made more granular by introducing sector-specific aspects, in order to reflect the disparity of the impact of the crisis across borrower sectors of activity. Lastly, the FLESB was also used to analyse how climate change-related risks, and specifically the transition to a sustainable economy, affect the banking industry.

5.2 Preventive resolution

In 2021, **resolution plans** were drafted for a total of 43 Spanish credit institutions¹³ and five foreign groups with Spanish subsidiaries, in close collaboration with the Single Resolution Board (SRB) and other resolution authorities in the euro area, in accordance with the distribution of responsibilities established under the Single Resolution Mechanism Regulation (SRMR). Within this collaboration framework, 36 workshops were organised during the year for 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, following its usual practice, the SRB sent a team to Spain to conduct face-to-face meetings with all significant institutions.

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 to discuss resolution planning matters. In 2021 that participation was confined to the respective resolution colleges for a Spanish significant institution, a foreign significant institution with a relevant branch in Spain and a foreign less significant institution with a subsidiary in Spain.

The SRB and the EU resolution authorities outside the euro area signed joint decisions relating to the resolution plans and decisions on the minimum requirement for own funds and eligible liabilities (MREL) of three foreign significant institutions with material subsidiaries or branches in Spain, in whose colleges the Banco de España participates as observer. A joint decision was also signed between a group-level resolution authority and the Banco de España, as the preventive resolution authority of the Spanish subsidiary of the group concerned.

As regards **resolution planning**, the following was noteworthy in 2021:

¹³ The resolution plans drafted relate to ten significant institutions and to 33 less significant institutions.

- 36 credit institutions were informed of their MREL.
- The recovery plans of ten Spanish significant credit institutions were reviewed (in collaboration with the SRB), as were those of 65 Spanish less significant credit institutions.

Furthermore, to promote the effective implementation of resolution legislation, the Banco de España participated actively in the development of **preventive resolution criteria and strategies**. The actions warranting special mention on account of their significance include: a) monitoring of the MREL targets approved in the previous resolution cycle; b) participation in the committees of the FROB, the Deposit Guarantee Scheme and Sareb, and c) research and analysis, in collaboration with the SRB, of matters relating to separability, liquidity, the assessment of the information available for resolution decision-making, the development of tools to measure headway in the resolvability of institutions and the review of information reported by institutions on site.

Lastly, a new [dedicated section on resolution](#) was included on the Banco de España website, with information on the resolution authorities, the tools available, resolution planning, the international setting and the role of the institutions in the area of resolution.

5.3 Financial reporting and reporting to the Central Credit Register

In 2021, the required procedures were enabled to allow institutions to report to the Banco de España the information needed to monitor various measures approved by the Government.

First, a series of measures were introduced to allow the restructuring of State-backed financing extended to mitigate the impact of COVID-19, through the voluntary adherence of financial institutions to the **Code of Good Practice** approved to this end. The rules establish that the financial institutions adhering to the Code must report to the Banco de España on the applications approved and rejected and complaints received.

In addition, the support measures approved following the eruption of the Cumbre Vieja volcano on the island of La Palma included a legislative moratorium to suspend interest and principal repayments on mortgage and non-mortgage loans extended to individuals and firms affected by the volcano. Again, for the purposes of monitoring the measure, **financial institutions were required to report on the applications for moratoria received**, their processing status, number and amount, and the economic activity of the beneficiaries. The Banco de España prepares a monthly briefing note with the information reported by the institutions, which it publishes in the [Press room](#) section of its website.

CENTRAL CREDIT REGISTER DATA IN BELab

In December 2021 work began on uploading Central Credit Register (CCR) data to the Banco de España's Data Laboratory (BELab). To this end, a gradual strategy has been designed, progressively increasing the volume of information and factoring in all of the measures required to safeguard confidentiality. In this initial phase, researchers are provided access to **annual data for the**

period 2016-2020 on loans extended to resident and non-resident legal entities in Spain by financial institutions reporting to the CCR. A subset of variables or features relating to borrowers and their loans (e.g. currency and drawn and undrawn amounts) are included for each transaction. In total, data on more than 5 million loans and 1.1 million debtors per period are available.

In January 2021, with the entry into force of [Circular 5/2020](#), **payment institutions and electronic money institutions began disclosing public and confidential financial statements**, having hitherto reported these on a voluntary basis. This reporting will provide the Banco de España with more detailed information on the financial situation and business of these institutions – thus facilitating their supervision – and a better understanding of their operations in payment service provision or electronic money issuance, along with their other business activities.

As regards the **Central Credit Register (CCR)**, payment institutions and electronic money institutions were included as new reporting agents in January 2021 following the entry into force of Banco de España [Circular 1/2021](#). In addition, **the threshold for information reported back to banks was lowered from €9,000 to €1,000**. In 2021 there was also a very significant increase in the complaints lodged by exposure counterparties with the CCR, rising by nearly 90% in 2021, from just over 5,000 to nearly 10,000. The lower reporting threshold may have been a factor in this.

Moreover, in compliance with the provisions laid down in Ministerial Order ETD/699/2020 of 24 July 2020 on the regulation of revolving credit, the Banco de España sent to the Ministry of Economic Affairs and Digital Transformation a report on the different aspects of the workings of the CCR to assess the expediency of promoting reforms to help improve the information reported back to institutions, so that they can more accurately assess the creditworthiness of their borrowers.

Box 2.5 summarises the process of uploading CCR data to the Banco de España's Data Laboratory (BELab).



For more information on the Banco de España's Data Laboratory (BELab), see the [What is BELab?](#) section of the Banco de España website.

On the international front, following implementation of the Basel III standards, in the first half of 2021 the European Commission published legislation that revised and updated the prudential disclosures that credit institutions are required to provide, starting with the data for June and September 2021. This information is needed to monitor institutions' solvency and liquidity. In relation to MREL reporting, regulation was published establishing the obligations for G-SIIs on total loss-absorbing capacity (TLAC), along with MREL disclosures for institutions obliged by resolution authorities to comply with these requirements.

Lastly, it is worth noting that national, European and international reporting requirements for the banking industry have grown exponentially in recent years, in particular since the financial crisis, due to the emergence of new data needs. The various reporting frameworks (statistical, supervisory and resolution) were developed separately to meet different needs and at different points in time, resulting in occasional overlaps and duplication. The industry has called for greater coordination and information sharing between authorities to avoid duplication and inconsistent requirements.

In response to this situation, on 17 December 2021 the EBA published a report on the feasibility of developing a consistent and integrated system for collecting statistical, prudential and resolution data. As a member of the EBA reporting groups, the Banco de España played an active role in preparing the report.

For its part, the ECB and the Banco de España, together with the other Eurosystem central banks, have been working since 2016 on the **Integrated Reporting Framework (IReF)**, which aims to integrate the ESCB statistical reporting requirements for banks. In December 2021 the ECB Governing Council approved the non-IT design phase of the project, which will be conducted over the course of 2022 and will include the redesign of the ESCB's statistical function.

The EBA and ECB projects will eventually converge in the medium term. For now, the authorities involved – including the EBA, the ECB, the SRB, the national central banks and the corresponding national authorities – are working towards this on an informal basis. The aim is for the two processes to culminate in an integrated reporting system in Europe based on a common dictionary and a unique data model.

6 COMPLAINTS AND ENQUIRIES RECEIVED FROM BANK CUSTOMERS

The Banco de España is tasked with resolving any complaints and claims filed by financial services users in relation to the activities of the institutions it supervises. Moreover, it handles any enquiries made by financial users regarding the legislation on transparency and customer protection, as well as the legal channels available for exercising their rights.

This function — which the Banco de España is legally bound to perform — has a key role to play both in settling individual disputes and in obtaining crucial information for taking regulatory and pre-emptive supervisory action aimed at ensuring that banks conduct themselves appropriately with their customers.

Box 2.6 analyses the key developments in the way the Banco de España has managed complaints, claims and enquiries from the creation of the Complaints Service in May 1987 to the present day.

In 2021, 34,341 **complaints** were made by financial services users, up 61.1% on 2020.

Chart 2.12 shows how the number of complaints received has varied over the past decade. As can be seen, 2021 was a busy year, exceeded only by 2013 and 2017 in terms of the volume of complaints registered. In those two years, specific mortgage loan-related disputes accounted for the bulk of the complaints filed. In 2021, however, no one specific reason can be identified for the complaints processed, with a fairly even spread across different types of products and services, as shown in Chart 2.13.

Complaints concerning mortgage loans, cards, accounts and deposits were responsible for much of the 2021 increase in complaints received (see Chart 2.14).

As can be seen, the products which accounted for most complaints were mortgage loans. This category notably includes complaints deriving from the payment of arrangement costs and the need to take out linked products.

After mortgage loans, the products attracting the most complaints in 2021 were credit, debit, revolving and prepayment cards. This increase is largely due to complaints concerning suspected fraudulent card transactions and failure to provide transaction-related documentation (copies of contracts and payment records).

As far as current accounts and deposits are concerned, complaints regarding fees charged to accounts stand out.

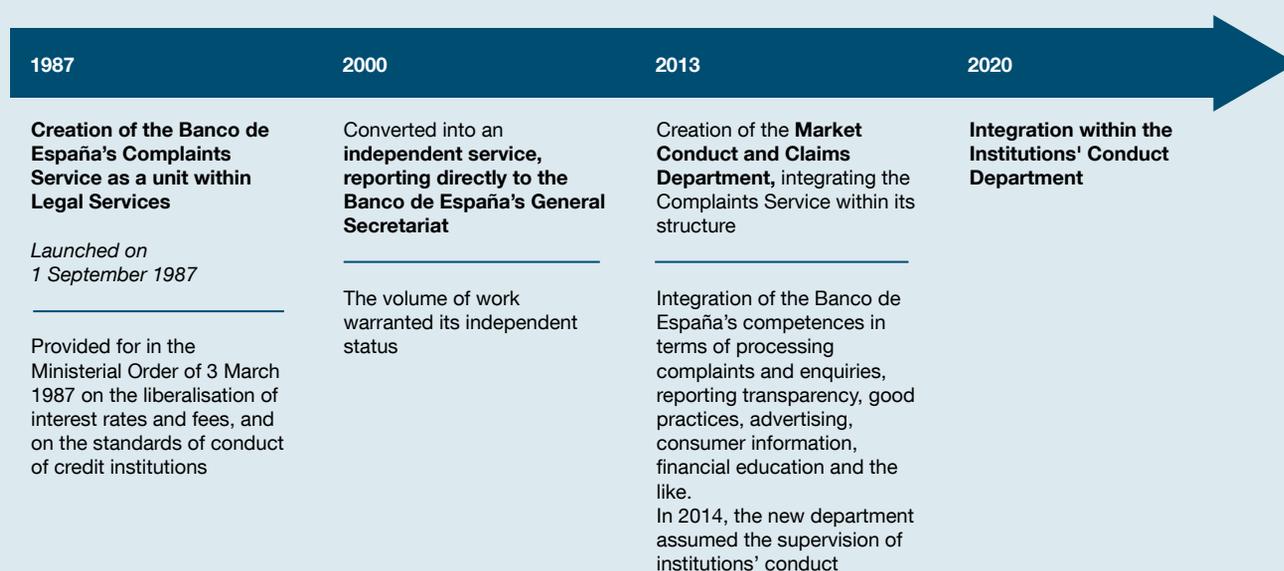
RESOLUTION OF COMPLAINTS AND ENQUIRIES: 35 YEARS OF PUBLIC SERVICE

In May 1987, per the provisions of the Ministerial Order of 3 March 1987 on the liberalisation of interest rates and fees, and on the standards of conduct of credit institutions, the Banco de España created the Complaints Service, tasked with receiving and processing the complaints filed by banks' customers regarding any actions by banks that might breach the disciplinary rules or sound banking practices in dealings with such customers.

Since then, the Banco de España's complaints system has analysed hundreds of thousands of cases referred by the public and has helped resolve a huge number of their

disputes with the supervised institutions. This analysis has enabled it to draw up a series of standards of conduct for institutions based on the doctrine of sound banking practices. The Complaints Service's remit has been expanded to include the handling of enquiries on matters of general interest, relating to the rights of financial services users regarding transparency and bank customer protection, or on the legal channels for exercising such rights.

2022 marks the 35th anniversary of the Banco de España's Complaints Service, the key milestones of which are summarised below:

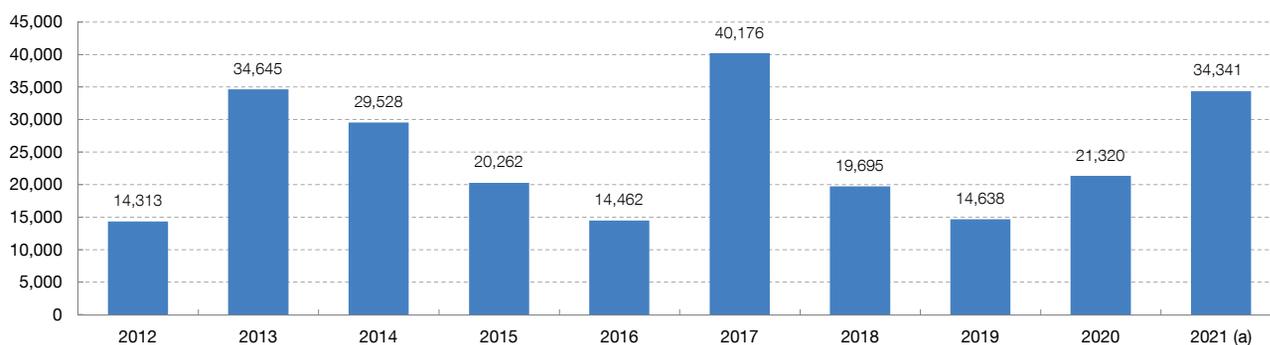


The main features of this service are:

- A **pioneering** system in Europe, handling the largest volume of complaints of any in the FIN-NET network.
- Since 1987, the Banco de España has resolved **more than 350,000 complaints** and **almost 600,000 enquiries** (in writing and by phone).
- **Case-by-case dispute resolution**, focusing on the individual circumstances of each citizen.
- Definition and preparation of the principles of **good banking practice**, published annually since 1987 in the **Complaints Report**.
- **Contribution to the regulation of banking transparency**: many criteria have been cemented in new transparency regulations. The analysis of claims enables legislative problems and/or gaps to be identified.
- Resolution of complaints in an **ever-changing environment**. Over the past 35 years, banking and payment services have become more widespread, digitalised and open to new operators.
- A source of **information for the exercise of supervisory functions**.

Chart 2.12

COMPLAINTS FILED IN THE LAST TEN YEARS



SOURCE: Banco de España.

a Provisional data at 31 December 2021.

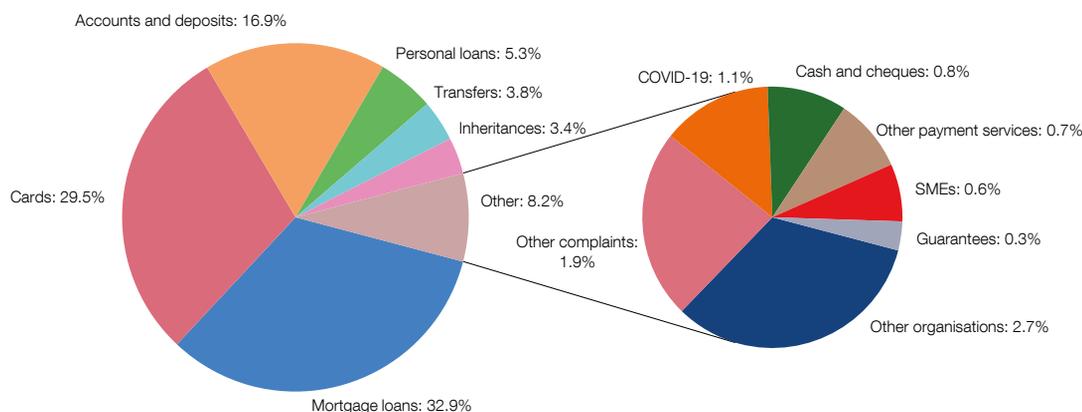
Meanwhile, 2021 saw a total of 48,955 **enquiries** submitted: 42,207 were made by phone and 6,748 in writing, further consolidating the significant rise already seen in 2020 (up 3.9% and 7.7%, respectively, on 2019).

An analysis of the **written enquiries** received reveals a fast growing trend. 1,672 enquiries were received in 2018, followed by 3,719 in 2019, 6,259 in 2020 and 6,748 in 2021. The [Bank Customer Portal](#) is currently the most popular channel for submitting enquiries, followed closely by the [Banco de España’s Virtual Office \(website\)](#).

Chart 2.13

TYPES OF COMPLAINTS

Provisional data as at 31 December 2021

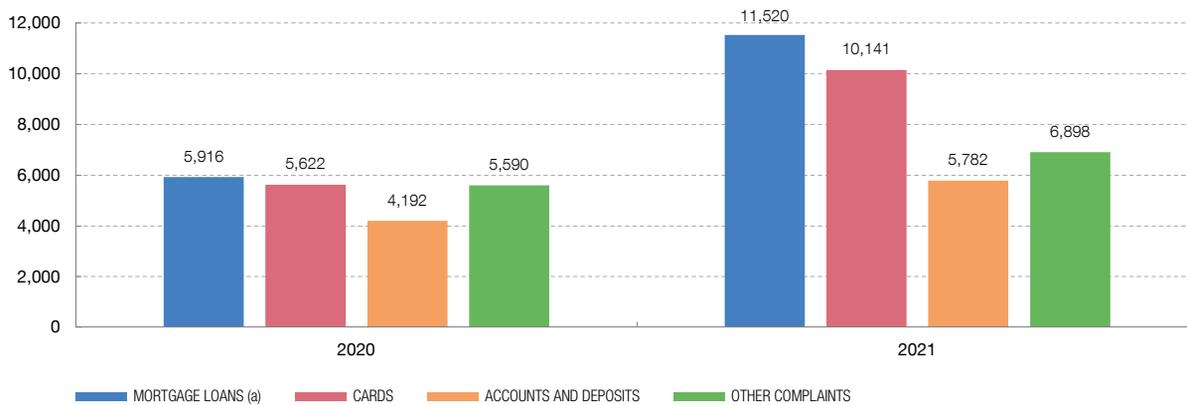


SOURCE: Banco de España.

Chart 2.14

MOST FREQUENT TYPES OF COMPLAINT IN THE LAST TWO YEARS

Provisional data as at 31 December 2021



SOURCE: Banco de España.

a Mortgage moratoria-related complaints are included under mortgage loans.

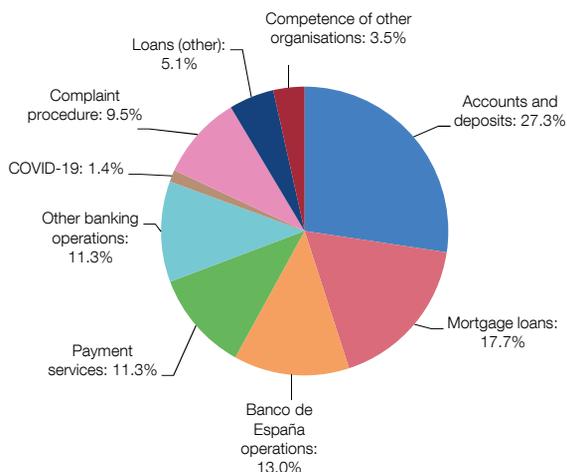
In terms of **telephone enquiries**, the upward trend is equally notable. Taking the same years, 28,341 enquiries were fielded in 2018, followed by 26,743 in 2019, before rising to 40,623 in 2020 and 42,207 in 2021.

Chart 2.15 shows a breakdown of the written and telephone enquiries received in 2021.

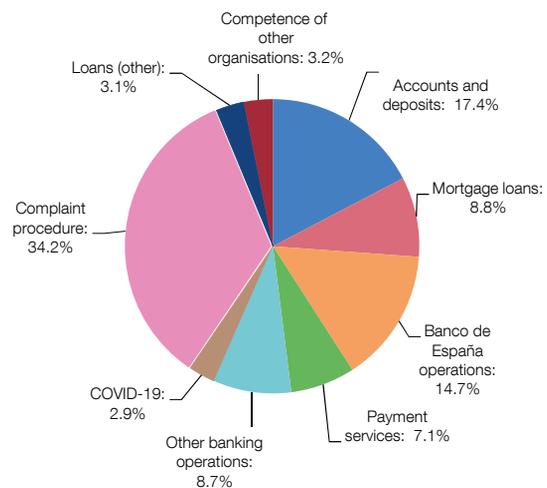
Chart 2.15

WRITTEN ENQUIRIES AND TELEPHONE ENQUIRIES RECEIVED IN 2021

1 WRITTEN ENQUIRIES



2 TELEPHONE ENQUIRIES



SOURCE: Banco de España.

The issues raised in the written and telephone enquiries were somewhat similar. Worth noting is the substantial increase in telephone enquiries regarding the complaints procedure (mainly enquiries concerning the status of a complaint). That said, most enquiries, whether in writing or by phone, tend to concern matters relating to mortgage loans, accounts and deposits, information on other Banco de España services, payment service-related incidents (cards) and other types of banking operations.



See the annual *Complaints Report* for further information on the complaints and enquiries handled by the Banco de España. All of the reports since 1999 can be found on the [Banco de España website](#). The reports from previous years are available at the [Banco de España Library](#).

7 FINANCIAL EDUCATION

7.1 Promoting financial education

Financial education is an essential tool for enhancing the protection of consumers and users of financial products and services, facilitating responsible decision-making and contributing, in turn, to the smooth functioning and stability of the financial system.

The Banco de España's [Strategic Plan 2024](#), which seeks, among other aims, to build trust in the institution itself and to create greater value for society, includes the promotion of financial education among its initiatives.

In turn, the financial education initiative comprises a range of activities. Some of these seek to bolster financial education among university students and primary school pupils (efforts have so far centred on secondary education). Others aim to set in place programmes targeting specific groups (such as journalists or various social partners) or to involve other collaborators in the dissemination of financial education, which could include tapping the potential of the Banco de España's own employees.

In 2021, steps were also taken to strengthen the national financial education strategy and the Banco de España's contribution in this regard. This culminated with the signing of the Financial Education Plan 2022-2025. See Box 2.7 for further information.

7.2 The Banco de España's financial education initiatives

In 2021, as in the preceding year, the restrictions on movement and on public events influenced the planning of educational and institutional activities, the bulk of which had been attendance-based events before the pandemic. The need to use online systems was in no way detrimental to these activities, such systems proving able to reach a larger slice of the public, and they have now become the norm.

The main financial education-related initiatives carried out in 2021 are summarised below.

a) Initiatives aimed at the education community

The core block of activities carried out by the Banco de España targets the education community. These notably include activities under the Financial Education Plan that are based on the [School Financial Education Programme](#), whereby secondary

SIGNING OF THE AGREEMENT ON THE FINANCIAL EDUCATION PLAN 2022-2025. KEY DEVELOPMENTS

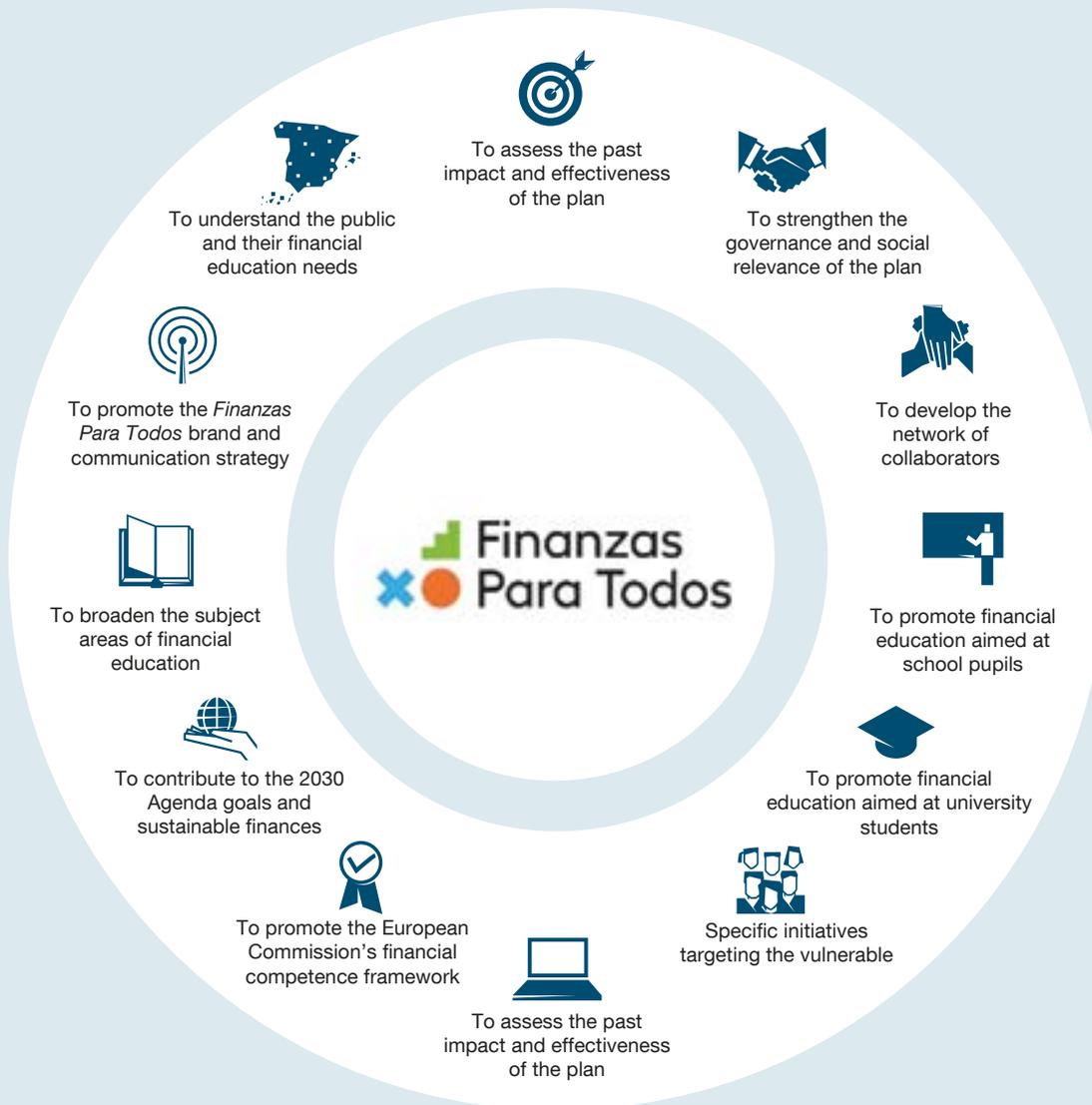
In 2008 the Banco de España and the Spanish National Securities Market Commission (CNMV) were tasked with devising a national financial education strategy, in the form of the Financial Education Plan 2008-2012. Since then, the Banco de España and the CNMV have renewed the commitment assumed in 2008, signing new agreements that have given shape to four-year financial education plans (2013-2017 and 2018-2021).

To give continuity to their financial education-related actions, a new four-year agreement on the Financial

Education Plan was signed on 14 January 2022, the most notable new development being **the incorporation of the Ministry of Economic Affairs and Digital Transformation as a plan sponsor**, alongside the Banco de España and the CNMV.

The goals of the new [Financial Education Plan 2022-2025](#) are highly ambitious. Schema 1 shows the main goals.

Schema 1
KEY AIMS OF THE FINANCIAL EDUCATION PLAN 2022-2025



SOURCE: Financial Education Plan 2022-2025.

schools and vocational training centres are equipped with a range of training resources and educational materials. Thus, for instance, teaching staff and students are provided with support manuals and handbooks, teaching resource packs (games, activities, videos, etc.) and some teacher training and support materials. 590 schools signed up for the latest edition of the School Programme, continuing the upward trend of recent years.

The [Financial Literacy Competition](#) is another of the Financial Education Plan activities that has aroused considerable interest. 508 schools took up the challenge in 2021. Given that the health situation remained unsuited to an in-person event, the 2021 edition was arranged in a hybrid format, with the quarter and semi-finals being staged online and the final taking place on-site at the Banco de España's Madrid headquarters, as part of the main event of [Financial Education Day](#).

Of particular importance for the Financial Education Plan in 2021 was the collaboration with the Ministry for Education and Vocational Training to identify how the new education law (known as the LOMLOE) could accommodate additional financial training for students across different levels of education.

Alongside these Financial Education Plan initiatives aimed at younger students, other notable activities included those pursued under the Banco de España's [Central Bank and Supervision Programme](#), which aims to further understanding of monetary policy and the functioning of the financial system, in order to familiarise 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.

The Banco de España distributes teaching materials to preschool centres and primary and secondary schools. Under this programme, it also develops teacher-oriented initiatives, such as the [Teacher Days](#), in which a team of Banco de España experts travel to the regional branches to deliver training on its mission and functions. It was decided to suspend the Teacher Days in 2021 given the situation



Financial Education Day event held at the Banco de España's main headquarters.



Seminar for teachers, organised as part of the 11th edition of the Generation Euro competition.

brought about by COVID-19, until such time as circumstances allow for them to be resumed.

Another important pillar of this programme 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.

Almost 3,000 students took part in the 11th edition of the competition, a 59% increase on the previous academic year. A sizeable number of the schools signing up for the competition had already taken part in previous editions, thereby cementing their participation in Generation Euro as a school tradition within the academic year. Of the 583 teams enrolled, 56 made it to the second round. In December, the teachers of the 56 teams that qualified took part in a day of training delivered by Banco de España experts at the Madrid central headquarters.

Moreover, the Banco de España makes a range of educational resources aimed at students and teachers available via its [Education Portal](#), which received 34,320 visits in 2021, with 1,174,744 page views.

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. Guided and free of charge, these visits must be reserved in advance through the Education Portal. In a bid to combat the spread of COVID-19, the Banco de España temporarily suspended

its programme of visits in 2021. Resumption of visits will depend on the epidemiological situation and will be announced on the Education Portal.

The **educational activities aimed at school pupils on banknotes and coins** are also worth singling out. A total of 955 pupils from 21 schools across the country took part in banknote and coin workshops. In these two-hour sessions pupils learn about banknote and coin-related security measures, enabling them to tell counterfeit notes and coins apart from genuine ones. The Banco de España's online training platform also played a key role in outreach on the subject of banknotes and coins in 2021. Training in this format was stepped up across schools as a result of the situation brought about by COVID-19, reaching more than 400 pupils.

b) Initiatives aimed at the general public

Alongside the efforts made, as is to be expected, to enhance the financial education of the younger generations, the Banco de España's initiatives also include actions targeting the wider public and certain specific groups.

Training on banknotes and coins

The training provided on banknotes and coins is one notable example. One of the goals of financial education is to enhance understanding of the security features and measures of euro banknotes and coins, thereby helping to combat counterfeiting. In 2021 the Banco de España continued its awareness-raising work in this area, providing training to over 6,100 specialist agents.

Notable examples of the face-to-face training delivered to professional cash handlers and other retail professionals include the courses "Euro banknotes and coins" and "Get to know the euro", in which almost 200 people took part.



One of the goals of financial education is to enhance understanding of the security features and measures of euro banknotes and coins (left). Courses were delivered by videoconference, given that many could not be resumed on a face-to-face basis (right).

Due to the pandemic, it was not generally possible to resume many of the courses on a face-to-face basis. The Banco de España therefore delivered these courses by videoconference. More than 700 professional cash handlers and other professionals from the retail sector were taught via this format.

Various online activities were run through both the Banco de España's training platform and via third-party platforms under training provision agreements. Three courses are available, each aimed at different learner profiles: "Manual cash selection", "Get to know the euro" and "The euro: security features and legal safeguards". More than 5,200 people were trained online.



These training courses are free of charge. All of the relevant information can be found in the [banknote and coin training section of the Banco de España website](#).

Training on topics of general interest

Also in 2021, taking advantage of its country-wide presence thanks to its network of branches, the Banco de España offered training on a range of subjects of interest for the general public and for professionals. This was provided either online or, wherever possible, face-to-face, and covered subjects ranging from the functions and services offered by the Banco de España to topical matters such as the digital euro or sustainable finance. These initiatives targeted a very broad range of audiences: associations of consumers, the elderly and women; university lecturers and students; entrepreneurs and financial institutions; professional associations; law enforcement authorities; and local and regional public bodies.

Resources available on the website

The initiatives aimed at the general public notably include those offering resources that can be shared digitally, e.g. on the Financial Education Plan website or the Bank Customer Portal.

The [Financial Education Plan - Finance for All](#) website was redesigned in 2021 to give it a more modern and dynamic look.

The [Banco de España's Bank Customer Portal](#) is intended specifically to help customers in their dealings with financial institutions. Alongside the permanent sections offering information on the main banking products, services and practices, the portal also provides very helpful tools and resources for the most common banking procedures, such as financial simulators. The public is also

assisted with channelling any enquiries or complaints, and highly topical content is published in blog form, with frequently updated posts on a variety of subjects (121 posts in 2021).

In 2021, work continued on upgrading the portal, with changes to the home page and the publication of brief educational videos using straightforward, user-friendly language. All of which kept visitor traffic to the portal on a rising path, reaching a new record of over six million visits in 2021 (6,422,285; up almost 17% on the previous year).

c) Institutional initiatives

Institutional initiatives notably include **Financial Education Day**, an initiative staged under the Financial Education Plan to raise awareness among the general public of the importance of responsibly managing their finances. The main event of Financial Education Day took place on Monday 4 October 2021 at the Banco de España's Madrid central headquarters, and was also streamed online. The slogan for the 2021 edition was "Your finances, also sustainable", with the aim of raising public awareness of the importance of sustainable finance. Participants included the First Vice-President and Minister for Economic Affairs and Digital Transformation, Nadia Calviño, the Secretary of State for Education, Alejandro Tiana, the Director General for Consumer Affairs, Bibiana Medialdea, the Chair of the CNMV, Rodrigo Buenaventura, the Governor of the Banco de España, Pablo Hernández de Cos and the Deputy Governor, Margarita Delgado.

Financial Education Day comprised 99 activities, carried out by both the organisers behind the plan and their partners. Moreover, the main event was joined online from various cities across Spain by some of the Financial Education Plan's partner institutions, which were delivering a very wide range of financial training activities to an array of different audiences.



Financial Education Day, an initiative staged under the Financial Education Plan, was held on 4 October 2021.

The Financial Education Plan also has a place for research-related aspects. To guide its financial education activities, the plan draws on robust data on the Spanish public's financial literacy. In this regard, Section 2.2 of this chapter describes two key studies that seek to equip the financial education initiatives and society as a whole with empirical evidence: the 2021 Survey of Financial Competences and the first Survey of Financial Competences at Small Enterprises.

8 ENVIRONMENTAL SUSTAINABILITY

Climate risks are relevant for their potential implications for financial stability through their impact on inflation, potential economic growth and monetary policy transmission. This section details the main new regulatory developments and the work performed in this area by the Banco de España in 2021.

8.1 Main regulatory developments

Recent years have seen an array of new legislative developments, both domestically and at European and international level, aimed at addressing the huge challenge of adapting to the new climate context. Some of the key aspects worked on in 2021 are summarised below.

a) International regulatory developments

Noteworthy on the international front were regulatory developments from the Network for Greening the Financial System (NGFS) and the Basel Committee on Banking Supervision (BCBS).

The NGFS is tasked with promoting the role of the financial system in the shift to a more sustainable economy and with mobilising capital towards “greener” projects. This forum is essentially made up of central banks and supervisors (including the Banco de España), alongside other observers such as the Financial Stability Board (FSB) and the BCBS. The forum’s main lines of work in 2021 included: a) assessing the progress made by supervisors in integrating climate and environmental risks into their supervisory frameworks and their activities; b) developing and updating the climate scenarios to be used both by supervisors and central banks and by institutions in stress testing vis-à-vis these risks; c) incorporating sustainable and responsible investment criteria in central banks’ portfolios and in monetary policy management, and d) identifying the missing data needed to improve the assessment of climate change-related risks in the financial system. Elsewhere, in December 2021 the NGFS published its [Guide on climate-related disclosure for central banks](#), aimed at offering central banks guidance on how to produce their own climate-related publications.

The BCBS, for its part, is a key international organisation on the regulatory and prudential banking supervision front, since: a) it is responsible for issuing international standards on prudential banking supervision, and b) it promotes cooperation on supervisory matters in order to strengthen financial stability. This



There has been an array of new legislative developments aimed at addressing the huge challenge of adapting to the new climate context.

committee published two analytical reports in April 2021 on the subject of climate-related financial risks — [Climate-related risk drivers and their transmission channels](#) and [Climate related financial risks-measurement methodologies](#) —, as well as the November 2021 consultation document [Principles for the effective management and supervision of climate-related financial risks](#), with a view to promoting principles to improve climate-related risk management and supervisory practices.

b) European regulatory developments

Notable on the European regulatory front were the initiatives adopted by the European Commission and the EBA.

In July 2021, the European Commission published its renewed sustainable finance strategy as a complement to the 2018 action plan and as a natural follow-up to the developments in sustainability since its publication. Of all the initiatives based on the action plan and the renewed strategy, the [Taxonomy Regulation](#), the [Proposal for a Corporate Sustainability Reporting Directive \(CSRD\)](#) and the [Green Bond Regulation](#) were of particular relevance for the financial sector. Also worth noting was the [Banking Package 2021](#) published by the European Commission in late October 2021, which will entail a review of the EU banking rules — the Capital Requirements Regulation (CRR) and the Capital Requirements Directive (CRD) —, with the aim of ensuring that EU banks become more resilient to potential future economic shocks, while contributing to Europe's recovery from the COVID-19 pandemic and the transition to climate neutrality.



EU flags in front of the Berlaymont building, headquarters of the European Commission in Brussels.

Meanwhile, the EBA has instituted various initiatives as part of its mandate to analyse how to incorporate environmental, social and governance (ESG) risks within the three pillars of the banking regulation of the Basel Accords. Thus, with respect to Pillar 1 (Article 501c of the CRR), the EBA is looking into whether a specific prudential treatment for exposures related to assets or activities linked to environmental or social objectives would be warranted. With regard to Pillar 2 (Article 98(8) of the CRD), the EBA is assessing the possible inclusion of ESG risks¹⁴ in the supervisory review and evaluation process (SREP). As far as Pillar 3 (Article 449a of the CRR) is concerned, in March 2021 the EBA published for consultation a draft implementing technical standard (ITS) on disclosures on ESG risks, both in quantitative and qualitative terms. The [final draft](#) of the ITS was published on 24 January 2022.

c) Domestic regulatory developments

Notable on the domestic front was the approval of [Law 7/2021 on Climate Change and Energy Transition of 20 May 2021](#). The law provides that, among their prudential disclosures, credit institutions must include an annual report assessing the financial impact on society of climate change risks arising from their exposure to climate change, including the risks posed by the transition to a sustainable economy and the measures adopted to address these risks. Moreover, as of 2023, they must also publish specific decarbonisation targets for their loan and investment portfolios, in line with the Paris Agreement.

¹⁴ In this regard, in June 2021 the EBA published its report [EBA/REP/2021/18](#), making a series of recommendations to institutions and supervisors on integrating ESG risks into business and governance strategies and risk management.

This law also states that the Banco de España, the CNMV and the Directorate General of Insurance and Pension Funds, within their respective remits, must jointly draw up, every two years, a report on the degree of alignment with the climate goals of the Paris Agreement and EU regulations.

8.2 Sustainability at the Banco de España

The main actions taken by the Banco de España in 2021 in various environmental sustainability-related areas are detailed below.

a) Actions in the area of financial stability, regulation and supervision

In keeping with its mandate to maintain financial stability, in 2021 the Banco de España worked on developing a framework for identifying climate change-related risks for the early detection of potential threats to the financial system. Stress tests and the development of climate risk indicators are key to this task.

In 2021 the ECB conducted the first climate stress test on the significant institutions under its supervision, the [results](#) of which were published in September 2021. The ECB is expected to conduct a [second climate stress test](#) over the course of 2022. Meanwhile, in 2021 the Banco de España began to prepare climate-change stress tests for less significant institutions, to identify actions to reduce the probability of the most adverse events.

As far as regulation and banking supervision are concerned, in October 2020 the Banco de España published the [Banco de España supervisory expectations relating to the risks posed by climate change and environmental degradation](#), explicitly setting out how it expects less significant credit institutions to factor such risks into their business models and strategy, their governance and risk management and their third-party disclosures. These expectations are in line with the ECB's [Guide on climate-related and environmental risks](#) published in November 2020 and aimed at the significant institutions under its direct supervision. In 2021 the Banco de España began assessing the degree to which less significant institutions are in line with supervisory expectations, taking an approach similar to that defined by the ECB for significant institutions.

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). Moreover, the Banco de España: a) takes part in the ECB action plan to include climate considerations in its monetary policy strategy; b) is making headway with the integration of climate sustainability criteria in the management of its non-monetary policy portfolios; and c) has agreed on a common stance with the other Eurosystem central banks as regards the application of such principles to their own portfolios, which is in line with the NGFS recommendations and which furthers the transparency and understanding of climate-related risks.

With this in mind, in 2021 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 different currencies and holdings in green investment funds (EUR and USD) managed by the Bank for International Settlements (BIS). Moreover, action was taken in 2021 in relation to climate change-related financial disclosures on own portfolios, in line with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) created in December 2015 at the request of the FSB.

c) Research and international fora

High on the Banco de España's 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. Indeed, the economic and financial consequences of climate change constitute one of the



In 2021 the Banco de España approved its Corporate Sustainability Policy, representing a firm commitment to reducing the environmental impact of its activity.

lines of work set out in the [Analysis and research priorities for the Banco de España: 2020-2024](#), on which efforts will be stepped up in the near future.

In 2021 [the priorities defined a year previously were updated](#), reaffirming the need to make this area of research more prominent. With this strategic decision in mind, a growing number of Banco de España researchers are involved in a wide range of analytical projects on this subject.

Moreover, in 2021 the Banco de España continued playing an active role in the key [international fora](#) in this area.

d) Approval of a Banco de España corporate sustainability policy and organisational changes

Various organisational changes were made in 2021 with a view to effectively addressing climate change-related issues. Thus, the High-Level Steering Group was set up in May 2021 — made up of representatives from the different directorates general and coordinated by the Directorate General Financial Stability, Regulation and Resolution — with the aim of developing the Banco de España's climate change strategy, and the Corporate Sustainability Service was created in July 2021, with cross-departmental coordination, inspection, legislative, advisory and engagement functions.

Meanwhile, in October 2021 the Banco de España approved its [Corporate Sustainability Policy](#), representing a firm commitment to reducing the environmental impact of its activity, to ongoing improvements in sustainability and to transparent accountability to its stakeholders in this area. This commitment is framed in the [Strategic Plan 2024](#) in the form of a series of initiatives regarding the promotion of sustainability and social responsibility, notable examples including:

- A project to set in place an environmental management system in line with the EMAS (Eco-Management and Audit Scheme) Regulation over the course of 2022 and 2023.
- A project to calculate the institution's carbon footprint, starting with the direct emissions of the Bank's installations and the indirect emissions via the producers of the energy consumed at the Banco de España's facilities.
- An analysis of the environmental footprint of banknotes, to ensure that both euro banknotes and their production process are sustainable, ecological and environmentally friendly. This analysis will later be expanded to include coins.

- An analysis of how changes to the euro banknote security features affect the environmental footprint of cash.
- A gradual increase in the use of sustainably sourced cotton in euro banknotes. A commitment has been made to use only sustainably sourced cotton in euro banknote production processes by 2023.
- An end in 2021 to sending waste from banknote destruction to landfill sites. Recycling or energy recovery alternatives have been chosen in their place.

Lastly, it is worth noting that a new [section with environmental sustainability-related information](#) was added to the Banco de España website in December 2021.



The Banco de España's *Annual Report 2021* will include a chapter on environmental sustainability. All of the annual reports published since 1998 can be found on the Banco de España's [website](#).

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

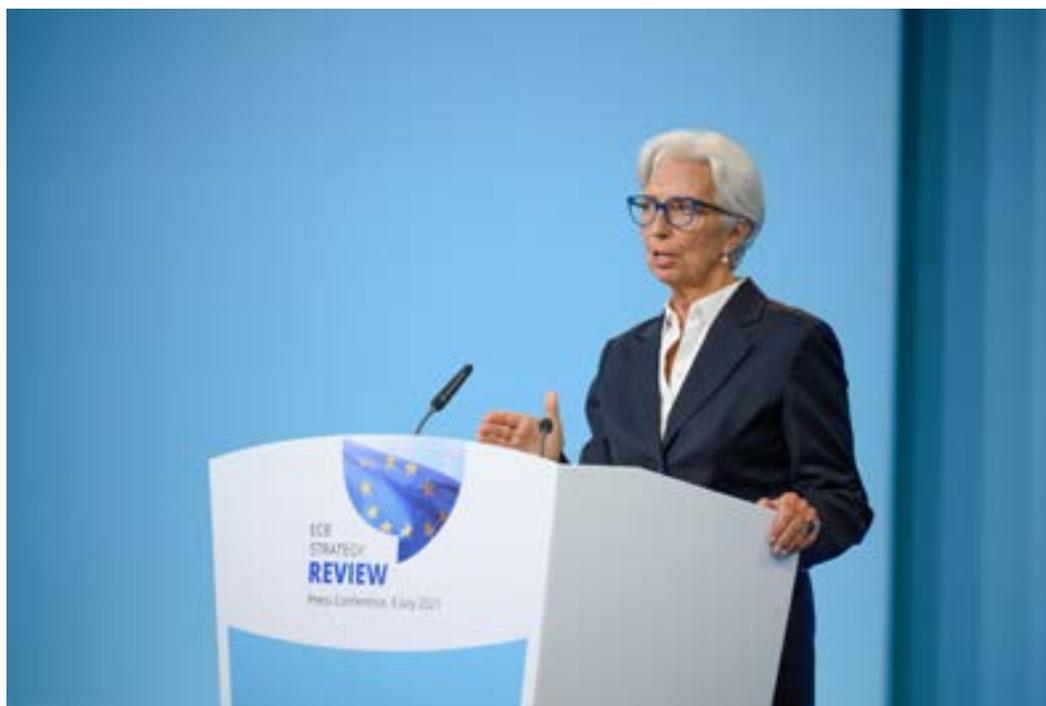
9.1 The Eurosystem and other European Union institutions

In 2021, the Banco de España remained actively involved in the **ESCB's activities**. The Governor sits on both the Governing Council – which adopts decisions on monetary policy and the functioning of the Eurosystem – and the General Council of the ECB. These decision-making bodies continued to meet last year, largely in virtual format and more frequently than prior to the COVID-19 crisis, although not as often as in 2020, at the height of the pandemic. The Deputy Governor attended the meetings of the Supervisory Board of the ECB, of which she is a member. This Board discusses, plans and carries out the ECB's supervisory tasks within the framework of the SSM. The Supervisory Board proposes draft decisions relating to the prudential supervision of credit institutions for adoption by the Governing Council, based on a “non-objection” procedure.

The ECB's decision-making bodies are supported by the ESCB's various committees, including the Monetary Policy, Market Operations, Payment Systems, Financial Stability, Legal, Statistics, Banknote and Risk Management Committees. As a member, the Banco de España made an active contribution to these committees and to the discussions of their working groups. **The main decisions of the ECB Governing Council over the course of 2021 included the new monetary policy strategy approved in July.** Key elements of this included: (a) reframing the 2% inflation target as “symmetric” over the medium term, meaning negative and positive deviations of inflation from the target are equally undesirable; and (b) the harmonised index of consumer prices (HICP) remaining the appropriate measure for assessing price stability, although the Governing Council recommended the inclusion of owner-occupied housing in the HICP. It also approved an ambitious plan to incorporate climate change considerations in that strategy.

With respect to other EU institutions, **the Banco de España was represented at the two informal Ecofin meetings held in the year and participated in the Economic and Financial Committee (EFC) and the Economic Policy Committee (EPC).**

The activities of European institutions notably included the launch of the Recovery and Resilience Facility (RRF), the centrepiece of Next Generation EU, through the enactment of the corresponding regulation in February 2021. The RRF, approved by European leaders in July 2020, aims to help Member States to mitigate the economic and social impact of the COVID-19 pandemic. To access the funds (in the form of grants and loans), Member States must submit their respective recovery and resilience plans, setting out the investments and reforms for which



Christine Lagarde, president of the ECB, at the press conference held on 8 July 2021 to announce the new monetary policy strategy approved by the ECB Governing Council.

the funds will be earmarked. Thus far, the plans of 22 countries (including Spain) have been approved. These now move into the assessment phase, in which fulfilment of the commitments undertaken in exchange for the agreed disbursements will be monitored.

Another particularly significant development was the relaunch in October 2021 of the review of the EU's economic governance framework, which was suspended due to the pandemic. This includes a debate on reforming the fiscal rules (the Stability and Growth Pact) to ensure that fiscal policy can fully support the recovery and address the challenges ahead for the EU. In addition, the European Commission forwarded to the Council a set of proposed intervention and support measures to contend with the immediate impact of the increase in energy prices and to further strengthen resilience to future shocks. Negotiations also continued over other key issues for the EU, such as the European Green Deal, 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, work is ongoing on a series of measures to boost the EU's strategic autonomy in the financial arena and in payment systems.

Schema 2.4 sets out the Banco de España's presence on the different EU bodies.

THE BANCO DE ESPAÑA'S PRESENCE ON EUROPEAN UNION BODIES

	<p>EUROSYSTEM / EUROPEAN SYSTEM OF CENTRAL BANKS</p> <ul style="list-style-type: none"> – Governing Council – General Council – Working groups
	<p>COUNCIL OF THE EUROPEAN UNION AND EUROPEAN COMMISSION</p> <ul style="list-style-type: none"> – ECOFIN Informal – Economic and Financial Committee – Economic Policy Committee – Working groups
	<p>BANKING UNION</p> <ul style="list-style-type: none"> – Supervisory Board – Joint supervisory teams – International resolution teams – Macroprudential Forum – Single Resolution Board / Single Resolution Fund – Working groups
	<p>EUROPEAN SYSTEM OF FINANCIAL SUPERVISION</p> <ul style="list-style-type: none"> – European Systemic Risk Board – European Banking Authority – European Securities and Markets Authority – European Insurance and Occupational Pensions Authority – Working groups

SOURCE: Banco de España.

9.2 European Banking Authority

The Banco de España is a member and active participant of the EBA.¹⁵ Just as in 2020, the EBA's activity in 2021 was notably influenced by the COVID-19 crisis. Its work programme was structured around six specific priorities and two horizontal priorities, which guided the direction of its work. It also carried out various projects in the resolution field. The results of these activities can be found on the [EBA website](#).

¹⁵ The EBA is an independent EU authority which works to ensure effective and consistent prudential regulation and supervision across the European banking sector. More information on its functions can be found on its [website](#).

a) Specific priorities

The first specific priority was **deployment of the risk reduction package and the implementation of effective resolution tools**, with the EBA making progress in fulfilling several mandates stemming from the Capital Requirements Regulation and Directive (CRR/CRD), the second Banking Recovery and Resolution Directive (BRRD), and the Investment Firms Directive and Regulation (IFD/IFR). Particularly significant during the year was the work conducted in securitisations and in internal governance and remuneration.

The second priority was to **review and upgrade the EU stress tests**. The EBA also published the results of the stress test exercise that was postponed the previous year due to COVID-19.

Third, the EBA focused on **reporting and transparency**, with a view to becoming an integrated EU data hub that compiles statistical, prudential and resolution information.

The fourth specific priority was to contribute to the **development of financial innovation and operational resilience in the financial sector**. Following the publication in September 2020 of the European Commission's Digital Finance Strategy, the three European Supervisory Authorities (ESAs) worked on the regulatory issues and challenges posed by digital platforms, mixed-activity groups and value chain fragmentation. The EBA also began preparatory work for implementation in the years ahead of the regulatory frameworks for crypto-assets¹⁶ (MiCA) and for information and communications technology risk management (DORA).

The fifth specific priority was to **coordinate and monitor AML/CFT supervision in the EU**. To do this, in 2021 it led policy development and promoted effective policy implementation by national competent authorities (NCAs). It also completed the definition of the central database of material AML/CFT weaknesses (EuReCa), which will help to foster the exchange of information between NCAs, support the new AML/CFT supervisory colleges and enable the identification of vulnerabilities.

Sustainable finance constitutes the sixth specific priority, aiming to promote improvements to **disclosure, governance and management of environmental, social and governance (ESG) risk factors**. The EBA published a report on how these risks should be incorporated into the management of institutions and their supervision. It also developed standards for the sustainability-related market disclosures that institutions are required to make, and began quantifying European banks' exposures to climate-related risk. It is likewise working on the prudential treatment of assets associated with environmental or social objectives.

¹⁶ Crypto-assets are digital assets that rely on cryptography and distributed ledger or similar technology.



EBA headquarters.

b) Horizontal priorities

With regard to its horizontal priorities, the EBA focused its efforts on **establishing a culture of sound and effective governance and good conduct in credit institutions**, and it played an active role – through various regulatory products – in **monitoring and mitigating the effects of COVID-19 on EU banks**.

9.3 European Systemic Risk Board

The **European Systemic Risk Board (ESRB)**, which is **entrusted with monitoring risks and vulnerabilities for the stability of the EU financial system**, brings together representatives from a broad range of domestic and EU institutions (central banks and regulatory and supervisory authorities in banking, securities and insurance), including the Banco de España.

Following the initial phase of responding to the challenges posed by the COVID-19 pandemic for financial stability, this body **resumed a busy work programme in 2021**, which included the following initiatives:

- a) Analysis of the current vulnerabilities of the residential real estate sector in EU countries.
- b) Formulation of proposals for regulatory reforms in money market funds.
- c) Development of mechanisms to mitigate systemic cyber risk.
- d) Analysis of the implications of the current low interest rate environment and of climate-related risks for the financial system.
- e) Assessment of the consequences of Brexit with regard to central counterparties.

- f) Monitoring of the government fiscal programmes introduced to mitigate the adverse impact of the pandemic on the financial system.

As a result of these initiatives, the ESRB approved and published a considerable number of reports, recommendations and warnings and various discussion papers on the matters discussed and agreed by its General Board. The ESRB's publications can be found on its [website](#).

At organisational level, the **Governor of the Banco de España continued to chair the ESRB's Advisory Technical Committee in 2021**. This body plays a central role in preparing the work and discussions of the ESRB General Board, and comprises representatives from each member institution. Javier Suárez, lecturer at Centro de Estudios Monetarios y Financieros (CEMFI), chaired the ESRB Advisory Scientific Committee in 2021, a body consisting of academics and independent experts.

9.4 Single Resolution Board

The SRB 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 (see the [SRB website](#) for more information).

In 2021, the SRB published its [Multi-annual Programme 2021-2023](#), which sets out the priority areas for the SRB during that period, with the aim of ensuring that institutions are fully prepared for a potential resolution by 2023. The programme envisages three lines of action for the SRB: (i) implementing the [Expectations for Banks](#) (EfB) in 2021; (ii) conducting resolvability assessments of each bank; and (iii) performing the first on-site inspections with banks deemed to be of specific interest, with a view to preparing an inspection plan for 2023.

In the extraordinary scenario brought about by COVID-19, the SRB – in cooperation with other authorities and the banks under its remit – is monitoring the situation and granting banks the flexibility they need to implement the EfB, taking into account their specific circumstances, with the most immediate objective of ensuring operational continuity and supporting the economy.

In keeping with the objective of achieving the full resolvability of banks by 2023, in 2021 the SRB approved the **Policy on Resolvability Assessment**, which must be included in 2021 resolution plans. Based on the principles of the EfB and the policy for setting minimum requirements for own funds and eligible liabilities (MREL), the SRB assesses banks' progress and the impact of these efforts on their resolvability.

In 2021 **the SRB also approved operational guidance for banks** in a number of different areas, notably including: (a) liquidity needs and funding in resolution, providing

banks with guidelines on their potential liquidity needs at different stages of the resolution process; (b) the unrealistic nature of bail-in clauses in contracts governed by third-country law, providing guidance on the notification procedure and the categories of liabilities for which bail-in clauses are considered unrealistic; and (c) the prior permissions regime for reducing eligible liabilities instruments from 1 January 2022, providing guidance to banks on the procedural requirements to obtain such authorisation.

In 2021 the **SRB also enhanced and updated various policies**, such as MREL (its calibration of transfer tools and developments in the operationalisation of the single point of entry (SPE) strategy) and the Public Interest Assessment. In the latter area, work was conducted on the regional impact of banks' critical functions, i.e. whether it is sufficient for these functions to be deemed critical and to justify a positive public interest assessment, with a view to triggering a resolution process.

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 Financial Stability Board (FSB), whose Plenary and Steering Committee include the Governor of the Banco de España. **In 2021, the implications of the pandemic continued to shape the FSB work programme.** It published reflections on extending, amending and ending the support measures adopted, it coordinated the preliminary analysis of lessons learnt from a financial stability perspective, and continued to address the vulnerabilities that came to light in the non-bank financial intermediation sector during the market turmoil of March 2020. For further information, see the [FSB website](#).

In addition, **the FSB made further progress in various priority areas.** For example, the FSB published a progress report on the implementation of its high-level recommendations for the regulation, supervision and oversight of **global "stablecoins"**.¹⁷ It also developed a **roadmap on climate change** which establishes a framework to draw together and structure the numerous international initiatives. As for enhancing **cross-border payments**, the FSB published a document setting specific quantitative targets for addressing the challenges of cost, speed, transparency and access, and a progress report on the roadmap published in 2020. The FSB also continued its efforts to support the **transition towards new benchmark rates**.

Noteworthy in the area of resolution was the **2021 Resolution Report**, detailing progress towards the implementation of regulations to improve the resolvability of systemically important institutions and proposals for work in the future.

¹⁷ "Stablecoins" are crypto-assets whose value is pegged to a traditional asset or to a basket of traditional assets through a stabilising mechanism.

b) Basel Committee on Banking Supervision

The Banco de España also forms part of the Basel Committee on Banking Supervision (BCBS), which is chaired by the Governor of the Banco de España. Like other organisations, the BCBS' work programme was also marked by the fallout from the pandemic. For instance, it published a **preliminary assessment report on lessons learnt vis-à-vis the pandemic and the functioning of the Basel framework**. The Committee will continue to work on a more general assessment of the Basel III reforms.

The BCBS also made progress in initiatives to mitigate structural risks and trends. Notable among these are the publication of a consultation on the prudential treatment of banks' crypto-asset exposures. It published two analytical reports on **climate change**, showing how climate risk factors can be captured in traditional risk categories. The Committee will continue to evaluate whether the Basel framework duly picks up these risks and will consider possible regulatory, supervisory and transparency measures.

Other lines of work include those on **operational risk** (completion of the operational resilience principles) and the **Pillar 3 transparency requirements** (finalisation of the requirements relating to the new market risk framework and to sovereign risk exposures, which jurisdictions may adopt on a voluntary basis).

Lastly, with regard to the **annual preparation of the G-SII list, the Committee amended the methodology review process** and agreed to review the implications of developments relating to the European banking union. For further information, see the [BCBS website](#).

c) Bank for International Settlements

The Banco de España participates in the three committees of the Bank for International Settlements (BIS) that analyse the global economy and international financial markets:

- the Global Economy Meeting (attended by the Governor every two months);
- the Committee on the Global Financial System (attended by the Deputy Governor on a quarterly basis);
- the Markets Committee (of which the Director General Operations, Markets and Payment Systems is a member).

During the year, these committees published various reports drawn up with the active participation of Banco de España staff. These reports enable relevant aspects



Tower Building, BIS headquarters in Basel.

of the functioning of financial markets, including the impact of financial innovation, to become more generally known. In 2021 these reports notably included *Changing patterns of capital flows*.

Within the BIS, the Banco de España also participates in the Committee on Payments and Market Infrastructures (CPMI), which in 2021 focused its efforts on developing and implementing an ambitious programme for enhancing cross-border payments, in liaison with the FSB and other international committees and organisations.

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, the Banco de España organises 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. These include meetings with the Bank's senior officers, in addition to other technical meetings and seminars open to other institutions, to discuss the economic outlook and the risks thereto, as well as to assess economic policies. All of this is ultimately detailed in the *Article IV* report. In 2021, the first round of meetings took place in June and the second in November-December, all held in virtual format. The final report was published in February 2022.

In addition, roughly every five years the Banco de España participates in the preparatory visits of the Financial System Assessment Programme (FSAP). The Banco de España is also actively involved in the IMF's Spring and Annual Meetings. Its three main reports (World Economic Outlook, Global Financial Stability Report and Fiscal Monitor) are presented and discussed at these gatherings. In 2021, the Spring Meetings were held online and the Annual Meetings in a hybrid format. The Banco de España has a representative seconded to the seat on the IMF's Executive Board. This representative reports to the Bank and adopts positions on all matters of interest relating to, inter alia, the IMF's funding policies, loans, governance and oversight of economies and financial systems.

The Banco de España is, furthermore, a fiscal agency and depository of the IMF. As such, it coordinates the payment of quotas, advises the Treasury on Spain's participation in the multilateral debt framework (New Arrangements to Borrow, or NAB) and its bilateral borrowing agreements with the IMF. At end-August, the Banco de España's balance sheet reflected special drawing rights (SDRs) amounting to just over 9 billion – some €11 billion – under the IMF's general allocation of SDRs. The Bank is a loan account holder of the Poverty Reduction and Growth Trust (PRGT) run by the IMF. In 2021 the Banco de España began negotiations to increase its loan to the fund by 350 million SDRs (around €438 million), for the provision of concessional financing to low-income countries. It thus rerouted a portion of the SDRs obtained in the general allocation.

As for the G20, where Spain has permanent guest status, the Banco de España collaborates with the Ministry of Economic Affairs and Digital Transformation. **Together with the representatives of the General Secretariat of the Treasury,**



In 2021, the IMF Spring Meetings were held online and the Annual Meetings in a hybrid format.

it participates in the working groups of the so-called “finance circuit”, including the Framework Working Group, which covers macroeconomic matters; the IFA Working Group, which focuses on international financial architecture-related matters; the Infrastructure Working Group, which handles infrastructure matters; the Global Partnership for Financial Inclusion, which deals with financial inclusion; and the Compact with Africa, which is of particular importance in this context and promotes cooperation to shape policies that benefit the continent.

A new working group was set up in 2021, called the Sustainable Finance Working Group. It mainly works to develop a roadmap to align investment and financing with the Sustainable Development Goals and to assess the financial implications of climate change.

Virtually all of the groups’ meetings were held online in 2021, with efforts focusing largely on policies to exit the COVID-19 crisis.

Indonesia assumed the G20 Presidency towards the end of the year, taking over from Italy. It published its priorities for 2022, which in the financial sphere indicate continuity along similar lines. The main items on the agenda in 2022 include crisis exit strategies and their fairness; their impact on financial stability and the reduction of scarring in the real and financial sector; improvements in cross-border payment systems; central bank digital currencies; the impact of transition policies in the financial arena; financial inclusion in this context; and international taxation.

The Banco de España has close cooperation ties with numerous central banks and other international institutions. In recent years, these relations have been strengthened by cooperative agreements entered into with several institutions, geared towards joint activities that lead to the dissemination of best practices in the various areas of central banking.



Box 2.10 of the *Institutional Report 2020* details the Banco de España's international cooperation with Latin America through memoranda of understanding.

Of particular note in 2021 were the memoranda of understanding signed with the Central Bank of Uruguay in the summer and with the Central Bank of Tunisia in Q4. Further, in May the Banco de España's membership of the Center for Latin American Monetary Studies (CEMLA) officially changed, making it the first central bank from another continent to join as "associate member". The Bank had previously been a "collaborating member". This is in recognition of the Banco de España's resolute support for the CEMLA and represents an opportunity to strengthen the Bank's presence and leadership in the community of Latin American central banks.

After more than a year of pandemic, 2021 was conditioned by the restrictions imposed as a result of COVID-19. The Banco de España's international cooperation activity could be said to have recovered and even exceeded pre-pandemic levels. The number of activities again surpassed the 200 mark (247 in total), rising by 15% as compared with pre-pandemic figures.

Use of IT tools and digital platforms has become the norm. **Many of the face-to-face meetings were moved to a virtual format and the missions and visits were held by videoconference.** The programme of activities – expert meetings, seminars and other fora – increased from eight in 2020 to a total of 25 in 2021, likewise exceeding the 2019 figure (17). Holding meetings in virtual format thus helped to overcome some of the time and distance limitations associated with in-person meetings. In short, the adverse impact of less contact between participants due to the impossibility of meeting in person was compensated by the rise in the number of those able to attend. These continued to climb, rising to 5,675 from 3,883 in 2020. The higher proportion of virtual activities not only helped to drive down economic costs, it also reduced the environmental footprint of the Banco de España's cooperation activities.

Taking into account the geographical areas of activity and continuing the trend of previous years, **Latin America accounted for the highest number of cooperation activities and initiatives in 2021.** Particularly noteworthy were the activities conducted with the central banks of Uruguay, Chile, Colombia, Mexico and Brazil, developing closer ties with these under their respective cooperation arrangements.

Additionally, as a member of the Working Group on International Cooperation, under the auspices of the ESCB's International Relations Committee, since 2019 the Banco de España has participated, 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. This highly successfully programme came to an end in December 2021. The Banco de España was a very active participant in various initiatives under the programme, which included seminars on internal auditing and international relations, high-level meetings on governance and financial stability, and bilateral activities such as an internship with National Bank of Serbia on matters relating to international and European relations. Lastly, work continued as part of the Task Force for Africa, comprising the Banco de España together with the central banks of Portugal, Germany, France, Belgium and Italy, which aims to design a pilot cooperation programme with a group of African countries for implementation once the pandemic is over.

11 REGULATORY CHANGES

Six Banco de España circulars were approved in 2021, in the exercise of the regulatory powers set out in its Internal Rules (IRBE). Further, other State and EU-level legislation affecting the Banco de España's functions and competencies was approved.

Schema 2.5 summarises the main regulatory developments in 2021.

Schema 2.5

MAIN LEGISLATIVE DEVELOPMENTS IN 2021

CIRCULARS APPROVED UNDER THE REGULATORY POWERS SET OUT IN THE IRBE

Banco de España Circular 1/2021 of 28 January 2021 amending Banco de España Circular 1/2013 of 24 May 2013 on the Central Credit Register and Circular 5/2012 of 27 June 2012 to credit institutions and payment service providers on the transparency of banking services and responsible lending.

Banco de España Circular 3/2021 of 13 May 2021 amending the definition of the benchmark interest rates based on the euro short-term rate (€STR) set out in Banco de España Circular 5/2012 of 27 June 2012 to credit institutions and payment service providers on the transparency of banking services and responsible lending.

Banco de España Circular 5/2021 of 22 December 2021 amending Banco de España Circular 2/2016 of 2 February 2016 to credit institutions on supervision and solvency, which completes the adaptation of Spanish law to Directive 2013/36/EU and to Regulation (EU) No 575/2013.

Banco de España Circular 2/2021 of 28 January 2021, amending Banco de España Circular 8/2015 of 18 December 2015, to institutions and branches belonging to the Deposit Guarantee Scheme for Credit Institutions (DGSCI), on information for determining the basis of calculation of contributions to the DGSCI.

Banco de España Circular 4/2021 of 25 November 2021 to credit institutions and other supervised institutions on confidential return models relating to market conduct, transparency and customer protection, and on the complaints register.

Banco de España Circular 6/2021 of 22 December 2021, amending Banco de España, Circular 4/2017 of 27 November 2017 to credit institutions on public and confidential financial reporting standards and formats, and Banco de España Circular 4/2019 of 26 November 2019 to specialised lending institutions on public and confidential financial reporting standards and formats.

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

Royal Decree 2/2021 of 12 January 2021 approving the Regulation implementing Audit Law 22/2015 of 20 July 2021. This Royal Decree envisages the creation of the Account Audit Committee, the Accounting Council and the Accounting Advisory Committee (all with a representative of the Banco de España among their members), with public supervision tasks.

Royal Decree-Law 7/2021 of 27 April 2021 amending, among others, Law 10/2010 of 28 April 2010 on the prevention of money laundering and terrorist financing. In particular, this legislation:

- Amends the **cooperation arrangement between the Banco de España and the competent authorities in the prevention of money-laundering and terrorism financing**.
- Creates the **register of providers engaged in exchange services between virtual and fiat currencies and custodian wallet providers** established to that end at the Banco de España.
- Amends other legislation that affects the activity of the Banco de España, specifically Law 41/1999 of 12 November 1999 on **payment systems and securities settlement**, and Law 10/2014 of 26 June 2014 on the **regulation, supervision and solvency of credit institutions**.

Royal Decree-Law 24/2021 of 2 November 2021 transposing European Union directives on covered bonds, cross-border distribution of collective investment undertakings, open data and the re-use of public sector information, the exercise of copyright and related rights applicable to certain online transmissions and retransmissions of television and radio programmes, temporary exemptions on importations and on certain supplies, consumers and the promotion of clean and energy-efficient road transport vehicles.

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

Guidelines (EU) 2021/2253 and 2021/2256 of the European Central Bank of 2 November 2021 laying down the principles of the **Ethics Frameworks for the Eurosystem and the Single Supervisory Mechanism**, respectively. These provisions must be transposed to the Banco de España's regulations by 1 June 2023.

SOURCE: Banco de España.



3

INSTITUTIONAL SOCIAL RESPONSIBILITY

INSTITUTIONAL SOCIAL RESPONSIBILITY INITIATIVES IN 2021



UNESCO WORLD HERITAGE LIST

In July 2021, the Banco de España's Madrid headquarters were included on UNESCO's World Heritage List, as part of the "Landscape of Light"



BENEFICENT-SOCIAL AND CULTURAL FUND

In 2021 grants amounting to €1.5 million were made to institutions and organisations engaged in economic research and analysis, educational and cultural activities and socio-humanitarian assistance



EXHIBITION SPACE

October 2021 saw the inauguration of a permanent exhibition space in the Banco de España's Madrid headquarters with the exhibition "2328 reales de vellón. Goya and the origins of the Banco de España's art collection"



LIBRARY

The Banco de España Library caters to the institution's in-house needs and is also open to the general public and other institutions that may wish to use the library collections



INSTITUTIONAL REPOSITORY

The Banco de España's Institutional Repository is home to an extensive collection of documentation. The Bielefeld Academic Search Engine (BASE) was added in 2021



DOCUMENT RESTORATION

Various documents relating to shares in Banco de Isabel II were restored in 2021



ART COLLECTION PORTAL

The portal houses many of the pieces that make up the Banco de España's Art Collection, alongside other content on its architectural and historic heritage; it received over 75,000 visitors in 2021



RESEARCH GRANTS

Economic analysis and research are essential functions of the Banco de España, which both runs and promotes economic research and internships

1 ART COLLECTION

The Banco de España's art collection includes paintings, drawings, sculptures and photographs, as well as a large number of particularly valuable decorative and graphic artworks. It is a highly diverse collection, which 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 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. One key initiative in this respect in the year was the establishment of a **permanent exhibition space** of approximately 350 m² in the Banco de España's headquarters in Madrid. It has been renovated to ensure the necessary security and temperature/humidity conditions, so that it may be used to display different selections of our historical-artistic and documentary heritage and our bibliographic and numismatic collections, as part of a permanent exhibition programme. Located in the city's cultural epicentre, the space will be a full and visible part of Madrid's cultural and institutional landscape, **providing a public service** and opening up the Banco de España's collection to the general public.



The Banco de España opened its new permanent exhibition space with "2328 *reales de vellón*. Goya and the origins of the Banco de España's art collection". For more information on this exhibition, see [section 2 below](#).

Another key initiative under the Banco de España's Strategic Plan 2024 is to **strengthen digital content on websites**, making a large part of the Banco de España's art collection and other content, as well as its valuable architectural heritage and history, globally accessible. The [art collection portal](#) (Spanish version only) plays a fundamental part, offering a wide variety of materials and resources, as well as access to the art collection, to the general public, researchers, curators and museums. Analysis of the data provided by the art collection portal shows that, despite only being operational since October 2020, it has achieved a high degree of visibility (receiving 75,482 hits in 2021).

Loans of artworks to temporary exhibitions are regularly used to further the dissemination of the Banco de España's artistic heritage. In addition to being a key means of making our cultural heritage known, these loans also enhance our public image and contribute to Spain's cultural wealth.

Requests for temporary loans of artworks recovered slightly in 2021, following the large-scale cancellation and rescheduling of exhibitions in 2020 owing to the pandemic, with just two loans made in the opening months of the year. In 2021, ten artworks were temporarily loaned to different exhibitions organised by Spanish institutions, meaning that various works belonging to the Banco de España's art collection were seen in Valladolid (National Sculpture Museum and Patio Herreriano Contemporary Arts Museum), Valencia (Fine Arts Museum, Bombas Gens Art Centre and Bancaja Foundation), Tenerife (Tenerife Arts Centre (TEA)), Cordoba (Andalusia Contemporary Art Centre (C3A)) and Madrid (Reina Sofia Museum and Fernán Gómez Theatre and Cultural Centre).

Conservation of its artistic heritage is one of the Banco de España's primary responsibilities in this area. In addition to the day-to-day preventive conservation measures, to minimise potential risks and ensure that our artworks are in optimum condition, **17 restorations** on various kinds of artworks were performed in 2021.

Also, under the framework of the cooperation agreements entered into with the Prado Museum and the Reina Sofia Museum, in 2021 **four traineeships** sponsored by the Banco de España were granted, two for each museum: in the Prado Museum, one in Conservation of Drawings and Prints and the other in Conservation of Spanish Gothic Painting; and in the Reina Sofia Museum, one in the Publications Service and the other in Public Activities.

Lastly, but no less importantly, in July 2021 the Banco de España's Madrid city centre headquarters was included in **UNESCO's World Heritage List**, which was created in 1972 to "safeguard sites of outstanding universal value" for "present and future generations".



The "Landscape of Light", declared a Unesco World Heritage site, includes the Paseo del Prado from Cibeles to Plaza del Emperador Carlos V, the Buen Retiro park and the Jerónimos district of Madrid.

In 2019, Spain submitted its candidacy for Madrid's Paseo del Prado avenue and Buen Retiro park, dubbed a "Landscape of Light", to be included in UNESCO's World Heritage List. The Banco de España joined the candidacy from the start and, in October 2018, became a member of its Civic and Social Council. Thus, the Banco de España – which contributes one of the leading architectural assets of the Landscape of Light, combining culture, science and nature – took part in various working parties within the framework of the initiative that was headed by the local authorities, in cooperation with the Madrid regional government and with the backing of the Spanish Ministry of Culture.

2 TEMPORARY EXHIBITION: “2328 REALES DE VELLÓN. GOYA AND THE ORIGINS OF THE BANCO DE ESPAÑA’S ART COLLECTION”

The “2328 reales de vellón” exhibition, with which the Banco de España inaugurated its new exhibition space in October 2021, delves into how the institution’s **art collection evolved over the first 100 years**, between 1782, when Banco Nacional de San Carlos was founded, and the early years of the Banco de España, which began to operate under its present name in 1856, following the merger between Banco de San Fernando and Banco de Isabel II. It also investigates how these beginnings influenced the subsequent development of the art collection.

The exhibition title – “2328 reales de vellón” – refers to the amount recorded in one of the bank’s ledgers, paid to Francisco de Goya for the portrait of José de Toro y Zambrano, the first chairman of Banco Nacional de San Carlos. This impeccable decision, to choose Goya as one of the artists entrusted with the task of preserving the memory of the institution for posterity, began the tradition, which continues to this day, of commissioning portraits of the institution’s leaders. This tradition has given rise to a portrait gallery which, in the words of Javier Portús, Chief Curator of Spanish Painting at the Prado Museum, has become “one of the finest collections in



His Majesty Felipe VI inaugurated an exhibition on Goya and the origins of the Banco de España’s art collection in a new permanent exhibition space at its Madrid headquarters.

existence for studying how official portraits have evolved in Spain since the end of the early modern period through to the present day”.

The choice of Francisco de Goya for this task also exemplifies the Bank’s patronage of contemporary artists at each moment in time. This is a characteristic feature of the Banco de España’s art collection past and present. It is also an artistic policy that was not generally shared by its contemporaries, which tended to purchase works of great artists from the past. The commissions and purchases made were not only designed to preserve the memory of the institution. They also responded to the enlightened ideal of encouraging and advancing art, in the firm belief in patronage as an instrument to uphold creativity and drive the economy.

Box 3.1 presents an in-depth profile of Juan Agustín Ceán Bermúdez, a painter, historian, art critic, first clerk to the Secretariat of the Banco Nacional de San Carlos and an essential figure in the creation of the art collection.

The “2328 reales de vellón” exhibition consists of almost 150 artworks: 40 works from the Banco de España’s own collection – between paintings, sculptures, drawings and various decorative artworks – and three outside loans from the Prado Museum, the Calcografía Nacional (National Engraving Centre) and a private collection, respectively, along with numerous documents from the Banco de España’s Historical Archive and Library.



Accounting ledger and portrait of José de Toro y Zambrano, in the “2328 reales de vellón” exhibition.

CEÁN BERMÚDEZ: THE BANCO NACIONAL DE SAN CARLOS EMPLOYEE WHO PAVED THE WAY FOR THE ART COLLECTION



Juan Agustín Ceán Bermúdez (c.1786), by Francisco de Goya. Private collection.

Juan Agustín Ceán Bermúdez (1749-1829) played a key role in creating the public image of Banco Nacional de San Carlos and its art collection. He joined the Bank in 1783, as second ledger clerk, on the recommendation of Gaspar Melchor de Jovellanos, his friend, mentor and fellow Asturian. In 1785 he was promoted to chief clerk to

the Secretariat, a position which included even standing in for the secretary, from where he had great influence on the new institution's art collection. The epitome of an Enlightenment-era scholar and a fundamental figure in the history of Spanish art, it is likely that he was behind the decision to commission the portraits of the first chairmen to his friend Francisco de Goya. The fact that the payment of 2328 *reales de vellón* for the portrait of the first chairman of Banco Nacional de San Carlos was recorded by him in one of the ledgers supports this theory.

His good judgment underpinned the institution's art purchases from the start. From his position of authority, he also played a part in the development of banking graphic design, and probably suggested which artists should be entrusted with the design of certificates, banknotes and other documents. He was also the driving force behind the important archive, which notably holds documents on the foundation of Banco Nacional de San Carlos, writings of Francisco Cabarrús, documents on investments in public works, and curiosities such as the records of the share purchases made by Francisco de Goya. Some of these documents are included in the "2328 *reales de vellón*" exhibition

The exhibition has a room devoted to Ceán Bermúdez, presided by his portrait. This is one of Goya's portrait masterpieces, which depicts Ceán in an admirable, natural, elegant and dignified manner, while at the same time showing him to be a self-assured scholar, with an absolute belief in his intellectual superiority. The unusual, slightly forced stance of his figure, with the legs crossed and, in the foreground, the foot turned towards the viewer, place him above the viewer, on whom he looks down and even keeps at a distance with the toe of his shoe.

This is the first showing of this exceptional set of artworks, which forms the core of the Banco de España's classical collection, and it is, therefore, a unique opportunity to become familiar with the origins of this Enlightenment-era collection, which is one of the most important in Spain and among national central banks .

The exhibition examines the role that the Banco de España's predecessors played in the shaping of its artistic heritage, not only through the magnificent collection of paintings commissioned or purchased during the period analysed but also through documents, books, other printed matter and banknotes from the Banco de España's Historical Archive and Library.

BANCO NACIONAL DE SAN CARLOS AND PUBLIC WORKS

Banco Nacional de San Carlos was founded with a series of very specific goals. However, these soon expanded, taking advantage of the new bank's financial capacity to encourage national productive activity. One of these new goals would be to nurture public works designed to improve communications across the Iberian Peninsula, especially the building of waterways for transport of goods and passengers.

One of the chief examples of the canal projects, and one of the few that actually came into service, was the **Aragon Imperial Canal**. The project, which was launched in 1768 through a private company, was gradually taken over by the Crown from 1772, with the first stage being completed in 1784 when the waterway reached Zaragoza. Public debt had to be issued to fund the work, with a special issuance of *vales reales* in 1785 and again in 1788.

The Banco de España's Library holds a raft of documentation on this project, which may be seen in the "2328 *reales de vellón*" exhibition, ranging from the

cédulas reales (royal warrants) authorising issuance of the *vales reales* to fund the works, to the *Regulations for navigating the Imperial Canal*, issued in 1789, of which there are only three known original copies. In 1796, the Conde de Sástago, the then patron of the canal, ordered that a magnificent book be published – *Descripción de los Canales Imperial de Aragón y Real de Tauste* – which has numerous maps, drawings, cross-sections and plans of various sections of the canal. The overall plan depicts the entire course of both the Aragon Imperial Canal and the Tauste Royal Canal, as well as the planned extension of the former to Sástago, which was never built.

Completing the set of documents is the *Memoria histórica del Canal Imperial de Aragón*, printed in 1833 to request an injection of funds from the Government of the day to finance the work needed to continue the canal. This report contains 38 plates with lithographs made by Pharamond Blanchard, a French painter and illustrator who worked in Spain between 1826 and 1838, in the Madrid Royal Lithographic Centre that was founded, in 1825, by José de Madrazo.

Box 3.2 chronicles the project to build the Aragon Imperial Canal. The Banco de España's Library has many documents on this project, some of which are included in the "2328 *reales de vellón*" exhibition.

The exhibition includes the best known works from the Banco de España's portrait gallery, comprising portraits of chairmen, governors, royalty and other important figures in the history of the institution, painted by the **best artists of their time**: Francisco de Goya, Mariano Salvador Maella, Folch de Cardona, Vicente López, Federico de Madrazo and Esquivel, among others. The exhibition also includes a small set of religious works of art that came from the **chapel** in the Banco de España's original premises, including in particular the *Virgin of the Lily* by Cornelis van Cleve, one of the most outstanding works in the collection.

Box 3.3 presents a detailed description of the portrait of King Ferdinand VII. This is considered to be one of the masterpieces of Vicente López and is one of the best documented paintings in the Banco de España's art collection.

Also exhibited along with the portraits are a number of singular works, such as clocks, items of furniture and silverware.

A special section of the exhibition is devoted to **share certificates, banknotes, publications** and other documents issued by the Banco de España which not only

PORTRAIT OF KING FERDINAND VII



Ferdinand VII (1832), by Vicente López.

Considered one of Vicente López's masterpieces, this portrait of King Ferdinand VII is among the most well-documented paintings in the Banco de España's collection, since we have a good idea of when it was commissioned and delivered, while there is also a sketch

(kept at the Spanish National Library) that sheds light on the creative process.

Dressed in Captain General uniform and decorated with the Order of the Golden Fleece and the grand crosses of the Order of Charles III and the Order of Isabella I, the King poses for a full-length portrait aged 47, with what Enrique Lafuente Ferrari describes as "a malicious look in his eyes and bulging, swollen limbs". But neither his unkempt appearance nor the scant prestige that plagued the monarch can overshadow the artistic quality of this work. The King appears seated at a desk on which a silver inkstand and several books can be seen, one of which clearly reads "Royal Warrant of Banco de San Fernando", in specific reference to the reason for the commission. Although the painting had been commissioned in mid-1828 by Banco Nacional de San Carlos, subsequent developments at the institution meant that in fact he appears as the founder of the Banco de San Carlos, as the Royal Warrant attests.

The wide range of fabrics and objects that feature in the painting allowed the artist to showcase his draughtsmanship and skill at reproducing textures, traditionally one of his most-admired qualities.

However, the importance of this work lies not only in its intrinsic quality, but also its relevance from a typological standpoint, since it is one of the first portraits of a Spanish monarch in a seated position, in clear reference to his administrative responsibilities, as symbolised by the objects by his left hand on the desk: the inkstand and the bank's constitutional document.

reflect its economic and administrative activity, but also the great care put into illustrating these items, which contributed to the development of the graphic arts. Box 3.4 describes in detail the banknotes issued by Banco Nacional de San Carlos, the first banknotes in the history of Spain, while Box 3.5 has more information on the shares of Banco Nacional de San Carlos, one of the most interesting document collections held in the Banco de España's Historical Archive. The "2328 reales de vellón" exhibition includes several examples of both the banknotes and the share certificates.

The exhibition [catalogue](#) includes the works exhibited and also texts and essays by various experts, in Spanish and English. There is also a **digital edition**, which meets digital accessibility requirements and may be downloaded, free of charge, from the art collection portal.

THE BANKNOTES OF BANCO NACIONAL DE SAN CARLOS



A 1,000 *reales de vellón* banknote issued by Banco Nacional de San Carlos (1798 reprint).

Among the most prized possessions in the Banco de España's Historical Archive are the banknotes of Banco Nacional de San Carlos, Spain's very first banknotes.

This issue, which would bear the date 1 March 1783, was approved at the inaugural General Meeting of Banco Nacional de San Carlos, and comprised banknotes of 1,000, 900, 800, 700, 600, 500, 400, 300 and 200 *reales de vellón*, amounting to a total of 52 million *reales*. Francisco Cabarrús, the ex officio chairman of Banco Nacional de San Carlos, decided on the formal characteristics of these first banknotes. They were to be of simple design, display the *fides pública* (the Bank's emblem, taken from Roman tradition) and be signed by the Chief Cashier, the ledger clerk and one of the Bank's chairmen. As well as the face value, the text on the banknotes would include the following promissory clause:

"Banco Nacional de San Carlos has at the bearer's disposal [banknote value] *reales de vellón*, payable at the bearer's request, between ten in the morning and one in the afternoon only, any day of the year except for holidays. Madrid, 1 March 1783."

The designs, consisting of leafy geometrical edgings of different shape and colour for each value, meant the banknotes could be easily recognised by the general public, while their beauty and technical sophistication was at the hands of the Spanish royal academies' finest artists and engravers.

The banknote paper is of excellent quality, as evidenced by their immaculate condition to this very day. It was produced by José Llorens in Capellades (Barcelona) and featured secret security markings. The paper was produced exclusively for the Bank and no other customer was allowed to use it.

This first issue, of 1 March 1783, had a reprint in 1789 that never went into circulation. Despite representing a historic milestone, the 1783 banknotes of Banco Nacional de San Carlos did not prove popular among the general public. The large denominations and a wary public more accustomed to using coins saw the banknotes ultimately withdrawn from circulation in 1803.

The banknotes of Banco Nacional de San Carlos displayed as part of the exhibition "2328 *reales de vellón*" were discovered in 1988 in a counterfeiting dossier in the Banco de España's Historical Archive. At some point, these originals had been set aside to check the authenticity of banknotes presented at the Bank's cashiers. It was a wonderful find that meant the recovery of Spain's oldest banknotes, true gems of the country's banking history.

As part of the preparation of the "2328 *reales de vellón*" exhibition, 14 artistic heritage works had to be restored and another ten had to undergo special cleaning, to ensure that they were shown in optimal condition.



For more information on the "2328 *reales de vellón*" temporary exhibition, see the respective section of the [Banco de España's art collection portal](#).

BANCO NACIONAL DE SAN CARLOS SHARES



A Banco Nacional de San Carlos share certificate belonging to Francisco Cabarrús.

The collection of Banco Nacional de San Carlos shares, of which various examples are on display in the exhibition “2328 reales de vellón. Goya and the origins of the Banco de España collection”, is among the most interesting in the Banco de España’s Historical Archive. This unique set of documents reveals the names of each and every one of the bank’s first shareholders and shows how ownership was parcelled out. The Historical Archive is home to nearly 149,000 of the 150,000 shares. These were all gathered together in 1829, when Banco Nacional de San Carlos was wound up and the shareholders were given the opportunity to exchange them for shares in Banco Español de San Fernando founded shortly thereafter.

They have been in the Banco de España’s safekeeping ever since, testament to how much it prizes its documents and making its Historical Archive one of the finest collections of banking history. The shares, many of which were in a pitiful state, were restored some years ago, repairing the damage suffered and restoring them to their former glory.

The shares had a par value of 2,000 *reales de vellón*. While not overly expensive, given the price of shares in other companies at that time, they were beyond the reach of most. A carpenter, for instance, would have earned 12 *reales* a day, and a bricklayer 10 *reales*. The shares sold out in just four years, between 1782 and 1785. They were bought by individuals and institutions hailing from all sectors of society. These included the nobility, the military and the clergy, merchants, banking houses, towns and villages, cooperatives, estates, chaplaincies, charities, hospitals and a lengthy list of shareholders of all types, mirroring the society of the day. In total, almost 5,000 shareholders purchased the 150,000 shares issued.

A sizeable portion of the Bank’s capital ended up in the hands of certain large investors; 108,309 shares were acquired by 557 of the nearly 5,000 shareholders, so that just 11% of the owners held 72% of the share capital. Foremost among them was the trust set up by Manuel Ventura Figueroa, Governor of the Council of Castile and the first chairman of a General Meeting of Banco Nacional de San Carlos, with 2,500 shares. King Charles III purchased 1,000 shares, and the Prince of Asturias and future King Charles IV, together with his wife María Luisa de Parma, another 1,000. Francisco Cabarrús, the driving force behind the bank and the man at the helm, purchased 3,280 shares on his own account and on behalf of his banking house, Cabarrús y Lalanne. Meanwhile, various French merchants (almost all of them from Paris) are known to have amassed just over 20% of the capital, Le Couteux & Co. being one notable example, accounting for 5,539 shares.

Aristocrats and merchants came together to form large investment groups (as did villages, towns and cooperatives). Nonetheless, small shareholders accounted for most of the share capital. Noteworthy examples include artists such as Goya, Maella, Sabatini, Vanvitelli and Lemaur. Shares were also subscribed by lawyers, doctors, and cultural institutions, and even a couple of Virgins: the “Image of Our Lady of La Carbonera of the Jerónimas Recoletas Convent in Madrid”, with two shares, and the “Image of Our Lady of Hope” from Húmera, with one.

It is a little known fact that some of these shares, particularly the “linked” or “non-transferable” ones, were gradually converted into shares in Banco de San Fernando and the Banco de España, right up until 1962 when the Bank was nationalised and its shareholding structure was wound up.

3 HISTORICAL ARCHIVE

The Banco de España's Historical Archive contains extensive records of the institution's activities dating back to its foundation as Banco Nacional de San Carlos through to the present day. These wide-ranging documents provide valuable insight into Spain's economic and financial history over the last three centuries.

Every year research and analysis is conducted on this documentary heritage, to deepen our understanding of the Bank's history and bring it to a wider audience.

The main activities undertaken by the Banco de España's Historical Archive in 2021 related to the uploading of digitised documents to the Institutional Repository, work on the numismatic collection, the digitisation of its document collection and the restoration of Banco de Isabel II share certificates.

a) The Historical Archive in the Institutional Repository

In October 2021, the Historical Archive made the first upload of digitised documents to the Banco de España's Institutional Repository. The documents in question were the minutes of the Governing Council and of the General Meetings from 1782 to 1920. These two series of documents are among those of greatest interest to, and most sought after by, historical researchers, providing a record of the issues discussed and the resolutions adopted by the Banco de España's most senior governing bodies. Books published totalled 188, comprising 85,300 pages. The 2,400 hits and 1,645 downloads recorded in just two months illustrate how the documentary heritage can reach a large audience through the Institutional Repository. These figures bear no comparison with previous records, when researchers could only view the documents in person at the Historical Archive's reading room.



For more information on the Banco de España's Institutional Repository, see section 4 below and the repositorio.bde.es website.

b) Numismatic collection: banknotes

In 2021, work was conducted to analyse, study and characterise the banknotes issued by the Banco de España between 1875 and 1889. This research, conducted on 495 banknotes from nine issues, brought to light new and important information on multiple aspects of the banknotes, in particular the production, design, circulation

and counterfeiting of these initial series after the Banco de España was granted the monopoly on the issue of banknotes in 1874. This followed up on work in recent years on the collection of historical banknotes, with several dissemination campaigns planned to raise the profile of the Banco de España's numismatic heritage.



The Banco de España's numismatic collection is held in the Bank's gold vault. For more information on the gold vault, see [Box 3.2 \(p.146\) of the Institutional Report 2019](#).

c) Document digitisation

The Historical Archive continues to make headway in the important task of digitising its document collection. In 2021 it digitised a portion of its most valuable documentary heritage, including 300 architectural plans of the buildings in Madrid and the branch offices, 4,277 share certificates of Banco Nacional de San Carlos that belonged to prominent figures of 18th century Spanish society, some of the minutes of the General Meetings of Banco Nacional de San Carlos held in Cadiz during the Peninsular War, and various recently acquired documents dating back to the early 20th century belonging to Urbano Peña Chávarri, a former member of the Banco de España's Governing Council. The aim is to publish these documents in the Institutional Repository to further their dissemination.

d) Restoration of Banco de Isabel II share certificates

When Banco de Isabel II (1844-1847) merged with Banco Español de San Fernando in 1847, its most important documents were added to the latter's archive. They are now held in the Banco de España's Historical Archive. These documents bear witness to the activities of Banco de Isabel II during its short but pivotal existence. In 2021 the Historical Archive restored documents relating to the shareholders of Banco de Isabel II: the share certificates themselves and share registration statements (1,122 documents), along with share registration and transfer ledgers (18 in total). The documents were in a precarious state as a result of age, frequent handling and inadequate storage, but the restoration successfully stopped the degradation process and stabilised their condition.

4 BIBLIOGRAPHIC HERITAGE

The Banco de España Library caters to the institution's in-house needs and also provides services to the general public and other institutions that may wish to use the library collections. After on-site services were suspended in March 2020 due to the COVID-19 pandemic, in-library consultations resumed in 2021 both for employees and the general public. To this end, reduced opening hours (09:30 to 14:00) were established and an appointments system was introduced to manage capacity. As a result, 39 members of the public were able to consult a total of 286 printed volumes in the reading room.

The number of information requests from the general public increased by 30% in 2021 as compared with 2020, virtually matching the number of requests from Banco de España employees. Conversely, information requests from other institutions nearly halved. 71% of the requests related to bibliographic information and more than 96% were received and answered by e-mail.

Interlibrary loans were up by 62% on 2020, recovering 2019 levels, with 62% of these loans made to Spanish institutions and 38% to foreign institutions.

A total of 1,179 monographs were added to the collections, 55% of these in print format and 45% in e-book format. In 2021, as well as acquiring e-book collections from certain specialist publishers, individual e-books began to be purchased from several international distributors. The idea is to meet the majority of book purchase requests with copies in electronic format, given that these can be accessed remotely.

In 2021, the use of the Library's collections followed the same pattern as in 2020, with a steep decline in books and journals borrowed in paper format, down 42% on the previous year. The main reason for this fall may be that during part of the year most employees worked remotely more than on-site. As for the use of electronic formats, the rising trend continued for e-journals, climbing by 19% on the previous year. By contrast, e-book downloads fell very sharply, with the number of total downloads down to 2019 levels.

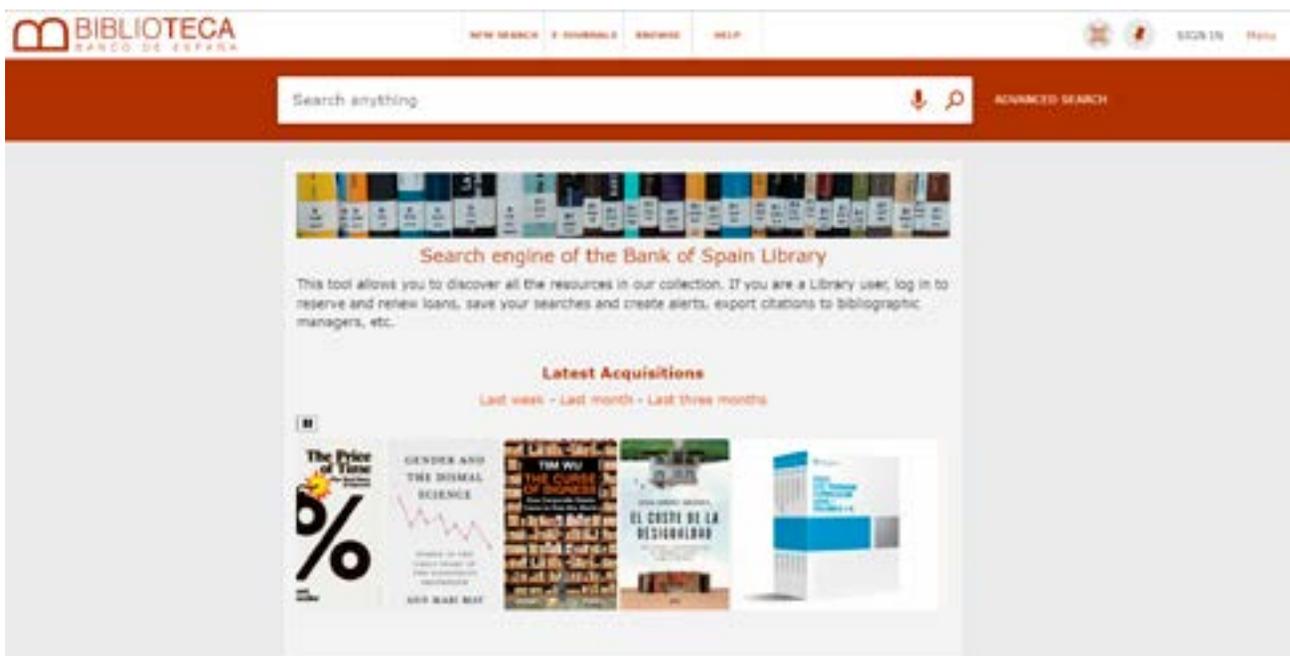
In 2021, 32 new items were added to the Special Value Collection (SVC), an essential part of the Bank's bibliographic heritage. Notable among the volumes added are:

- A printed copy of the Royal Warrant for the establishment in Madrid of Banco Español de San Fernando (1829), certified as an authentic copy of the original by the Finance Minister and main instigator of the new bank, Luis López Ballesteros.

- A volume containing all nine issues, published in 1820, of *Biblioteca Económica o Anales de Agricultura, Artes y Comercio*, one of Spain's first economic periodicals.
- The *Diccionario histórico de los más ilustres profesores de las Bellas Artes en España*, by J. A. Ceán Bermúdez, published in 1800 in six volumes and funded by the San Fernando Royal Academy of Fine Arts.
- A first edition copy of *Doutes proposés aux philosophes économistes, Sur l'ordre naturel et essentiel des sociétés politiques*, by Abbé de Mably, published in 1768.

A restoration project on the SVC was completed in 2021. This initiative aimed to restore part of the collection to usability and, in some cases, remove the risk of further deterioration. A total of 124 items were restored in 2021. Since 2015, when the project began, 1,695 volumes have been restored, accounting for nearly 10% of the SVC. Digitisation work also continued, both on the SVC and on certain Banco de España publications from the late 20th century that were not already in digital format. In 2021, 238,000 pages of 945 volumes were digitised.

In 2021 the [Institutional Repository](#) marked its second full year of operation, with the number of accessible publications rising by more than 40% to 12,109. All of the Bank's publications in 2021 were included, and work began on completing the



Home page of the Banco de España Library's new search engine, aimed at improving access to information.

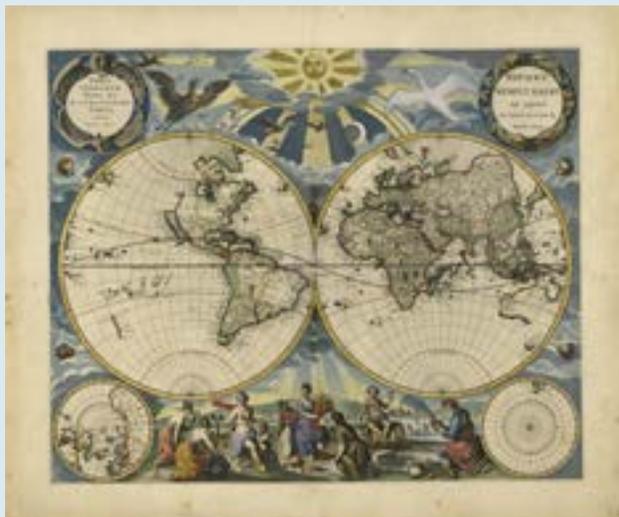
retrospective collections and the modern series that were not available online. For instance, all issues of the *Annual Report* (1971-2006), the *Memoria del Servicio de Reclamaciones* (1987-1998) (Spanish version only) and the *Financial Accounts of the Spanish Economy* (1984-2008) can now be accessed. Work has also begun on including new content from the Bank's other business areas, in addition to its publications and the Library collection. At the request of the Statistics Department, new *Historical statistics for researchers* were published, which are only available through the Repository. A new first-level collection category has been created for digitised documents from the Historical Archive.

The bibliographic heritage accessible through the Institutional Repository is detailed in Box 3.6.

During 2021 the repository documents were added to [BASE](#) (Bielefeld Academic Search Engine), one of the leading aggregators and search engines for academic and scientific content, which provides access to 240 million documents from more than 8,000 content providers. Through BASE the repository documents also appear in [Econbiz](#), the search portal for business and economics and related subjects run by the German National Library of Economics-Leibniz Information Centre for Economics (ZBW). This greater visibility saw 468,256 documents downloaded in 2021, an increase of 11% on 2020.

To raise awareness of the Library's collections and services, since 2019 a six-monthly bulletin – [La Biblioteca Informa](#) – has been openly published online. Alongside news about the Library's collections or the restoration work, the June 2021 issue (no. 15) also featured an article on the new [Library search engine](#). As an alternative to the traditional catalogue, this system offers additional and better search options and a far broader range of content, since it allows users to simultaneously search the print collections and the databases and electronic resources to which the Library subscribes. It also offers a more modern and intuitive interface.

THE INSTITUTIONAL REPOSITORY: PRESERVING AND DISSEMINATING THE BANK'S BIBLIOGRAPHIC HERITAGE



Pieter Goos' Marine Atlas (1666), a showpiece of 17th century mapmaking.

The Institutional Repository is home to an extensive and wide-ranging selection of documentation concerning the Banco de España, its bibliographic collection being a prime example. The bibliographic heritage has slowly taken shape over the course of the history of the Banco de España and its predecessors. Starting in the very early years of Banco Nacional de San Carlos, books and periodic publications of interest for the institution's everyday working needs were purchased, a practice that would lead to the creation of the first Banco de España library in around 1900. In 1931, on creation of the Research Department, another specialist economics library was set up, which would in time come to house the bibliographical resources in their entirety, before becoming the Library for the whole bank in 1980.

At present, the Banco de España's bibliographic heritage is essentially organised around the Special Value Collection (SVC), designed in 2009 as a separate collection due to the singularity and value of its volumes, which at

end-2021 totalled 16,773 and are subject to special conditions of preservation and consultation.

Since it was first unveiled in 2019, the Institutional Repository has been used to make part of this heritage available for the benefit of society. In 2021, the number of volumes available for consultation almost doubled, rising to 4,277. Notable examples of new additions include:

- The **oldest document kept in the Library**: a manuscript dated 1315, recording a lawsuit between Logroño and nearby town councils.
- Pieter Goos' **1666 Marine Atlas**, a showpiece of 17th century mapmaking, of which the Banco de España conserves the only known library copy available in Spain.
- The **Annual Reports of Banco Nacional de San Carlos (1783-1929)** and the **Annual Reports of the branches of the Banco de España (1875-1922)**.
- A set of 81 documents concerning the activities of more than 25 "associations of friends of Spain", published between 1768 and 1886.
- 181 documents on **public finances from the 16th to the 19th century**.
- 62 books on **economic thought**, published between the 17th and 19th centuries.

Moreover, in 2021 the Banco de España signed an agreement with the Ministry of Culture and Sports for the inclusion of the Institutional Repository's works on **Hispana**, Spain's digital heritage website, and on **Europeana**, the European Union's digital public library. Thanks to these two services, the Banco de España's bibliographic heritage can now be consulted alongside other major archives by any interested member of the public.

5 RESEARCH GRANTS

Economic analysis and research are essential functions of the Banco de España, which both runs and promotes economic research and internships. The activities conducted in 2021 in this area included the following:

- As part of the Banco de España’s Research Plan, three research fellows and five research assistants joined different areas of the Bank.
- The call for applications for ten scholarships in the 2022-2023 academic year, with the possibility of renewal for a further year, was approved. The scholarships are for further studies in Spain and abroad as part of official postgraduate degrees in economics and finance, and in technological innovation in these fields.
- A new call for applications for research grants in economic history was published. These grants are based on collaboration agreements with internationally-renowned research institutes and universities, both Spanish and foreign. They have a duration of one year and envisage funding for up to two projects, which must get under way in 2022.

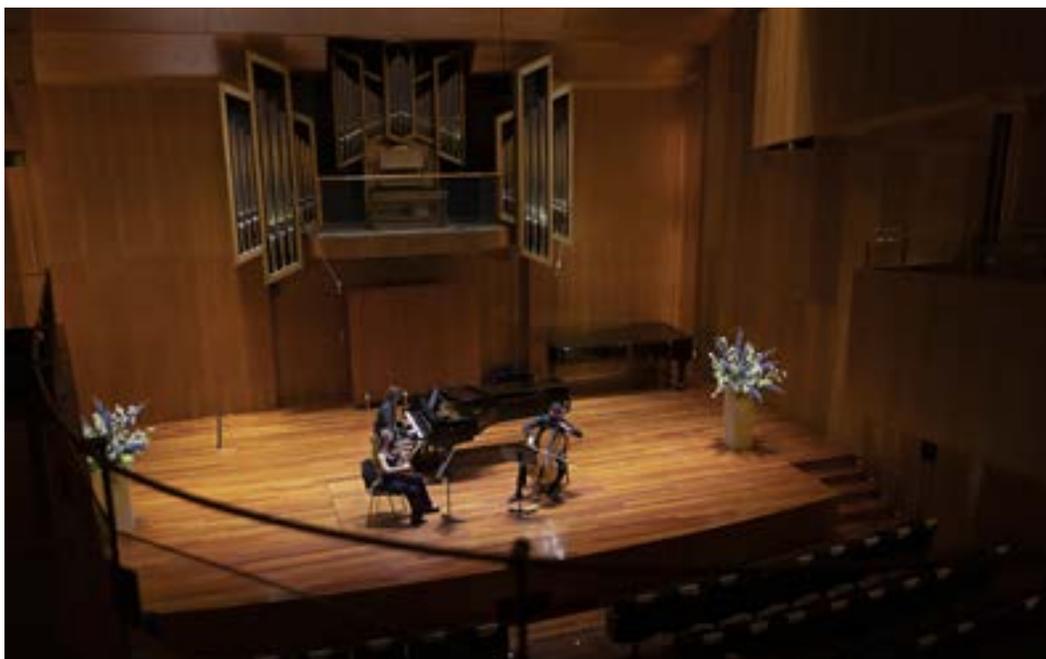
6 BENEFICENT-SOCIAL AND CULTURAL FUND

The Banco de España runs a Beneficent-Social Fund, through which it may earmark certain amounts of money to social and cultural patronage. The beneficiaries may either be natural persons or, more commonly, public or private legal entities of any kind. These funds may not exceed 1% of the Bank's net profit for each year. The key figures for 2021 are as follows:

- 0.3% of the Bank's net profit for the year was allocated, in line with the figure adopted in recent years.
- Grants amounting to €1,525,954.33 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 this support, see the [Banco de España Transparency Portal](#).



The Reina Sofía School of Music's Arriaga Ensemble has received financial assistance from the Banco de España in the form of sponsorship.

7 THE ARTISTIC, HISTORICAL AND BIBLIOGRAPHIC HERITAGE OF THE BANCO DE ESPAÑA IN ITS INSTITUTIONAL REPORTS

As explained in the previous sections of this chapter, the Banco de España's historical-artistic heritage comprises its art collection, its buildings, its numismatic collection and its documentary heritage. In particular, the Bank has an important collection of paintings (either inherited from its predecessor banks or later acquired or commissioned) and an extensive collection of documents relating to its activities dating back to its foundation as Banco Nacional de San Carlos.

Since the first edition in 2016, the *Institutional Report* has focused particularly on the dissemination of the Banco de España's artistic, historical and bibliographic heritage, examining specific aspects, such as the gold vault, the history of the peseta and the construction of the Banco de España's main headquarters in Madrid. Schema 3.1 sets out some of the main contents of previous editions of the *Institutional Report*.

Schema 3.1

THE ARTISTIC, HISTORICAL AND BIBLIOGRAPHIC HERITAGE OF THE BANCO DE ESPAÑA IN DIFFERENT EDITIONS OF THE *INSTITUTIONAL REPORT*

	Exhibition titled "Economic issues and Cervantes" — <i>Institutional Report 2016</i> (page 68)		Exhibition titled "From Goya to the present day" — <i>Institutional Report 2017</i> (page 82)
	Exhibition titled "Goya in the documents of the Banco de España" — <i>Institutional Report 2017</i> (page 83)		Acquisition of the "Restoration" series, comprising 96 photographs — <i>Institutional Report 2018</i> (page 97)
	Guide to the historical banking archives of Spain — <i>Institutional Report 2018</i> (page 98)		The gold vault — Box 3.2 of the <i>Institutional Report 2019</i> (page 146)
	Banco de España central headquarters. The Cibeles building — Box 3.3 of the <i>Institutional Report 2019</i> (page 147)		First exhibition of the Special Value Collection — Box 3.4 of the <i>Institutional Report 2019</i> (page 151)
	The <i>Catalogue raisonné</i> of the Banco de España's Art Collection - Box 3.1 of the <i>Institutional Report 2020</i> (page 166)		The Art Collection Portal — Box 3.2 of the <i>Institutional Report 2020</i> (page 167)
	Benito Pérez Galdós at the Banco de España — Box 3.3 of the <i>Institutional Report 2020</i> (page 171)		The history of the peseta — Box 3.4 of the <i>Institutional Report 2020</i> (pages 172 to 174)

SOURCE: Banco de España.



4

FINANCIAL INFORMATION OF THE BANCO DE ESPAÑA

THE YEAR IN FIGURES



**€1,174
billion**
Total assets

The Banco de España's total assets increased by €184 billion, largely due to the acquisition of monetary policy securities



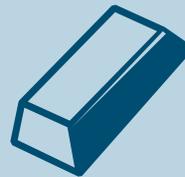
**€593
billion**
Securities held for
monetary policy
purposes

The securities held for monetary policy purposes increased by €122 billion, largely owing to the purchases made under the PEPP and the APP



**€4.4
billion**
Net interest
income

The main component of the Banco de España's earnings is the net interest income generated on the assets and liabilities on its balance sheet



**€14.6
billion**
Gold and gold
receivables

Since 2017, holdings of ounces of fine gold have remained stable, while the market price has continued on an upward path



**€53.7
billion**
Financial
resources

The Banco de España's financial resources consist of its capital and reserves, general provisions and revaluation accounts



**€1,785
million**
Earnings

Each year, the Banco de España's profit is transferred in full to the Treasury, such that the earnings from its activity benefit the general public overall

Having set out in Chapter 1 the key functions and activities of our institution, this chapter aims to show how most 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.¹ 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.



Each year, the Banco de España's profit is transferred in full to the Treasury, such that the earnings from its activity benefit the general public overall.

¹ 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.

1 BALANCE SHEET

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 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 NCBs and are recorded 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.² 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 NCBs, 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** the Banco de España provides to the Treasury (and to other public institutions and bodies) is performed through accounts 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.

² 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 EU 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 2017 and 2021 the Banco de España's balance sheet grew considerably, increasing by more than €480 billion (70%). 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 has provided abundant long-term liquidity to credit institutions and has launched various asset purchase programmes.

Particularly noteworthy is the growth in the Banco de España's balance sheet in 2020 and 2021 (38% and 19% year-on-year, respectively). This is primarily attributable to the intensity of the measures adopted by the ECB to address and attempt to mitigate the effects of the economic crisis triggered by the global COVID-19 pandemic.

Schema 4.1

SIMPLIFIED BALANCE SHEET OF THE BANCO DE ESPAÑA AS AT 31.12.2021

€m

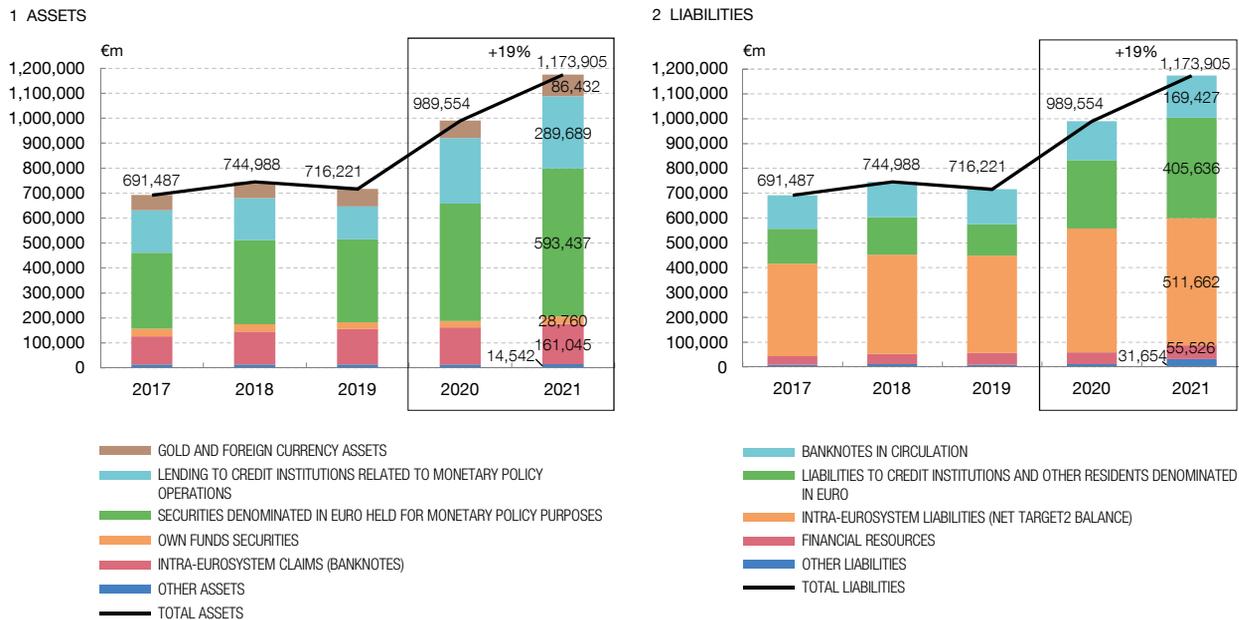
ASSETS		LIABILITIES	
Gold and foreign currency-denominated assets	86,432	Banknotes in circulation	169,427
Lending related to monetary policy	289,689	Deposits	405,636
Securities held for monetary policy purposes	593,437	Intra-Eurosystem liabilities	511,662
Euro-denominated own funds portfolio	28,760	Financial resources	55,526
Intra-Eurosystem claims	166,978	Other liabilities	31,654
Other assets	8,609		
TOTAL	1,173,905	TOTAL	1,173,905

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.



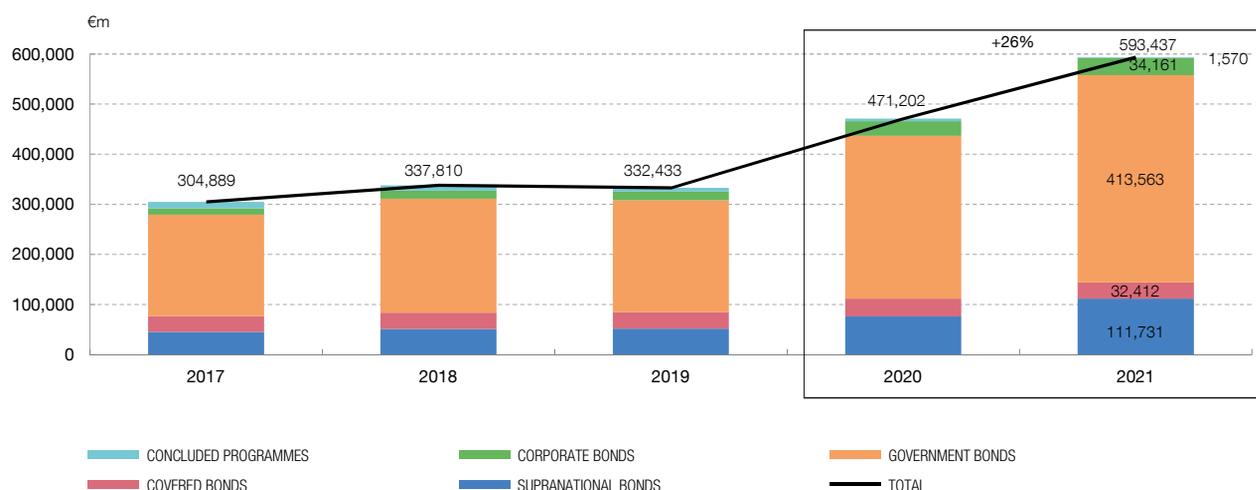
SOURCE: Banco de España.

On the **asset side of the balance sheet**, the direct consequence of these actions was the respective increase in “Lending to credit institutions related to monetary policy operations” and in “Securities denominated in euro held for monetary policy purposes”. Meanwhile, over the same period, on the **liability side**, “Liabilities to credit institutions and other residents denominated in euro” 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.

1.1 Assets

At the 2021 close, the euro-denominated securities held for monetary policy purposes accounted for half (51%) 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 recorded under the related balance sheet heading. These programmes have been launched at different points in time 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.

Chart 4.2

SECURITIES HELD FOR MONETARY POLICY PURPOSES

SOURCE: Banco de España.

The **asset purchases** made as part of these monetary policy decisions are performed by the Eurosystem NCBs in accordance with the principle of decentralised implementation. Since 2015 the Banco de España has made sizeable purchases under these programmes and, at end-2021, its holdings totalled €593,437 million.³ These assets were acquired under the APP, launched in 2014, and the PEPP, launched in 2020 in response to the pandemic.

Euro-denominated lending to Spanish credit institutions related to monetary policy operations accounted for 25% of the Banco de España's total assets at end-2021. The balance of €289,689 million is 13.2% of the Eurosystem total. In 2020 and 2021 the demand for credit from Spanish banks was significant as a consequence of the pandemic; indeed, in 2020, lending doubled. However, the volume of credit at end-2021 was lower than in 2012, the year in which financing peaked at €361,087 million (see Chart 4.3).

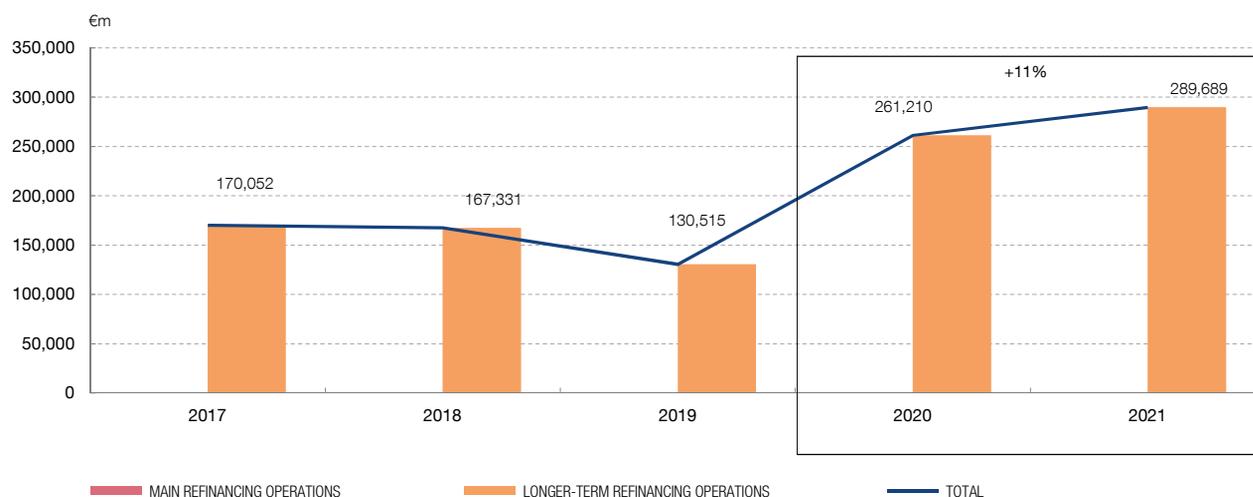
Both in 2021 and 2020, the balance relates in full to long-term loans extended to Spanish credit institutions, the majority granted under the third TLTRO programme (TLTRO III). Meanwhile, the main refinancing operations, under which weekly financing is provided to credit institutions and which were the main liquidity-providing mechanisms in the past, have lost relevance in recent years.

TLTRO III⁴ provides financing to credit institutions for periods of up to three years on attractive terms to encourage bank lending to the real economy. In 2021 the average

³ For detailed information, see Note 7(a) to the balance sheet in the *Annual Accounts of the Banco de España*.

⁴ More information on **TLTROs** can be found on the ECB's website.

Chart 4.3

LENDING TO CREDIT INSTITUTIONS RELATED TO MONETARY POLICY OPERATIONS

SOURCE: Banco de España.

rate applied to these loans was -1%; this negative interest rate entailed an interest expense for the Banco de España of around €2.9 billion.

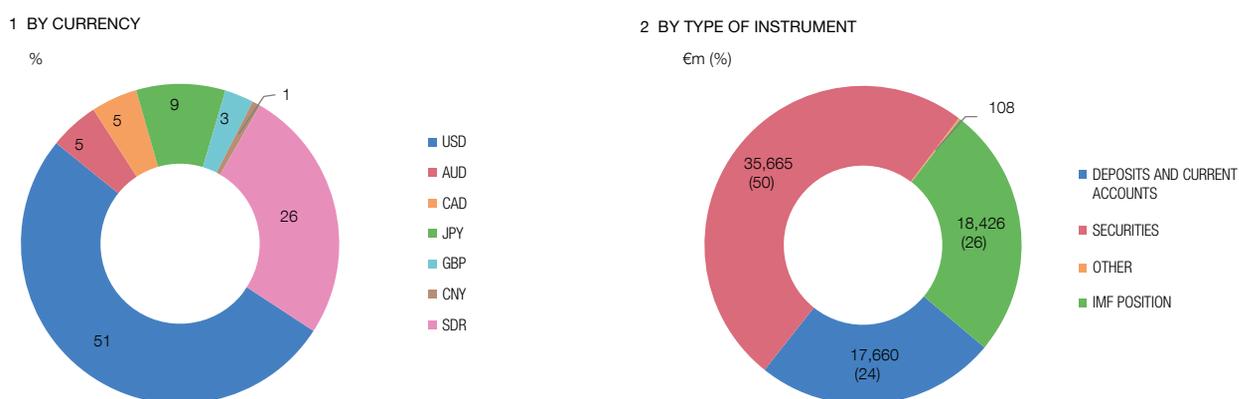
In addition, the **pandemic emergency longer-term refinancing operations (PELTROs)**, a measure approved by the ECB's Governing Council in April 2020, have been maintained as a specific measure in response to the pandemic. Spanish banks have made scant use of these operations (€50 million at end-2021), which also command a negative interest rate (-0.25%).



For more information on the different 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 quite stable over recent years, with the US dollar being the main component. However, in 2021 the IMF made a new general SDR allocation in which Spain received a total of 9,139 million SDRs. This resulted in a notable increase (203%) in the receivables from the IMF on the Banco de España's balance sheet. 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)

Chart 4.4

BREAKDOWN OF CLAIMS DENOMINATED IN FOREIGN CURRENCY, BY CURRENCY AND BY TYPE OF INSTRUMENT, AS AT 31.12.2021


SOURCE: Banco de España.

The Banco de España's **holdings of gold and gold receivables** are also recorded on the asset side of its balance sheet. Between 2017 and 2021, the holdings of ounces of fine gold remained stable (9.054 million troy ounces), while the market price continued to head upwards. The market value at end-2021 was €14,572 million.

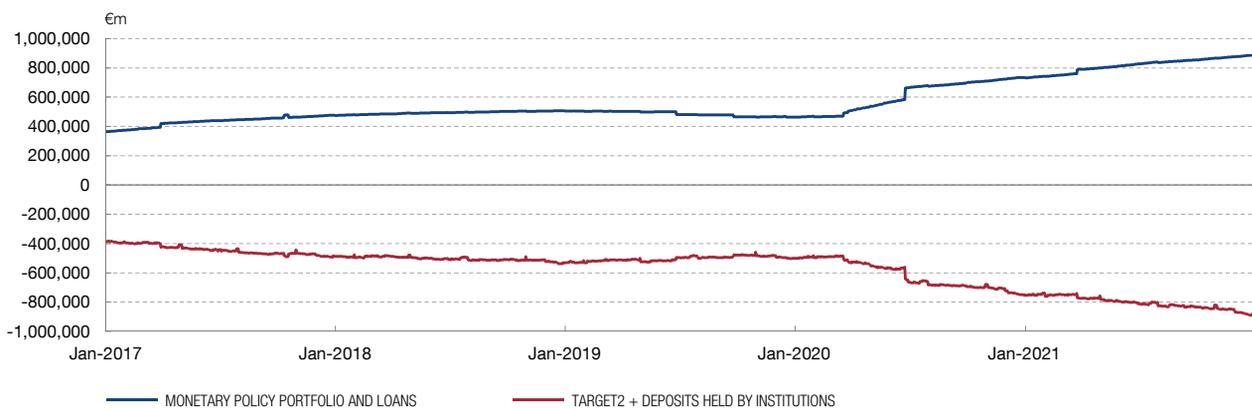
Lastly, the Banco de España has a series of euro-denominated financial assets that are not held for monetary policy purposes and are recorded as the **euro-denominated own funds portfolio**. These investments consist in their entirety of debt securities, 77% of which are issues made by Spanish residents and the remaining 23% issues made by residents in other euro area countries. This heading, which has been quite stable in recent years, totalled €28,760 million at end-2021. 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 of the balance sheet, the non-standard monetary policy measures have impacted the two headings that have been mainly responsible for funding the measures: the **intra-Eurosystem liabilities (net TARGET2 balance)** and the **deposits held by credit institutions**.

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.

Chart 4.5

MONETARY POLICY AND TARGET2 BALANCE

SOURCE: Banco de España.

At end-2021, deposits held by credit institutions accounted for 31% of the total, and intra-Eurosystem liabilities for 44%.

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. Up to 2016, the bulk of the deposits held by banks were minimum reserve requirements, but since 2017 the level of deposits held by banks has increased continuously, reflecting the excess liquidity in the system. At end-2021 these deposits amounted to over €360 billion (see Chart 4.6 which shows how they have evolved).

Intra-Eurosystem liabilities essentially reflect the Banco de España's net TARGET2 balance vis-à-vis the Eurosystem, which has risen from around €330 billion at the start of 2017 to just over €510 billion at the end of 2021.

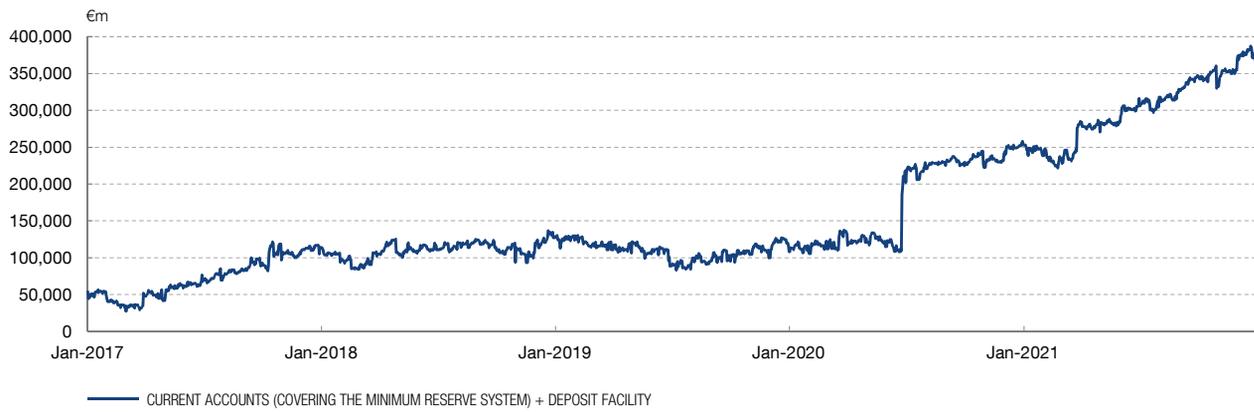
Since 2015 the central banks' net TARGET2 balances have been linked to the monetary stimulus measures adopted by the ECB (mainly the implementation of the above-mentioned asset purchase programmes).

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.⁵ 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

⁵ 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-2021 the Banco de España's banknote allocation key was 10.97%.

Chart 4.6

DEPOSITS HELD BY CREDIT INSTITUTIONS



SOURCE: Banco de España.

related to the allocation of euro banknotes within the Eurosystem”.⁶ In the case of the Banco de España, 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.

⁶ For more information, see Note 14 to the balance sheet in the *Annual Accounts of the Banco de España*.

2 FINANCIAL RESOURCES

The Banco de España's financial resources consist of its capital and reserves, general provisions and revaluation accounts.

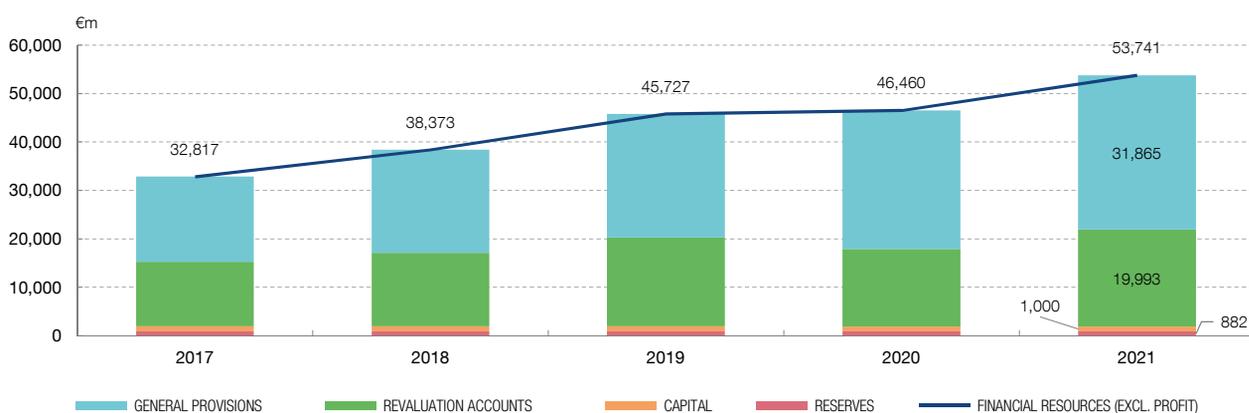
In the period 2017-2021, the Banco de España's financial resources grew continuously (see Chart 4.7).

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.⁷ The provision for financial risk has risen in recent years as a result of the significant increase in risk faced by the Bank, owing 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

Chart 4.7

FINANCIAL RESOURCES (EXCL. PROFIT)

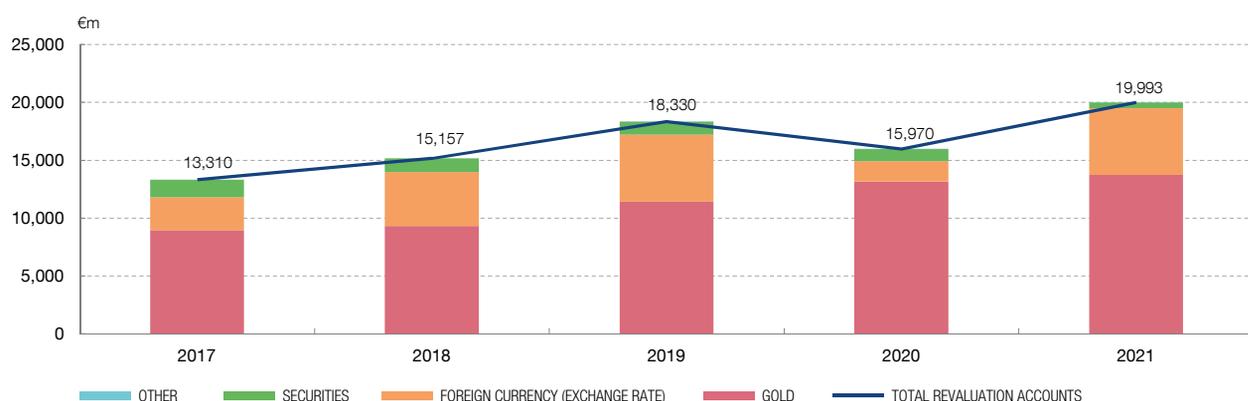


SOURCE: Banco de España.

⁷ For further information on risk management at the Banco de España, see section 4.6 of the Notes to the *Annual Accounts of the Banco de España*.

Chart 4.8

REVALUATION ACCOUNTS



SOURCE: Banco de España.

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).

In 2021 the revaluation accounts grew significantly (25%) compared with 2020, essentially as a result of appreciation of the US dollar against the euro.

Lastly, capital and reserves totalled almost €1.9 billion at end-2021, remaining basically unchanged since 2006.

3 PROFIT AND LOSS ACCOUNT

Each year, the Banco de España's profit is transferred in full to the Treasury, such that the earnings from its activity benefit the general public overall.

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.

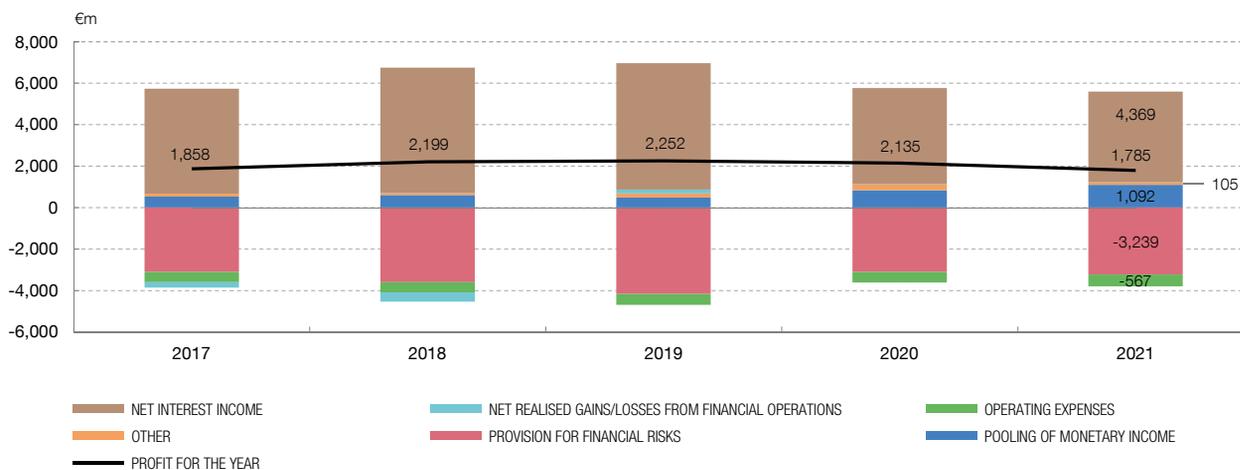
The Banco de España's earnings continued to decline slightly in 2021, a pattern that emerged in 2020, following the sustained increase in earnings observed since 2016. In 2021, profit for the year totalled €1,785 million (see Chart 4.9).

The main component of the Banco de España's earnings is the net interest income generated on the assets and liabilities held on its balance sheet. These are a secure and relatively stable source of income (see Chart 4.10).

The interest generated on the portfolio of securities held for monetary policy purposes, on claims denominated in foreign currency and on the euro-denominated own funds portfolio is noteworthy on account of its significance. Negative interest rates are being applied to long-term loans to credit institutions, incurring interest expense as a result (€2,863 million in 2021). Negative interest rates are also being applied to the deposits on the liability side of the balance sheet, with the exception of part of the deposits held by credit institutions, as established under the two-tier

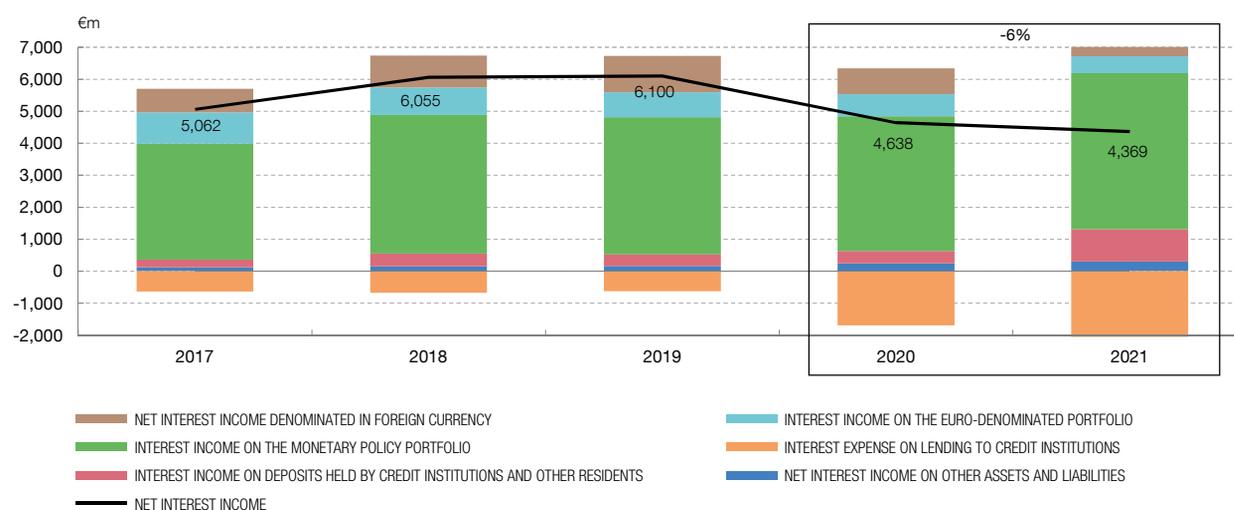
Chart 4.9

PROFIT OF THE BANCO DE ESPAÑA



SOURCE: Banco de España.

Chart 4.10

NET INTEREST INCOME OF THE BANCO DE ESPAÑA

SOURCE: Banco de España.

system for remunerating excess liquidity holdings. This generates interest income for the Banco de España (€1,011 million in 2021).

Intra-Eurosystem claims (banknote allocation key adjustment) and liabilities (net TARGET2 balance) are remunerated at the main refinancing rate (0% since March 2016).

Realised gains/losses arising from financial operations are those generated on the sale of own funds portfolio securities (monetary policy portfolio securities may only be sold by decision of the ECB's Governing Council) or when buying/selling foreign currency. They are quite volatile and are not usually significant.

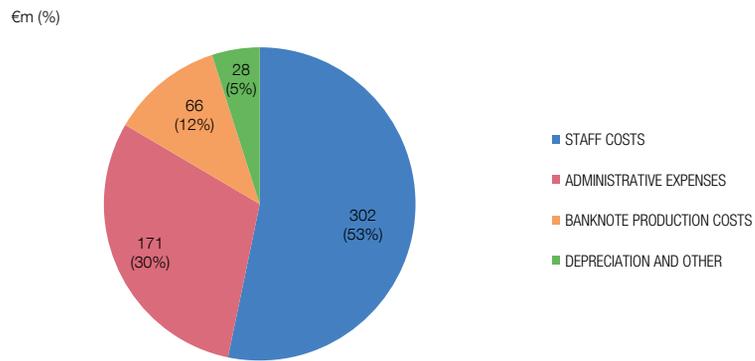
The pooling of monetary income reflects the allocation among the NCBs of the net income obtained in the year from the Eurosystem's monetary policy function, in accordance with their respective ECB capital keys. In the period analysed the net result of this pooling was positive for the Banco de España, meaning that the net income generated on its monetary policy assets and liabilities was less than its share, on the basis of its capital key, of the aggregate income generated on the Eurosystem's monetary policy assets and liabilities taken as a whole.⁸

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).

⁸ For more information, see Note 8 to the profit and loss account in the *Annual Accounts of the Banco de España*.

Chart 4.11

OPERATING EXPENSES OF THE BANCO DE ESPAÑA IN 2021



SOURCE: Banco de España.



For more information on the balance sheet and profit and loss account, see the *Annual Accounts of the Banco de España* on its [website](#).

4 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 2021 the Banco de España's non-financial risk profile remained stable. Specifically, the risks that emerged in 2020 with the pandemic have been mitigated by the adoption of measures such as increased remote working, heightened IT security and monitoring of on-site activity.

As regards financial risk, in 2021 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)⁹ has continued to facilitate the use of loans as collateral in monetary policy operations. This has been particularly important during the COVID-19 crisis.



For more information on the Banco de España's risk management policy, see pages 35 to 38 of the *Institutional Report 2020*.

⁹ For more details, see S. Gavilá, A. Maldonado and A. Marcelo (2020), "The Banco de España in-house credit assessment system", *Financial Stability Review*, Issue 38, Banco de España.

ACRONYMS AND ABBREVIATIONS

€STR	Euro short-term rate
ABSPP	Asset-backed securities purchase programme
AEAT	State tax revenue service
AMCESFI	Spanish macroprudential authority
AML/CFT	Anti-money laundering and countering the financing of terrorism
APP	Asset purchase programme
BASE	Bielefeld academic search engine
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	Banking Recovery and Resolution Directive
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	<i>Centro de Estudios Monetarios y Financieros</i>
CEMLA	Center for Latin American Monetary Studies
CNAM	Coin National Analysis Centre
CNMV	Spanish National Securities Market Commission
CPMI	Committee on Payments and Market Infrastructures
CPMLMO	Commission for the Prevention of Money Laundering and Monetary Offences
CRD	Capital Requirements Directive
CRR	Capital Requirements Regulation
CSC	Common and secure communications
CSD	Customer service department
CSPP	Corporate sector purchase programme
CSRD	Corporate Sustainability Reporting Directive
DEHú	E-mail enabled single point of notification
DORA	Digital Operational Resilience Act
EBA	European Banking Authority
EBAE	Banco de España Business Activity Survey
ECB	European Central Bank
ECF	Financial Competence Survey
ECOFIN	Economic and Financial Affairs Council
EfB	Expectation for banks
EFC	Economic and Financial Committee
EFF	Survey of Household Finances
EMAS	Eco-Management and Audit Scheme
EPC	Economic Policy Committee
ESAs	European supervisory authorities
ESCB	European System of Central Banks
ESG	Environmental, social and governance
ESRB	European Systemic Risk Board
EU	European Union
FLESB	Forward-Looking Exercise on Spanish Banks
FSAP	Financial Sector Assessment Programme
FSB	Financial Stability Board
FSTC	Financial Stability Technical Committee
G-SIIs	Global systemically important institutions
HICP	Harmonised Index of Consumer Prices
ICAS BE	In-house credit assessment system
ICIO	Mandatory information compliance indicator
ICO	Official Credit Institute
IFA	International financial architecture
IFD	Investment Firms Directive
IFR	Investment Firms Regulation

IIP	International investment position
IMBISA	<i>Imprenta de Billetes, S.A.</i>
IMF	International Monetary Fund
INE	Spanish National Statistics Institute
INFE	International Network on Financial Education
IRBE	Internal Rules of the Banco de España (approved by the Banco de España Governing Council Resolution of 28 March 2000)
IReF	Integrated Reporting Framework
IRTs	Internal resolution teams
ISR	Institutional social responsibility
ITS	Implementing technical standard
JSTs	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
MAPS	Markets Activity Processing System
MiCA	European Commission's Regulation of Markets in Crypto-Assets
MNCARS	Museo Nacional Centro de Arte Reina Sofía
MNP	Museo Nacional del Prado
MREL	Minimum requirement for own funds and eligible liabilities
MRO	Main refinancing operations
NAB	New arrangements to borrow
NAC	National Analysis Centre
NCBs	National central banks
NGFS	Network for Greening the Financial System
NRAs	National resolution authorities
OECD	Organisation for Economic Co-operation and Development
O-SiIs	Other systemically important institutions
PELTRO	Pandemic emergency longer-term refinancing operations
PEPP	Pandemic emergency purchase programme
PISA	Eurosystem oversight framework for electronic payments instruments, schemes and arrangements
PRGT	Poverty Reduction and Growth Trust
PSD2	Payment Services Directive 2
PSPP	Public sector purchase programme
RIE	Foreign Investment Register
RRF	Recovery and Resilience Facility
RTS	Regulatory technical standards
Sareb	Asset management company for assets arising from bank restructuring
SCA	Strong consumer authentication
SDRs	Special drawing rights
SEPA	Single Euro Payments Area
Sepblac	Executive Service of the Commission for the Prevention of Money Laundering and Monetary Offences
SMEs	Small and medium-sized enterprises
SNCE	National Electronic Clearing System
SPE	Single point of entry
SRB	Single Resolution Board
SREP	Supervisory Review and Evaluation Process
SRM	Single Resolution Mechanism
SRMR	Single Resolution Mechanism Regulation
SSM	Single Supervisory Mechanism
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
TLAC	Total loss-absorbing capacity
TLTRO	Targeted longer-term refinancing operations
TLTRO III	New targeted longer-term refinancing operations
Unesco	United Nations Educational, Scientific and Cultural Organization
VAT	Value-added tax
ZBW	Leibniz Information Centre for Economics

LIST OF PHOTOGRAPHS

- Front view of the Cibeles building. Photo by: Luis Asín. © Banco de España COVER
- Governor of the Banco de España. © Banco de España 9
- Deputy Governor of the Banco de España. © Banco de España 14
- Paseo del Prado façade of the Banco de España's Madrid headquarters. © Banco de España 19
- Euro symbol in Frankfurt am Main. © Shutterstock 22
- Governing Council meeting room, Banco de España. Photo by: Daniel Santamaría. © Banco de España 26
- The Library's reading room at the Banco de España headquarters. Photo by: Rubén P. Bescós. © Banco de España 28
- His Majesty King Felipe VI presides over a meeting with members of the Banco de España's Governing Council. Photo by: Daniel Santamaría. © Banco de España 33
- His Majesty King Felipe VI and the Minister for Education and Vocational Training, Pilar Alegría, with members of the Banco de España's Governing Council. Photo by: Daniel Santamaría. © Banco de España 34
- Main façade of the Seville branch office. © Banco de España 42
- Stained glass ceiling in the banking hall of the Zaragoza branch office. © Banco de España 42
- Ornamental clock on the façade of the Banco de España's Madrid headquarters. © Shutterstock 46
- Construction of the new IMBISA printing works. © IMBISA 47
- Inner courtyard at CEMFI's head offices. Photo by: José Ulises Tineo Manso. © CEMFI 48
- Appearance by the Governor of the Banco de España before the Parliamentary Economic Affairs and Digital Transformation Committee. © Congreso de los Diputados 55
- Appearance by the Governor of the Banco de España before the Parliamentary Budget Committee. © Congreso de los Diputados 55
- Appearance by the Governor of the Banco de España before the Senate Budget Committee. © Senado de España 55
- View of the Banking Hall of the Banco de España's Madrid headquarters. © Banco de España 61
- Esfera roja*, by Jesús Rafael Soto, located in the main hall of the Banco de España's building at Calle de Alcalá, 522, Madrid. © Banco de España 62
- Spending the savings built up during the pandemic. © Shutterstock 68
- Impact of subsidies for the purchase of electric vehicles. © Shutterstock 72
- Banco de España's data laboratory (BELab). © Banco de España 75
- Historical statistics for researchers. © Banco de España 75
- Banco de España Statistics Information Bulletin. © Banco de España 76
- Promoting sustainable finance. © Shutterstock 84
- Euro banknotes. © European Central Bank 87
- Annual cash survey. © Banco de España 91
- Peseta banknotes. Photo by: Daniel Santamaría. © Banco de España 96
- Counterfeit euro banknotes. © Banco de España 97
- Customer services. © Shutterstock 105

- The Financial Stability and Macprudential Policy section of the Banco de España's website.
© Shutterstock 111
- Main event on Financial Education Day. Photo by: Daniel Santamaría. © Banco de España 123
- Seminar for teachers, organised as part of the 11th edition of the Generation Euro competition.
Photo by: Daniel Santamaría. © Banco de España 124
- Euro banknote security features. Photo by: Daniel Santamaría. © Banco de España 125
- Courses by videoconference. © Shutterstock 125
- Financial Education Day poster. © Banco de España 127
- Challenges of adapting to climate change. © Shutterstock 130
- Berlaymont building, European Commission headquarters. © Shutterstock 131
- Corporate Sustainability Policy. © Shutterstock 133
- Christine Lagarde, President of the ECB, following approval of the new monetary policy strategy.
Photo by: Andrej Hanzekovic. © 2021 European Central Bank 137
- European Banking Authority headquarters. © European Banking Authority 140
- Tower building, headquarters of the Bank for International Settlements, Basel. © Bank for International Settlements 144
- International Monetary Fund meetings. Photo by: Cliff Owen. © International Monetary Fund 145
- Maumejean stained glass ceiling in the Banking Hall of the Banco de España's Madrid headquarters.
© Banco de España 150
- Pond in front of the Palacio de Cristal in Madrid's Buen Retiro park. © Shutterstock 154
- His Majesty King Felipe VI at the opening of the "2328 reales de vellón" exhibition.
Photo by: Daniel Santamaría. © Banco de España 156
- View of the "2328 reales de vellón" exhibition. Photo by: Fernando Maquieira. © Banco de España 157
- Juan Agustín Ceán Bermúdez* (c. 1786), by Francisco de Goya. Photo by: Fernando Maquieira.
© Banco de España 158
- Ferdinand VII* (1832), by Vicente López. Photo by: Fernando Maquieira. © Banco de España 160
- A 1,000 *reales de vellón* banknote issued by Banco Nacional de San Carlos (1798 reprint).
© Banco de España 161
- A Banco Nacional de San Carlos share certificate. © Banco de España 162
- Home page of the Banco de España Library's search engine. © Banco de España 166
- Pieter Goos' Marine Atlas (1666). © Banco de España 168
- Concert at the Sony Auditorium of the Reina Sofía School of Music. Photo by: Dana Balajovsky.
© Centro de Archivo y Documentación Albéniz 170
- Glass vault structure by Jesús Rafael Soto at the Banco de España's building in Calle Alcalá 522,
Madrid. © Banco de España 172
- Large window overlooking Plaza de Cibeles at the Banco de España's Madrid headquarters.
© Shutterstock 175

BANCO DE ESPAÑA PUBLICATIONS

The Banco de España publishes various types of documents providing information on its activity (economic reports, statistics, research papers, etc.), which can be consulted in the Institutional Repository at <https://repositorio.bde.es/>.

Most of these documents are available in pdf format and can be downloaded free of charge from the Banco de España website at <http://www.bde.es/webbde/en/secciones/informes/>.

Institutional Report 2021
Published and produced by the Banco de España

Reproduction for educational and non-commercial purposes is permitted, provided that the source is acknowledged.

© This edition: Banco de España, Madrid, 2022
© Photographs: see list of photographs

ISSN: 2531-1239 (online)