

Magazine

INTERNATIONAL COOPERATION

Issue 2 / 2021

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BÁRBARA OLIVARES

Horizontal Functions Department, Associate Directorate General Banking Supervision II



Bárbara Olivares.

The Directorate General Banking Supervision's Horizontal Functions Department frequently participates in international cooperation activities. As director of that department, how do you approach this involvement?

Indeed, supervisors from around the world – and above all from Hispanic America – frequently send us queries and surveys, and invite us to speak at seminars on the horizontal functions of banking supervision; specifically, on supervisory policy and methodology, cybersecurity and banking accounting regulations. Therefore, we naturally consider participation in international cooperation activities to be an important part of our normal work.

So, when an opportunity for cooperation arises, we approach it as chance to establish or strengthen professional ties, discover other supervisory realities and experiences, and broaden our horizons and how we understand and deal with different situations.

When we seize these opportunities, they not only provide valuable experiences for personal and professional development, but also afford the Banco de España a chance to play a leadership role for other supervisors.

How do you think other supervisors view the Banco de España's international cooperation?

Fortunately, thanks largely to our predecessors, we are highly regarded by our Hispanic American peers. This is something we aim to live up to and build on.

Of course, our historic and cultural ties help us to be on the same wavelength. This is one of the reasons why we are often pivotal to Hispanic American and European supervisors reaching a common understanding.

Generally, when cooperation is approached with an open mind, as a valuable learning experience and a means of contributing, the feedback from other supervisors, at least in my experience, is always very positive.

On a more personal note, in recent years you have been directly involved in various international cooperation activities. What has been the most surprising aspect of that experience?

Something always surprises me. For example, in the latest cooperation activity with the Honduran supervisors on the approach to climate change, we saw first-hand the need to act globally and ambitiously to tackle this issue, which is a very disruptive part of

day-to-day life in some countries. We actually had to postpone virtual meetings on several occasions because of the hurricanes.

In another earlier activity with the central bank of Morocco, to promote an inclusive institutional culture, I was impressed by the truly transformative power of modern leadership, despite the unfavourable social context. It was very exciting to meet highly skilled women who had managed to pursue their professional careers, despite the many cultural impediments, thanks to the determined support of the central bank of Morocco's leadership.

What does the future hold for international cooperation?

I don't think there's a Plan B. International cooperation is increasingly necessary in order to efficiently fulfil our functions, to be influential, to be on the map.

Our Strategic Plan actually recognises this; we want to be the bridge between the supervisors of Hispanic America and the Single Supervisory Mechanism in the euro area. We also want to set an international benchmark for prudential supervision of banking activity-related risks; in particular, for those in which we are most versed, such as credit risk and technology risk.

BIOGRAFÍA

Bárbara Olivares

Born in Madrid. She holds a degree in Business Management and Administration from CUNEF (1995). She joined the Banco de España in 1997 as a banking supervision inspector. Since then, she has pursued her professional career in the Directorate General Banking Supervision (DGBS), performing different microprudential supervision functions, ranging from on-site inspections to technical-regulatory support and coordination. Her extensive experience in international and Spanish working groups, mainly on accounting and auditing, and supervisory policy and methodology, is noteworthy. She has managed various divisions since 2014. At present, she is the departmental director of the DGBS' Horizontal Functions Department. She is one of the Banco de España's Diversity Ambassadors.

COOPERATION IN FIGURES

After 2019's positive figures (as had been the case in recent years, over 200 cooperation activities were held), the goal in 2020 was to maintain this high level of activity.

25 events were held in January and February (traditionally months of reduced cooperation activity), more than doubling those held in the same period of 2019.

In March, because of the health emergency triggered by the COVID-19 pandemic, the activities scheduled for the spring were initially postponed to the second half of the year and, in view of the circumstances, nine were put back to 2021. Visits and missions were also suspended until travel could be resumed. The Fostering Women's Leadership in Central Banking extraordinary meeting was cancelled two days before it was due to be held and postponed sine die.

Confirmation that the pandemic-induced restrictions would persist over time meant a rethink of the cooperation activities' format. Many of them became virtual events, enabling high levels of participation. This was possible thanks to the valuable contribution of the areas involved, notably the Information Systems Department.

— **8 scheduled activities, 793 participants and 49 speakers from the Banco de España**

— **1192 Banco de España employees answered 75 enquiries**, accounting for almost 42% of the international cooperation activity, the vast majority from Ibero-American institutions. At least 265 people from other organisations benefited from this work.

— **25 people from 6 delegations** visited our institution in 2020 before the pandemic broke out.

— **6 Banco de España employees, on 5 different missions**, travelled to other Ibero-American institutions in January and February 2020. Mention should be made of the time Elvira Prades, of the Sectoral Analysis Division, spent at the Central Bank of Chile. Elvira described her experience in Issue 1 of this publication.

— **84 “other technical assistance” activities, including 35 videoconferences** originally scheduled as such; 31 additional videoconferences, which, under other circumstances, would have been missions; responding to 16 questionnaires; and assisting two delegations that intended to visit the Banco de España. In total, 251 Banco de España employees were involved in these activities, which benefited 2,866 people from other institutions.

COOPERATION IN FIGURES

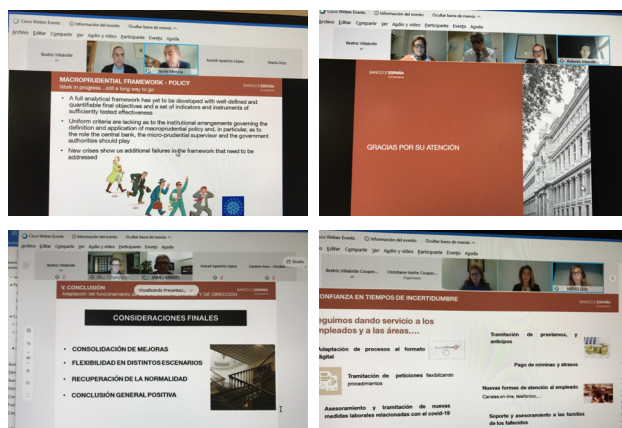
2019:

- 214 activities
- 633 Banco de España employees
- 2,231 beneficiaries from other institutions

2020:

- 178 activities
- 537 Banco de España employees
- 3,883 beneficiaries from other institutions

PROGRAMME OF ACTIVITIES



International Seminar on Central Banking (SIBC).

1 9 cooperation activities were scheduled for 2020. 11 were to take place in Spain and 8 abroad, jointly organised by the Banco de España.

The first of the scheduled activities, and the only one to ultimately be held as planned, was the high level workshop on **non-performing loans** held in Frankfurt in February as part of the technical assistance programme for the Western Balkans.

The outbreak of the pandemic in March meant the schedule had to be reorganised. As the exceptional situation persisted, some of the activities set for the

second half of the year were changed to online events. Consequently, in 2020 only 8 of the 19 scheduled activities were held.

In 2019 a total of 512 direct beneficiaries participated in the 18 scheduled activities. In 2020, with just under half of the scheduled activities held, 793 direct beneficiaries participated (+55%).

The **International Seminar on Central Banking** deserves special mention. Participation in prior editions of this seminar had totalled around 30 external attendees, peaking at 38 in 2019. In view of the pandemic-induced constraints, the 2020 edition was held virtually, over five days, as in previous years, but in a more condensed format. In keeping with many of the enquiries received over the course of the year, the seminar's overarching topic was the impact of the pandemic on the performance of a central bank's different functions. The virtual format meant all attendance requests could be accommodated. **464 participants** registered, 368 of which were external attendees from **33 different institutions**. Since simultaneous interpretation could not be organised for the event, invitations were sent exclusively to Ibero-American institutions. Even so, attendance was very high.

JOINT ORGANISER	DATES	DG INVOLVED	DEPARTMENT	DIRECT BENEFICIARIES	DESCRIPTION
BUNDESBANK	26-27 February	Financial Stability, Regulation and Resolution	Financial Stability	19	High-level workshop on NPLs
CEMLA	9-11 September	Financial Stability, Regulation and Resolution	Bank Resolution	61	10th Meeting of Financial Stability Experts
CEMLA	7-9 October	Operations, Markets and Payment Systems	Financial Risks	84	1st Meeting of Heads of Financial Risk Management in Central Banks
CEMLA	30 Sep.-2 Oct.	Operations, Markets and Payment Systems	Payment Systems	104	1st Meeting of Heads of Financial Market Infrastructures
CEMLA	16-20 November	Financial Stability, Regulation and Resolution	Financial Stability and Bank Resolution	56	2nd Course on Financial Stability
CEMLA	23-27 November	Operations, Markets and Payment Systems	Payment Systems	70	Course on Financial Market Infrastructures
BE	23-27 November	Economics, Statistics and Research	Various	368	International Seminar on Central Banking
ASBA	30 Nov.-2 Dec.	Banking Supervision	Inspections	31	Online course on Technology Risk and Cybersecurity
TOTAL				793	8 ACTIVITIES

INTERNATIONAL COOPERATION ACTIVITIES IN THE DIRECTORATE GENERAL CASH AND BRANCHES



Mª Concepción
Jiménez, Director
General Cash
and Branches.

Within the Banco de España's organisational structure, the Directorate General Cash and Branches is tasked with the production of the euro banknotes allocated to it by the Eurosystem and with management of the cash cycle. Its goals are to meet credit institutions' demand for cash, while ensuring an appropriate level of reserves, and to discharge its anti-counterfeiting responsibilities, with the ultimate aim of maintaining confidence in, and preserving the quality and integrity of, euro banknotes and coins.

In the field of international cooperation, this area is very active in promoting collaboration initiatives with non-euro area central banks, particularly in Latin America.

This intense activity is reflected in the enquiries it receives, the courses it organises and teaches to professional cash handlers in central banks, and the seminars, workshops and meetings in which it participates, with the aim of sharing knowledge and expertise. Since its creation in 2004, the training offered in the "International Course on Cash Handling" (CIGE by its Spanish abbreviation) has

been adapted according to the interests expressed by the participants.

This is shown by the preparation of new courses, which will be held on a rotational basis in the future, specialising in banknote design and printing techniques and anti-counterfeiting. It is also important to point out that, since 2007 and 2012, respectively, the Bank has gathered data for compiling the "International Statistics on Cash" and "International Statistics on Counterfeiting" for consultation and analysis, with the participation of Latin American countries that are members of the CEMLA and other countries that take part in the European Banknote Conference (EBC).

The global health crisis triggered by COVID-19 has disrupted how the different international cooperation initiatives are conducted. In 2020, the Directorate General Cash and Branches handled a similar number of activities to previous years. While the restrictions on movement led some to be postponed (the Meeting of Central Bank Treasurers and the Meeting of Experts



Detail of an
intaglio.

on Action Against Currency Counterfeiting), others were reorganised to be held online (the Workshop on Cash Innovation Projects) thanks to the use of new computer applications.

The use of these tools also made it possible to provide for other unplanned activities, such as a TAIEX (Technical Assistance and Information Exchange) activity requested by the European Commission for the National Bank of Ukraine.

Networking with other professionals from different institutions is an important aspect of international cooperation activities that facilitates subsequent communication and collaboration. Amid the uncertainty stemming from the pandemic, this networking took the form of a fluid exchange of information between the treasury and printing departments of Latin American central banks, thereby reinforcing decision-making.

Enquiries focused on the impact of the virus on the tasks entrusted to central banks relating to cash management and banknote and coin production,

which were temporarily halted in most countries, and on the measures that each institution was adopting in terms of banknote and coin management (monitoring demand, managing logistical stocks, transport and circulation of cash, etc.) and staff management (prevention of infections, working arrangements, etc.).

A session was also held on “The pandemic and the cash cycle”, requested by the central bank of Costa Rica for treasury department staff following the International Seminar on Central Banking, as a result of the collaboration with this central bank.

The Banco de España has signed bilateral cooperation agreements with a number of central banks and other institutions with the aim of broadening mutual cooperation and sharing expertise, know-how and achievements, while strengthening our bonds.

In the case of the Directorate General Cash and Branches, a broad field of cooperation has been defined for new agreements: production, banknote issuance, coin circulation and anti-counterfeiting, with the aim of extending previous agreements’ scope.



Banking hall.

CYBERSECURITY WEEK

Banco de Reservas de la República Dominicana Financial Innovation

The Banco de España was invited to participate in the Cybersecurity Week held by Banco de Reservas de la República Dominicana from 23 to 27 November 2020.

The Director of Cybersecurity of Banco de Reservas de la República Dominicana, the Dominican financial system's largest bank in terms of assets and one of its pioneers in the field of banking, contacted the International and European Relations Department of the Banco de España while in the execution stage of a Strategic Plan on Cybersecurity Awareness, under Banco de Reservas' Cyber and Information Regulations.

The Banco de España's Information Security Unit prepared a presentation for the 2020 Cybersecurity Week.

The talk, which was attended by around 500 persons, was given by Alfonso Gómez Martín, who currently works in the Governance and Transparency Division, on Wednesday 25 November. He began with a presentation on how to approach the process of defining the cybersecurity governance model. He then focused on the need to have an inventory of the organisation's information assets in order to determine the risks it faces and the impact for the organisation were they to materialise, and to adopt the required security measures for protecting it. He concluded by developing a cybersecurity governance model covering efficiently all facets of management including, at least: a) the implementation of the three-lines-of-defence model against risk; b) the use of a risk management methodology; c) the prioritisation of risks; and, lastly, d) the reporting model for unmitigated risks and their escalation in the organisation.

The session was very well-received by the attendees, who showed their interest in delving much deeper



Ellos son los expertos que guiarán tu camino **hacia una cultura de seguridad cibernética**



Javier Rodríguez
Director de Ciberinteligencia
en Tarlogic



Borja Merino
Gerente del Laboratorio de
Investigación de Amenazas
en Tarlogic



Elzer Pineda
Ingeniero de seguridad
en Trend Micro



Pablo Montoliu
Director de Información e
Innovación en Aon



Daniel Robles
Consultor en Jefe en Avantis



Alfonso Gómez
Experto técnico en Riesgo y
Seguridad en Banco de España



Carlos Leonardo
Director Nacional de Respuesta a
Incidentes Cibernéticos en Centro
Nacional de Ciberseguridad



Emmanuel Ortiz
Director Operativo CSIRT
Financiero en Nnemo



Pablo Blanco
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Cumplimiento de las Tecnologías
de la Información en Sareb



Julio Urefia
Especialista Técnico de
Seguridad y Cumplimiento en
Microsoft



Erika Apunte
Gerente de Consultoría en
Éfika Business Consulting

Moderadores:

The speakers at the 2020 Cybersecurity Week.

into each of the different aspects of the talk. The event ended with a lively debate based on the various questions raised by those in attendance.

Banco de Reservas expressed its satisfaction with our intervention in their thank you note. To quote: *"The Dominican Republic deeply admires the degree of development of cybersecurity in Spain and in Europe. You are a source of inspiration and an excellent benchmark for our country to move forward and progress in the area of cybersecurity".*

MEMORANDA OF UNDERSTANDING SIGNED IN 2020



Pablo Hernández de Cos, Governor of the Banco de España.

Memoranda of Understanding (MoUs) are very useful for cementing and strengthening cooperation relationships with institutions that share our goals and interests.

12 MoUs are currently in force, three of which were signed in 2020. These three MoUs were signed with Latin American institutions, in keeping with one of the Strategic Plan 2024 initiatives, which aims to position the Banco de España as a benchmark for central banks in that region. As a result of the restrictions on movement due to the pandemic, no formal ceremonies involving the Governor of the Banco de

España and the President of the other institution were held to mark the signing of any of these MoUs.

Indeed, the first of these MoUs, entered into with the **Development Bank of Latin America (CAF)** in August 2020, was the first to be executed digitally via e-signature. This MoU boosts relations between the Banco de España and CAF. Since 2013, they have often cooperated in economic research and short-term analysis, among other areas. In September CAF's then Executive President, Luis Carranza Ugarte (Renny Alberto López was appointed Interim Executive President on 9 April 2021), and the



BANCO DE DESARROLLO
DE AMÉRICA LATINA

The Governor of the
Banco de España and
CAF's then Executive
President, Luis Carranza.

Governor of the Banco de España had the opportunity to meet in person, focusing on the two institutions' upcoming joint activities.

In November 2020 a second MoU was signed with one of the region's most representative central banks, the **Central Bank of the Argentine Republic**. This MoU, concluded by the two central banks' governors, is particularly important because Argentina is a G20 economy and on account of the pre-existing important ties to this institution. As usual, the MoU envisages very different types of cooperation. These include research projects and studies, the organisation of expert meetings and conferences, and the provision of specialised technical assistance on central banking and other support areas.

Lastly, the Governor of the Banco de España and the Executive President of the **Latin American Reserve Fund (FLAR)** signed an MoU in December 2020. The FLAR is an international financial organisation. Its member countries are Costa Rica, Venezuela, Paraguay, Uruguay, Bolivia, Colombia, Peru and Ecuador. The aim of the MoU is to cement the two institutions' collaboration framework, especially in terms of conducting studies and research, organising expert fora and exchanging expertise.



The Executive
President
of the Latin
American
Reserve Fund
(FLAR).



BANCO CENTRAL
DE LA REPÚBLICA
ARGENTINA

The Governor of the
Central Bank of the
Argentine Republic.

INTERNATIONAL COOPERATION AS PART OF THE ESCB

Programme for Western Balkans central banks



The high-level policy workshop on non-performing loans. Group photo. Frankfurt.

As reported in Issue 1, in March 2019 the Banco de España – alongside 20 other ESCB central banks and the ECB – embarked on the 2-year, European Commission-funded Programme for Strengthening Central Bank Capacities in the Western Balkans with a view to their integration into the European System of Central Banks.

As part of this programme, the high-level policy workshop on non-performing loans was held in Frankfurt on 26 and 27 February 2020. The heads of Financial Stability at the central banks of Germany, Spain, Greece, Italy, Poland and Romania participated in the event. On behalf of the Banco de España, Ángel Estrada, Director General Financial Stability, Regulation and Resolution, gave a presentation on the mitigation of excess NPLs.

The outbreak of the pandemic inevitably led to some changes in the programme's design and organisation, meant that several Programme Steering Committee meetings had to be held virtually and forced the conclusion of the programme to be postponed for 9 months, to December 2021. Certain activities in which the Banco de España was directly involved also needed to be redesigned, such as the Internal Audit training event, jointly organised with the Banque Nationale de Belgique and Banka Slovenije, and the high-level policy workshop on governance, co-led with the Deutsche Bundesbank.

Despite the difficulties caused by the pandemic, the European Commission and the central banks of the Western Balkans rate this regional programme very highly. As a result, work is starting on designing a second programme for the region.

SEPS CONFERENCE ADDRESS

Superintendence of Popular
and Social Economy
of Ecuador
11 November

The Directorate General Banking Supervision's IT Risk Division comprises a team specialising in the supervision of IT risks. It is truly a privilege to be part of a group of professionals who, besides our thirst for excellence and knowledge, are united by our passion for what we do.

In keeping with the Banco de España's strategic plan, we strive day in, day out to be leaders in the supervision of IT risks, aiming to ensure that the financial institutions within our remit are more resilient and manage their risks better.

We live in an increasingly digitalised world, where banks are entirely reliant on technology to reliably and securely provide their customers with the products and services they demand. It is therefore crucial to ensure that their IT systems are resilient not only to increasingly frequent and sophisticated cyberattacks, but also to other disruptions such as natural disasters or the COVID-19 global pandemic.

Because IT risks affect all business activities and can spread quickly beyond any physical or legal border, they are really global risks.

As a result, supervisory authorities across the globe share similar concerns. Therefore, a very important part of our work is to communicate and collaborate with our counterparts in other jurisdictions. We do so not only through our presence in numerous international working groups, but also via training and international cooperation.

In this regard, I have had the opportunity to collaborate on several occasions with organisations such as the IMF, ASBA and the IDB in various



Silvia Senabre, IT Risk Division, Associate Directorate General Banking Supervision II.

training programmes. On each occasion it has been immensely satisfying to witness how useful my work is, demonstrated by the attendees' questions and interest, and to learn from them different ways of dealing with the same problems.

One instance that I am particularly fond of is my involvement in the 9th Supervision conference organised by the Superintendence of Popular and Social Economy of Ecuador in November 2020 amid the COVID-19 pandemic. Logically, the conference had to be held online. While this posed some challenges in terms of holding the attendees' attention, it had the advantage of meaning we could invite many more participants. **At one point, 550 people were connected to the conference!** I have to say that, despite the event's format and dimensions, the attendees' interest was practically palpable. It was without doubt a very satisfactory experience.

Our division is a firm believer in teamwork and collaboration making us stronger and better. In this respect, we will continue to participate wholeheartedly in international cooperation activities.



Margarita Delgado Tejero.

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International cooperation is a Banco de España-wide activity. In keeping with the objectives of our Strategic Plan, it helps strengthen the Bank's international impact and presence and boost its image as a leading central bank, especially in Ibero-America.

2020 was undoubtedly marked by the COVID-19 crisis. Like every year, we have shared expertise and know-how, and we have learnt valuable lessons across all fields. Yet in order to do so, international cooperation activity has had to reinvent itself and adapt to the restrictions on movement stemming from the health crisis.

Virtual channels were increasingly used to conduct visits, missions and other activities. The swift transition to these new formats would not have been possible without the key support of our Information Systems Department colleagues or, of course, the professionalism and active involvement of the Bank's other employees.

Amid such difficult circumstances, I wish to highlight that the commitment of all the Bank's areas and their adaptability enabled international cooperation to reach 70% more beneficiaries in 2020 than in 2019.

Thank you very much for your magnificent work in such a complicated year.

Margarita Delgado Tejero
Deputy Governor of the Banco de España
and Chair of the International Cooperation Committee.

A handwritten signature in blue ink, reading 'M. Delgado Tejero'.

Magazine

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