

NEW TECHNOLOGIES IN SUPERVISION: SUPTECH¹

The exponential technological advancement of recent years has led to deep digital transformation across all sectors of society. These advances have opened up new opportunities that are also being harnessed to improve supervisory capabilities.

As well as the availability of increasingly large amounts of data and more powerful computers, new methods of analysis, such as machine learning, have also emerged. Using these tools helps in decision-making processes and in identifying exceptions that are not apparent to the naked eye. Likewise, the implementation of suptech tools makes for more efficient supervisory processes and workflows through techniques such as robotic process automation. In short, new technologies allow supervisory authorities to perform their tasks more proactively and efficiently.

The Banco de España's 2024 Strategic Plan² sets out various initiatives to drive the digital transformation and incorporate new technologies across all areas. The Directorate General Banking Supervision (DGBS) has set up a multidisciplinary suptech forum, comprising inspectors and experts in models and in IT, to foster an innovation culture among supervisors.

As a result of the work conducted in this forum, the DGBS is currently designing a suptech-specific strategy

and work plan, with a view to using these tools to their fullest. The aims are as follows: i) to drive coordination between areas in order to share knowledge and expertise in this field; ii) to identify key processes for digitalisation and for the use of new suptech tools; and iii) to assess the possibility of specialist profiles exploiting the information.

The DGBS has identified some tools that were already in use, including automated document validation and classification, error detection in leveraged transactions or the inference of relationships between borrowers. These tools will be the starting point for new developments that will be coordinated via this forum.

Rapid technological progress drives the need to bolster training. To this end, several courses have been created to incorporate new data analysis skills into the traditional skill sets.

In addition, the DGBS participates in the Single Supervisory Mechanism's digitalisation agenda initiatives and takes part in the various working groups set up to that effect. Among the most prominent is the group tasked with identifying opportunities for using suptech, with a plan devised to develop these over the coming years.

¹ Suptech refers to the application of big data, artificial intelligence and other innovative technologies by financial supervisors to perform their functions (S. di Castri, S. Hohl, A. Kulenkampff and J. Prenio (2019), "[The suptech generations](#)", *FSI Insights on policy implementation*, No 19, October, Financial Stability Institute.

² For more information on the Strategic Plan, see the press release of 15 January 2020, [The Banco de España launches its Strategic Plan 2024](#).