

INSTITUTIONAL REPORT

2023

BANCO DE **ESPAÑA**
Eurosistema



INSTITUTIONAL REPORT 2023

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Foreword by the Governor Pablo Hernández de Cos



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Since its first publication eight years ago, one of the main objectives of the **Banco de España's *Institutional Report* has been to bring people closer to the reality of our institution**, in its dual role as central bank and national banking supervisor, fully embedded in the European institutional structure. To this end, we provide relevant information, in an accessible format, about our functions, structure and organisation, our main activities, actions in the area of institutional social responsibility and the financial situation of the institution. In short, with this Report we seek to fulfil our commitment to the principles of transparency and accountability that underpin the work of the Banco de España and are an essential complement to our **independence**.

In this spirit of accountability, I would like to contextualise the functions and objectives of the Banco de España, as a national central bank within the framework of the Eurosystem, in order to be able to properly interpret the causes and consequences of the fact that, for the first time in its history, the Banco de España has not reported any profits. Interested readers can delve deeper in my [Banco de España blog](#) post as well in as the publications¹ that address this subject, available on our [website](#).

First, with regard to the financial information presented by the Banco de España in this *Institutional Report*, it should be noted that **our objective as a central bank is not to make a profit, but to fulfil our mandate** and, in particular, to maintain price stability. The Banco de España's other decisions are part of its functions under the Law of Autonomy and are not influenced by their possible implications for the profit and loss account.

Second, the failure to generate profits is temporary. The very structure of our balance sheet generally implies a profit is generated, since the return on assets usually exceeds the cost of liabilities. For instance, the banknotes issued by a central bank are a zero-interest bearing liability. However, following the 2014-2022 period, during which our balance sheet expanded considerably as a result of the “unconventional” monetary policy measures adopted to combat below-target inflation, the rapid policy interest rate hikes that began in 2022 to address high

¹ “Why a central bank's bottom line doesn't matter (that much)?”. *Economic Bulletin - Banco de España*, 2024/Q2, 01.

inflation are currently having an immediate impact on the cost of liabilities of Eurosystem central banks, including the Banco de España. Meanwhile, the income from the monetary policy portfolio is feeling the effect of higher rates much more slowly. Consequently, this mismatch between the return on assets and the cost of liabilities is temporary. How long it will last will depend on how quickly policy rates are cut, which will be determined by how fast inflation comes down. In any case, the mismatch will gradually shrink as monetary policy assets are redeemed, or are reinvested at the current higher market rates.

Third, the Banco de España's *Annual Accounts* show that **expenses outweighed income by €6,612 million in 2023. The release of provisions for this amount means that profit for the year is zero.** Financial costs also look likely to remain above financial income in 2024.

Fourth, aware from the outset of the risks inherent to unconventional monetary policy measures, **the Banco de España has followed a prudent provisioning policy to address these risks, which allowed us to accumulate provisions amounting to €33,000 million euros in 2022, before the risks materialised.** According to the foreseeable scenarios, this buffer will comfortably cover the temporary mismatch between financial income and expenses.

As a result, **at no point will our financial strength or our ability to perform our functions and act with the independence required of a central bank be compromised.**

I would also like to take the opportunity, in this foreword to what is the last Institutional Report published during my term as governor, to **discuss some of the main milestones reached so far within the framework of the first Strategic Plan,** which was launched by the Banco de España in 2020 with the horizon set at 2024.

Thus, in relation to the **first objective: to improve the capacity to identify and react promptly to risks to economic and financial stability,** the establishment and work of the Financial Stability Committee have enhanced our capacity to analyse emerging risks to financial stability in an integrated and cross-sectional way and to propose actions for their management and mitigation.

As for the **second objective: to modernise the Banco de España in order to make it more efficient, flexible and innovative,** we should highlight the automation of tasks and the implementation of robotisation and data analytics projects under the Digital Transformation Programme, which have allowed us to expand our capabilities and simultaneously achieve greater efficiency in the use of resources. Also noteworthy is the strengthening of cybersecurity and the adoption of a data governance model (including the creation of the Data Office) which, together with

the launch of a new technological platform, facilitate its operation with new technologies, such as artificial intelligence.

To achieve this modernisation objective, an **independent Evaluation Programme has been launched**, aimed at institutionalising a process of continuous improvement and to also serve as an additional element of transparency about our actions. So far, we have completed and published the results of evaluations on: a) dissemination activities; b) research activities, and c) macroeconomic projections. The results of the external evaluation of the application of technological innovation to the prudential supervision function will soon be published.

With regard to the **third, more internal objective: to promote excellence through talent management and commitment to employees**, we should note the move to more flexible forms of working, the promotion of career development and diversity management and the review of our appraisal systems. The excellence of our employees is what underpins the rigour of our analyses and actions.

As for the **fourth objective: to increase the Bank's influence over its areas of activity**, we have strengthened and clearly set out our analytical and research priorities to better understand the challenges posed by the transformations under way in the current economic and social environment, so that we can propose, based on evidence, the best public policies to tackle them. In addition, we have increased the visibility and relevance of our publications in the public debate. In order to boost the Banco de España's influence at the national, European and global levels, we have also enhanced the coordination of the work performed in the main international groups, fora and institutions.

Finally, in relation to the **fifth objective: to generate greater confidence in the Banco de España and greater value for society**, we have promoted actions in the field of financial education and strengthened conduct supervision with the creation of a directorate general that has allowed us to establish new supervisory tools to detect risks in institutions' conduct vis-à-vis their customers, as well as to reinforce the information and tools available to the public, such as simulators or guidelines. Our supervision of the conduct of financial institutions is undergoing an independent external evaluation this year, the conclusions of which will help the Banco de España to further improve this function, which is so important for citizens.

In addition, guided by the firm conviction that we need to strengthen our ties with society, we have redesigned the Transparency Portal and the Banco de España website to give it a more modern layout for more intuitive browsing, and launched an informative blog, which, as we have seen, periodically analyses economic and financial issues of key relevance to the public.

Before concluding, I would like to thank the entire staff of the Banco de España and its managers for their work in achieving the objectives we had set for ourselves, with the **vision of making the Banco de España a leading and dynamic central bank that is committed to society.**

Pablo Hernández de Cos
Governor of the Banco de España

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Introduction by the Deputy Governor Margarita Delgado Tejero



The Banco de España’s *Institutional Report* has been published since 2016, offering an overview of our organisation, its structure and the different functions it performs, as well as a summary of the main activities carried out during the year, with the objective of being accountable and enhancing our institution’s transparency.

This year’s Report, relating to the actions carried out in 2023, is accompanied by a novel publication, the *2023 Institutional Report in a Nutshell*, which, with a unique format and features, supplements the Institutional Report traditionally published. It is a slimmed down version of the Report which, in just 31 pages and using a large number of visual elements, provides essential information about the Bank and the key messages relating to its activities during the year. Using a simple and accessible visual format, this new publication represents a further step in the initiative to provide, in an attractive and user-friendly form, different information about the Banco de España that may be of interest to the public.

As in previous years, this Report has four chapters that explain the fundamental aspects of the structure and actions of the Banco de España.

The first chapter, entitled “**Functions, organisation and transparency**”, describes the main functions of the Banco de España and the composition of its governing and management bodies, its structure and organisation. The chapter also refers to transparency and accountability —elements that complement its independence— and mentions the most important public appearances of its top representatives at both national and international fora. It also includes information on the Bank’s publications and the in-person and online services it offers to the general public.

The second chapter is the “**Activity Report**”. It summarises the Bank’s main actions in its different spheres of activity. For the first time, the chapter begins by taking stock of the progress made during the term of the Strategic Plan 2024, approved in 2020. It also refers to the actions carried out within the framework of the Evaluation Programme, one of the initiatives of this Strategic Plan, whose purpose is to modernise the institution, incorporate criteria that increase the effectiveness of its actions and establish a process of continuous improvement. It also details the activities carried out in the areas of economic analysis, research and statistics; implementation of monetary

policy; financial asset and risk management; cash management; supervision of financial institutions; financial stability and preventive resolution; resolution of bank customer complaints and enquiries; financial education, and environmental sustainability. Readers will also find information on the Banco de España's role as a member of the Eurosystem and other international organisations, its international cooperation activities, and the main regulatory developments in 2023 affecting its work.

The third chapter, entitled **“Institutional social responsibility”**, details the main actions relating to the conservation and dissemination of the artistic and bibliographic heritage and historical archive of the Banco de España. Particularly worthy of note is the temporary exhibition dedicated to the architect Eduardo de Adaro, inaugurated in October 2023 and enjoyed by many visitors. This chapter also provides information on research grants and beneficent-social assistance contributions in 2023. In addition, it includes a new section on initiatives to promote a better understanding of the Banco de España and to bring it closer to the public, including our participation in Open Government Week, activities in the branch offices and guided tours.

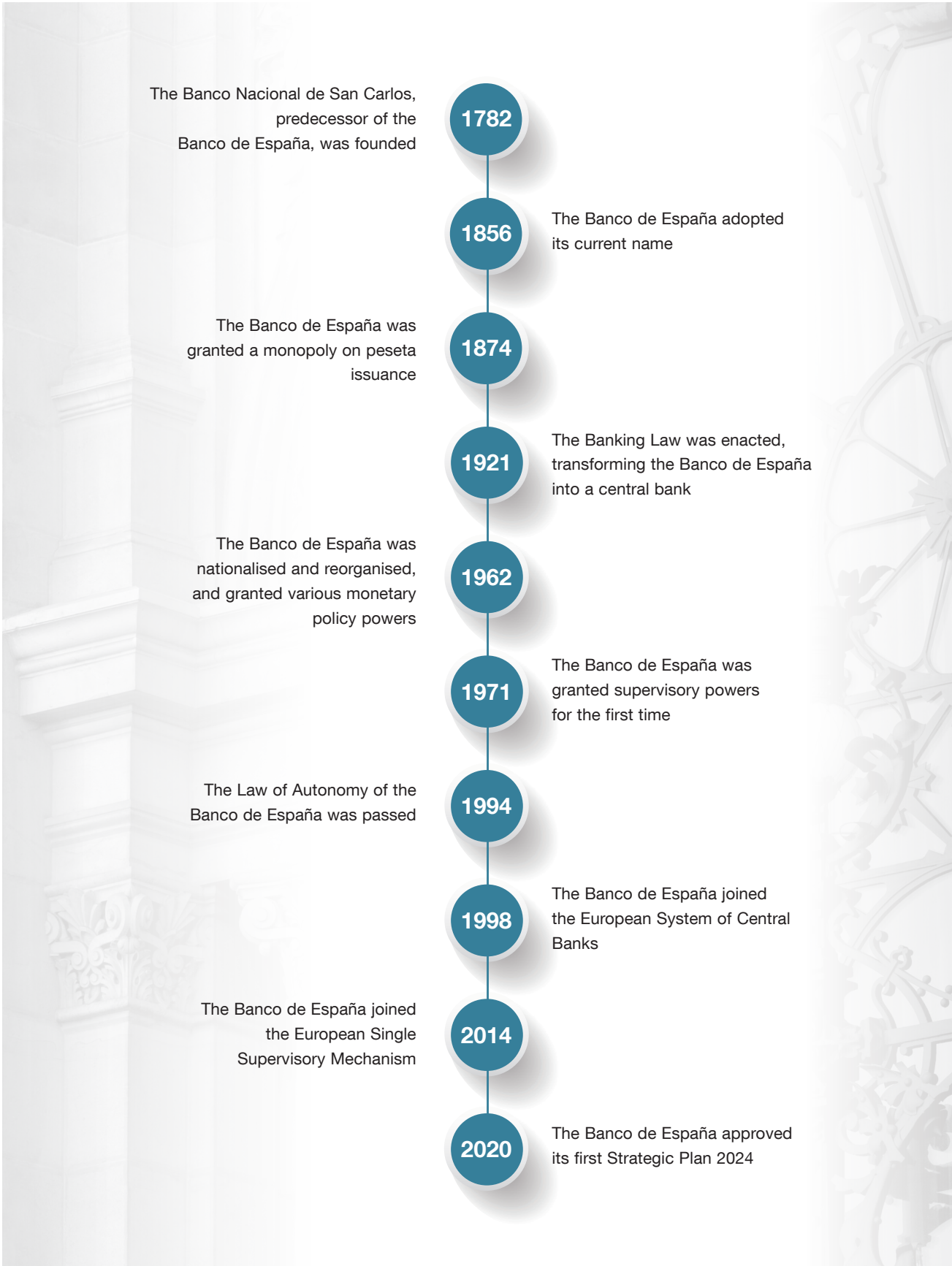
Finally, the fourth chapter, **“Financial information of the Banco de España”**, presents the Bank's financial statements (balance sheet and profit and loss account), and explains how the functions and activities of the institution are reflected in them, in order to provide a comprehensive and detailed understanding of its financial situation. It also details the risks and uncertainties that the Banco de España faces in exercising the functions it has been entrusted with, and the management policies in place to mitigate them.

The *Institutional Report 2023* brings to a close a cycle in which the publication has changed for the better in different ways, becoming more streamlined and accessible with an improved format and clearer use of language. The design is also new, with more visual elements that make it easier to read by conveying content in simplified form. Similarly, the prominence given to the digital version, with the inclusion of numerous links and information boxes, allows the reader to expand on the content by consulting other publications, websites or even videos, and becomes the gateway to other Banco de España documents. This broadens the knowledge that people have of our institution.

I would like to conclude by once again thanking our staff for their commitment in carrying out their tasks and the professionalism with which they perform their work in the different frameworks in which we operate. It is their work, pursuit of excellence and spirit of public service that enables **the Banco de España to carry out its activities with the utmost efficiency.**

Margarita Delgado Tejero
Deputy Governor of the Banco de España

240 YEARS OF HISTORY OF THE BANCO DE ESPAÑA (1782-2022)



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1

FUNCTIONS, ORGANISATION AND TRANSPARENCY



HISTORY

The Banco de España dates back to the 18th century, and since then it has witnessed, and on occasion been at the forefront of, political, economic and social change in Spain



EUROPEAN ACTIVITY

It is the national central bank, a member of the Eurosystem and supervisor of the Spanish banking system, within the framework of the Single Supervisory Mechanism



INDEPENDENCE

It is a public law entity with its own legal personality, which acts with autonomy and independently of the central government



ACCOUNTABILITY

The independence of the institution is underpinned by high transparency and accountability standards



STABILITY

In accordance with the Strategic Plan 2024, its mission is price and financial stability, thus promoting stable economic growth



INTERNATIONAL CONTEXT

In addition to being part of the European institutional framework, it is represented in international institutions



ACCESSIBILITY

Most procedures and enquiries involving individual citizens can be carried out online



PROGRESS

The Strategic Plan 2024 includes an annual evaluation programme to promote the modernisation of the institution and increase the effectiveness of its actions

1 MAIN FUNCTIONS OF THE BANCO DE ESPAÑA

The Banco de España is a public entity that performs the role 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.

These functions are performed in a **European institutional context**, as part of the European System of Central Banks (ESCB) and the Eurosystem, and of the Single Supervisory Mechanism (SSM) and the Single Resolution Mechanism (SRM).

The main characteristics of the ESCB and the Eurosystem are described in Figure 1.1.

The Banco de España has its own **separate legal personality and autonomy** from the central government, and is an independent institution, as established in the legislation governing its activity. Accordingly, neither the government nor any national or EU body may issue the Banco de España with instructions, and the latter may not request or accept such instructions in the exercise of its functions, except where derived from its membership of the ESCB, which must be followed in accordance with the guidelines issued by the European Central Bank (ECB).



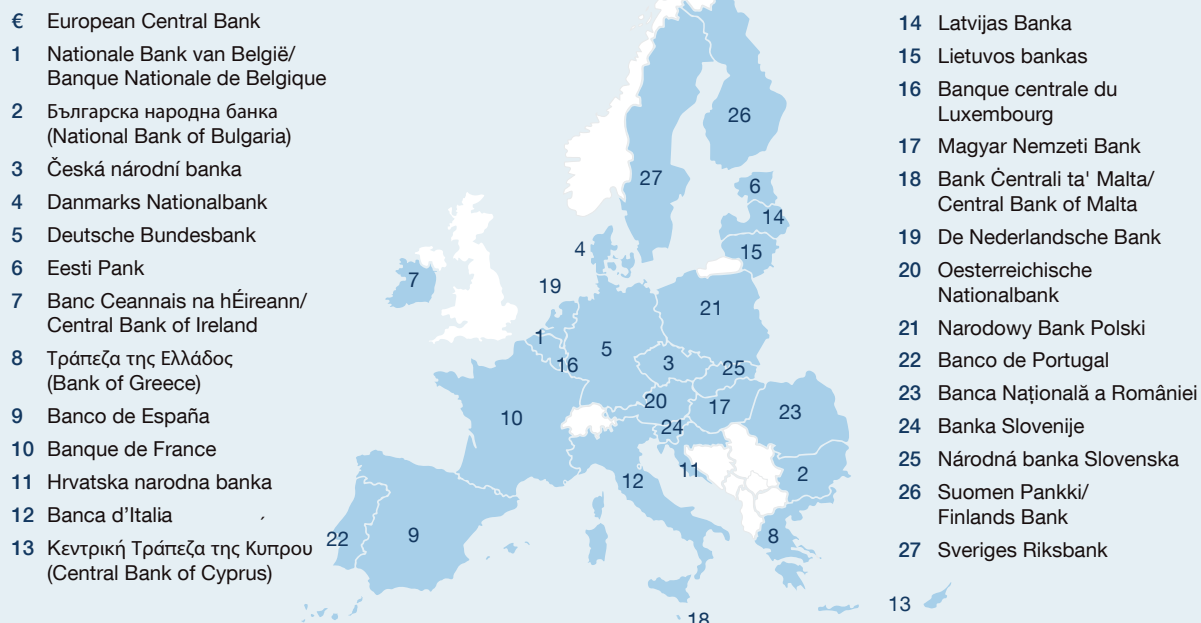
View from Cibeles of the main façade and the Paseo del Prado façade of the Banco de España's headquarters.

Figure 1.1

THE ESCB AND THE EUROSISTEM

THE ESCB

The ESCB comprises the ECB and the central banks of the Member States of the European Union, including the Banco de España. Its regulation is set out in the Treaty on the Functioning of the European Union, which established it, and in the Statute of the ESCB and of the ECB. It lacks a 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 20 Member States that have adopted the euro. In January 2023, Croatia became the latest country to join the euro area.

MEMBER STATES OF THE EUROSISTEM

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. Other 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.



The actions of the Banco de España are subject to private law, except where exercising its administrative powers, including those related to its supervisory functions.


Schema 1.1 summarises the regulations governing the Banco de España’s activity, while Schema 1.2 details its main functions.

Schema 1.1
REGULATION OF THE BANCO DE ESPAÑA’S ACTIVITIES

DOMESTIC LEGISLATION	LEGISLATION AT THE EUROPEAN INSTITUTIONAL LEVEL
Law 13/1994 of 1 June 1994 of Autonomy of the Banco de España	Treaty on the Functioning of the European Union (a)
Internal Rules of the Banco de España, approved by the Banco de España’s Governing Council Resolution of 28 March 2000	Statutes of the ESCB and of the 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

SOURCE: Banco de España.

a 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, specifically, Articles 282(1) and 283(1); and Protocol (No. 4) on the Statute of the ESCB and of the ECB.



For more information on the supervisory functions performed by the Banco de España, see the [Supervision Reports of the Banco de España](#).

MAIN FUNCTIONS OF THE BANCO DE ESPAÑA

AS A MEMBER OF THE ESCB/EUROSYSTEM

The Banco de España is entrusted with various functions as a member of the ESCB and the Eurosystem, and is subject to the guidelines issued by the ECB's decision-making bodies.

- Collaborates in the implementation of the euro area's **single monetary policy**.
- Manages the settlement of national and cross-border payments through the **TARGET2 system**.
- As an agent for the ECB, it manages **foreign currency reserves**.
- Performs tasks related to the issuance and processing of **euro banknotes** in Spain.

AS THE NATIONAL CENTRAL BANK

The Banco de España, as the national central bank, has other functions assigned to it by its specific regulations.

- Independently manages and holds **foreign reserves not transferred to the ECB**.
- Puts **cash** into circulation.
- Provides **treasury services to the State**, for which it holds accounts for the Treasury and the regional governments that request it.
- Acts as a financial agent for **government debt**.

AS A SUPERVISORY AUTHORITY

The Banco de España exercises the function of microprudential supervisor within the SSM, and also carries out supervision in other areas.

- Implements **macroprudential policy**.
- **Supervises market conduct and transparency and promotes financial education**.
- Collaborates with the Commission for the Prevention of Money Laundering and Monetary Offences and its Executive Service (Sepblac, by its Spanish abbreviation), to oversee 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 objective of **safeguarding the stability of the financial system**. **Direct supervision of significant institutions is the responsibility of the ECB**, assisted by the National Competent Authorities (NCAs). **Direct supervision of less significant institutions is the responsibility of the NCAs**. The Banco de España supervises financial institutions other than credit institutions, including payment institutions, electronic money institutions and specialised lending institutions. The Banco de España also oversees compliance with banking transparency rules.

OTHER FUNCTIONS

The Banco de España's regulations assign it the task of compiling statistics and preparing reports and of promoting the stability of the financial system. The Banco de España is also tasked with the preventive resolution of credit institutions in accordance with the European framework.

- **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 tasked with the **preventive resolution of credit institutions**, a function that it exercises independently of its supervisory tasks.
- It has the role of regulator, is responsible for management of the **Central Credit Register (CCR)**, the resolution of **complaints from users of banking services**, management of the official registers of the Banco de España, ensuring the **quality and authenticity of banknotes and coins**, and management and administration of **internal services and functions**, among many other tasks.

SOURCE: Banco de España.

2 STRATEGIC PLAN 2024 AND EVALUATION PROGRAMME

The Banco de España, like Spanish society as a whole, performs its functions in a changing economic, social and technological environment. To enhance its contribution to public well-being, **in 2020 it approved its first Strategic Plan (SP 2024)**, with the ambition of being a leading central bank, more dynamic and committed to society, fostering stable economic growth, through the pursuit of price and financial system stability, and by contributing with its analysis to other economic policy-making.

The commitment to improve referred to in SP 2024 reflects the determination of all those working at the Banco de España to contribute to the future and well-being of Spanish citizens within the scope of the functions entrusted to them.

With the approval of SP 2024, a period of implementation and monitoring aimed at achieving the objectives set for 2024 began. In addition, **in March 2022, and as a result of one of the Plan's initiatives, the Banco de España's Evaluation Programme was approved**, designed to promote modernisation, increase the effectiveness of the institution's actions and establish a process of continuous improvement. Specifically, the impetus behind this initiative seeks to modernise the Banco de España to make it more efficient, flexible and innovative, generating greater trust and more value for society, two of the strategic objectives set out in this Plan.



Chapter 2 of this Report contains detailed information on SP 2024 and the Banco de España's Evaluation Programme.

3 GOVERNING BODIES OF THE BANCO DE ESPAÑA

3.1 Governing bodies

The governing bodies of the Banco de España are **the Governor, the Deputy Governor, the Governing Council and the Executive Commission** as set out in Schema 1.3.

Schema 1.3

GOVERNING BODIES OF THE BANCO DE ESPAÑA



GOVERNOR

- The current Governor is **Pablo Hernández de Cos**.
- 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.
- Must be Spanish and have recognised competence in monetary or banking matters.



DEPUTY GOVERNOR

- The current Deputy Governor is **Margarita Delgado**.
- 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 inherent to the position, as well as those delegated by the governing bodies.
- Appointed by the Government, at the proposal of the Governor, for a non-renewable six-year term, and must meet the same conditions as the Governor.



GOVERNING COUNCIL

- It is composed of the Governor, the Deputy Governor, six council members (one of these positions was vacant for most of 2023) 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). The gender composition of the voting members of the Governing Council, for most of 2023 was five men and four women.
- The General Secretary, the Directors General (in 2023, five men and one woman) and a staff representative attend meetings in a non-voting capacity.
- 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 (in 2023, one man and one woman) appointed by the Governing Council from among its non-ex officio members.
- The General Secretary, the Directors General (in 2023, five men and one woman) attend meetings in a non-voting capacity.
- Its **main functions** are: deciding on the internal organisation and administration of the Banco de España; 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 supervised institutions.

SOURCE: Banco de España.



Further information on the [institution's governing bodies](#) can be found on the Banco de España website.

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.

A photograph of the members of the Governing Council is included as Figure 1.2.

Schema 1.4 shows the composition of the Governing Council of the Banco de España and indicates which of its members and other officers also sit on the Executive Commission and the Audit Committee. In addition, the schema shows 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.

In relation to gender equality, in recent years there has been parity among the voting members of the Governing Council. In 2023, there were five men and four women on the Governing Council, with one vacancy to be filled.

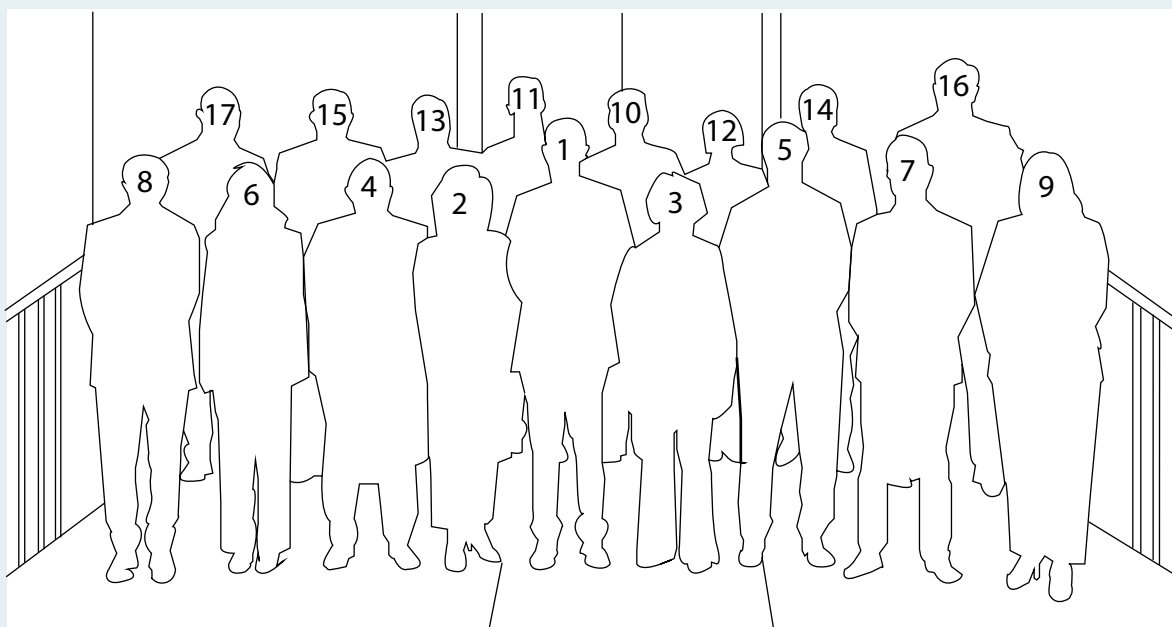
On the Executive Commission, in recent years, including 2023, there was also parity in the number of men and women who were part of it.

For its part, the Steering Committee, made up of the Governor, the Deputy Governor and the Directors General, had a greater presence of men (seven) than of women (two) in 2023. Male representation was also prominent in the positions of Associate Directorates General in 2023 (six men and one woman).

Figure 1.2

GOVERNING COUNCIL OF THE BANCO DE ESPAÑA. 23.10.2023

The members of the Governing Council of Banco de España, on the landing by the door of the Executive Commission room in October 2023.



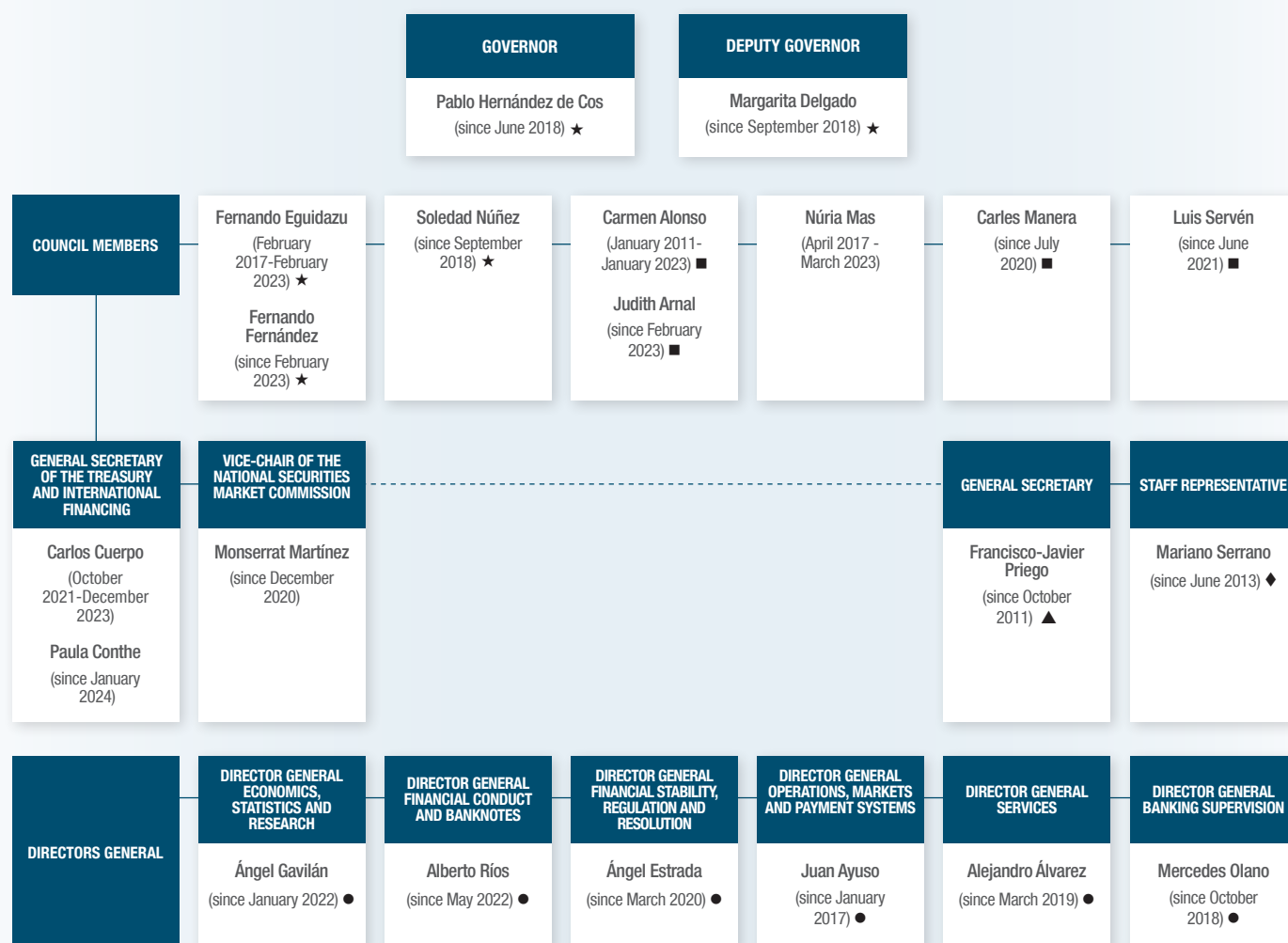
1. Pablo Hernández de Cos; 2. Margarita Delgado; 3. Soledad Núñez; 4. Fernando Fernández; 5. Carlos Cuerpo¹; 6. Montserrat Martínez; 7. Carles Manera; 8. Luis Servén; 9. Judith Arnal; 10. Francisco-Javier Priego; 11. Juan Ayuso; 12. Mercedes Olano; 13. Alejandro Álvarez; 14. Ángel Estrada; 15. Ángel Gavilán; 16. Alberto Ríos; 17. Mariano Serrano.

¹ Carlos Cuerpo ended his term as General Secretary of the Treasury and Financial Policy and, therefore, as ex officio member of the Banco de España's Governing Council, in December 2023. He was replaced in January 2024 by Paula Conthe, current General Secretary of the Treasury and International Financing.

SOURCE: Banco de España.

BANCO DE ESPAÑA SENIOR OFFICERS

COMPOSITION 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.

■ Members of the Audit Committee.

◆ A staff representative attends the meetings of the Governing Council.

ASSOCIATE DIRECTORS GENERAL

ASSOCIATE DIRECTOR GENERAL ECONOMICS AND RESEARCH	ASSOCIATE DIRECTOR GENERAL FINANCIAL CONDUCT AND BANKNOTES	ASSOCIATE DIRECTOR GENERAL PAYMENTS AND MARKET INFRASTRUCTURES	ASSOCIATE DIRECTOR GENERAL SERVICES	ASSOCIATE DIRECTOR GENERAL BANKING SUPERVISION I	ASSOCIATE DIRECTOR GENERAL BANKING SUPERVISION II	ASSOCIATE DIRECTOR GENERAL DEPUTY GENERAL SECRETARIAT
Carlos Thomas (since January 2022)	Helena Tejero (since May 2022)	Carlos A. Conesa (since February 2018)	Javier Pacios (September 2021 - December 2023) Vacancy since January 2024	Francisco Monzón (since December 2018)	Agustín Pérez (since May 2022)	Jaime Herrero (since November 2016)

SOURCE: Banco de España.

3.3 Committees

Along with the Governing Council and the Executive Commission, **there is a second organisational level comprising the Audit Committee and the Steering Committee.**

The Audit Committee is composed of three members of the Governing Council, while the Steering Committee comprises the Governor, the Deputy Governor and the Directors General.

To learn about the functions of the Audit Committee and the Steering Committee, see Schema 1.5.


In addition to the Audit Committee and the Steering Committee, **there is a third organisational level, made up of a series of internal committees** charged by the Executive Commission of the Banco de España with addressing certain aspects related to the functions and organisation of the institution.

Details of the most prominent internal committees can be found in Schema 1.6.

Schema 1.5

AUDIT COMMITTEE AND STEERING COMMITTEE OF THE BANCO DE ESPAÑA

	COMPOSITION	FUNCTIONS
AUDIT COMMITTEE	It consists of three members of the Governing Council, appointed by the latter from among the elected council members.	It is mainly responsible for auditing the draft annual accounts of the Banco de España, as well as overseeing internal audit and control services and relations with external auditors . In 2023, it was comprised of two men and one woman.
STEERING COMMITTEE	It is made up of the Governor, the Deputy Governor and the Directors General.	It is mainly responsible for a) advising the Governor and the Deputy Governor on any matters or decisions, as required, and b) assisting in the preparation of matters to be submitted to the Governing Council and the Executive Commission by the Directors General. In 2023, it was comprised of seven men and two women.



SOURCE: Banco de España.

INTERNAL COMMITTEES OF THE BANCO DE ESPAÑA

FINANCIAL STABILITY COMMITTEE <p>Identifies and assesses the risks to financial stability and proposes Macroprudential measures for mitigating them. Responsible for discussing the Financial Stability Report.</p>	COMMUNICATION COMMITTEE <p>Designs and implements the Banco de España's communication strategy, ensuring the coordination and consistency of the Bank's messages. It is a recently created committee, approved in February 2023.</p>	RISK MANAGEMENT AND CONTINUITY COMMITTEE <p>Proposes measures for the management of risks, metrics for such risks, and conducts risk monitoring. In addition, it submits the business continuity strategies and approves the continuity plans of the areas.</p>	INTERNATIONAL COOPERATION COMMITTEE <p>Defines the strategic lines of action as regards international cooperation, adopts high-level decisions and carries out strategic coordination in this area.</p>
INITIATIVES AND PROJECTS COMMITTEE <p>Approves the implementation of major initiatives and projects and oversees them. Created in March 2023, it entailed the dissolution of what was previously known as the Systems Committee.</p>	IRPH INTERNAL OVERSIGHT COMMITTEE <p>Reviews, discusses, reports on and adopts recommendations and decisions to ensure the integrity and quality of policy interest rate ("average rate on mortgage loans at more than three years, for open-market house purchase, granted by credit institutions in Spain") (IRPH).</p>	FINANCIAL EDUCATION COMMITTEE <p>Defines and reviews the financial education strategy of the Banco de España and coordinates its implementation.</p>	FINANCIAL AND PRUDENTIAL INFORMATION COMMITTEE <p>Coordinates the Banco de España's position and internal procedures regarding the financial and prudential reporting requirements to which institutions are subject. In addition, in January 2023, it temporarily assumed the functions of a strategic data committee.</p>
BUDGET COMMITTEE <p>Analyses the Banco de España's draft annual budget, reports on its outturn and monitors the approved budget. In addition, it approves and supervises the Annual Procurement Plan.</p>	COMPREHENSIVE SECURITY COMMITTEE <p>Adopts decisions on the actions of the Banco de España relating to comprehensive security matters.</p>	DOCUMENTARY POLICY AND ASSESSMENT COMMITTEE <p>Defines the standards for the classification, use and preservation of Banco de España documents.</p>	INTERNAL COMMITTEE ON THE PREVENTION OF MONEY LAUNDERING AND TERRORIST FINANCING <p>Responsible for compliance with internal regulations on the prevention of money laundering and terrorist financing.</p>
LEAVE OF ABSENCE ASSESSMENT COMMITTEE <p>Assesses the leave of absence requests submitted by Banco de España employees to work for supervised institutions or institutions in the financial sector.</p>	COMMITTEE FOR THE ASSESSMENT OF BSF FINANCIAL ASSISTANCE <p>Assesses financial assistance applications made to the Beneficent Social Fund (BSF).</p>	WORKPLACE HEALTH AND SAFETY COMMITTEE <p>Proposes policies and basic criteria for workplace health and safety and coordinates and monitors preventive action.</p>	COMMITTEE OF INDEPENDENT EXPERTS FOR THE EVALUATION OF SUPERVISED INSTITUTIONS' SENIOR OFFICERS <p>Comprises three external members designated by the Governing Council, assesses the suitability of senior officers at supervised institutions 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

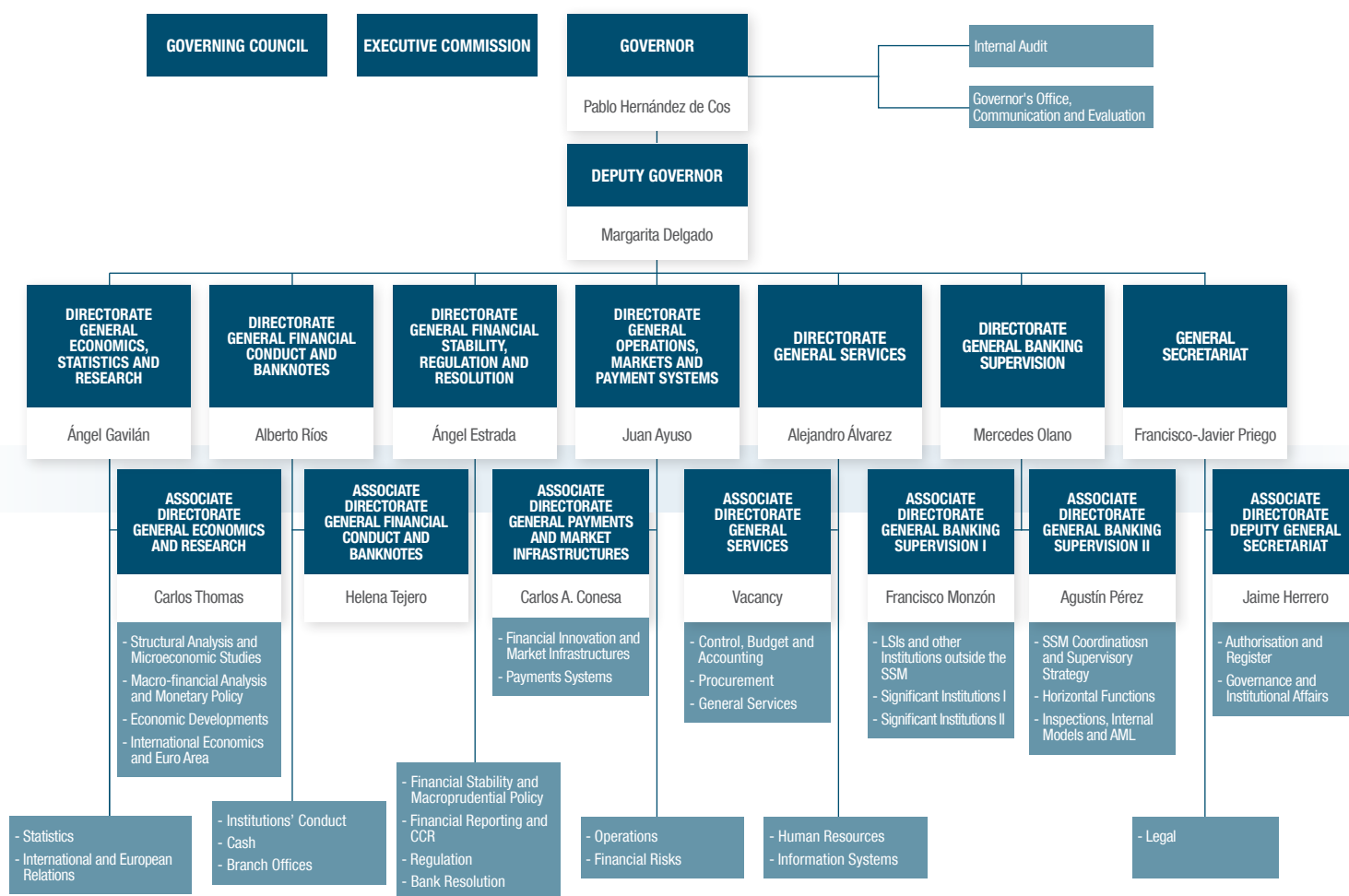
4.1 Organisation chart and structure of the Banco de España

The Banco de España's organisation chart is approved by the Executive Commission and is currently structured around **six Directorates General and a General Secretariat**, as shown in Schema 1.7.

To learn about the **functions of the Directorates General and the General Secretariat**, see Schema 1.8.

Schema 1.7

ORGANISATION CHART OF THE BANCO DE ESPAÑA



SOURCE: Banco de España.




In addition to these six Directorates General and the General Secretariat, there are two **cross-cutting departments** that report directly to the Governor, namely the Internal Audit Department and the Governor's Office, Communication and Evaluation Department.

Schema 1.8

FUNCTIONS OF THE DIRECTORATES GENERAL AND THE 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 <i>Annual Report</i> and other publications on economic and monetary policy issues, and dissemination of the analyses carried out. — 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, in particular, with the International Monetary Fund. — Coordination of international cooperation, including technical assistance to other national central banks, financial supervisors and other similar public agencies. — Study and monitoring of 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 Financial Conduct and Banknotes</p>	<ul style="list-style-type: none"> — Supervision of market conduct, banking transparency and customer protection. — Resolution of enquiries, complaints and claims from users of banking services regarding supervised institutions' actions in relation to transparency and customer protection regulations or best banking practice and customs. — Controlling the euro banknote production entrusted to IMBISA, including coordination and auditing. — Issuing euro banknotes and putting cash into circulation, along with their withdrawal, exchange, safekeeping and recirculation. — Promoting the quality and authenticity of the banknotes and coins in circulation, and supervising those involved in the processing and handling of cash. — Detection and analysis of counterfeit 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 <i>Financial Stability Report</i>. — 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 within its remit. — 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, within the framework of the SSM. — 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 within the framework of the Eurosystem. — Monitoring and analysis of innovations in financial markets. — Supervision of the provision of payment services and contributing to defining the Banco de España's supervisory policy in the areas within its remit.

SOURCE: Banco de España.

DIRECTORATE GENERAL	MAIN FUNCTIONS
 Directorate General Services	<p>Management and administration of the internal services and functions common to the entire Bank, including:</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, the accounting and auditing of operations. — Hiring arrangements. — Acquisition, maintenance and administration of assets and the art collection. — Information systems. — Administration and organisation of internal security services.
 Directorate General Banking Supervision	<ul style="list-style-type: none"> — Supervision of the solvency of credit institutions and of other financial institutions and markets subject to the supervision of the Banco de España, within the framework of the SSM, and of their compliance with the specific regulatory and disciplinary rules governing them. — Formulating the necessary proposals for the adoption of preventive, disciplinary and precautionary measures in respect of the above-mentioned institutions, groups and individuals. — Analysis, proposing resolution where appropriate, of requests from credit institutions and other financial agents that the Banco de España must assess or authorise, in the areas entrusted to this Directorate General. — Contributing to defining the Banco de España's supervisory policy in the areas within its remit. — Drawing up draft accounting standards for credit institutions and other supervised institutions, and addressing enquiries in this regard.
 General Secretariat	<ul style="list-style-type: none"> — Secretariat to the governing bodies of the Banco de España. — Legal advice to the governing bodies and to the Bank in general. — Conduct of sanctioning proceedings. — Analysis, proposing resolution where appropriate, of requests from credit institutions and other financial agents that the Banco de España must assess or authorise, in the areas entrusted to this General Secretariat. — 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. — Management of internal and external reporting channels. — Advice and support in protocol matters and organisation of institutional events. — Supervision of natural or legal persons that pursue activities reserved for, or make undue use of the names restricted to, institutions subject to the functions and competences of the Banco de España without being registered on its official registers.

SOURCE: Banco de España.



More information on the [organisational structure of the Banco de España](#) can be found on the Banco de España website.

4.2 Headquarters and branch offices

The Banco de España has a total of 17 offices spread across the country. Specifically, Madrid has two buildings, both located on Calle de Alcalá: the main headquarters at number 48 and a second building at number 522.

In addition, the Banco de España has a network of branch offices distributed throughout the country in 15 cities, namely: A Coruña, Alicante, Badajoz,



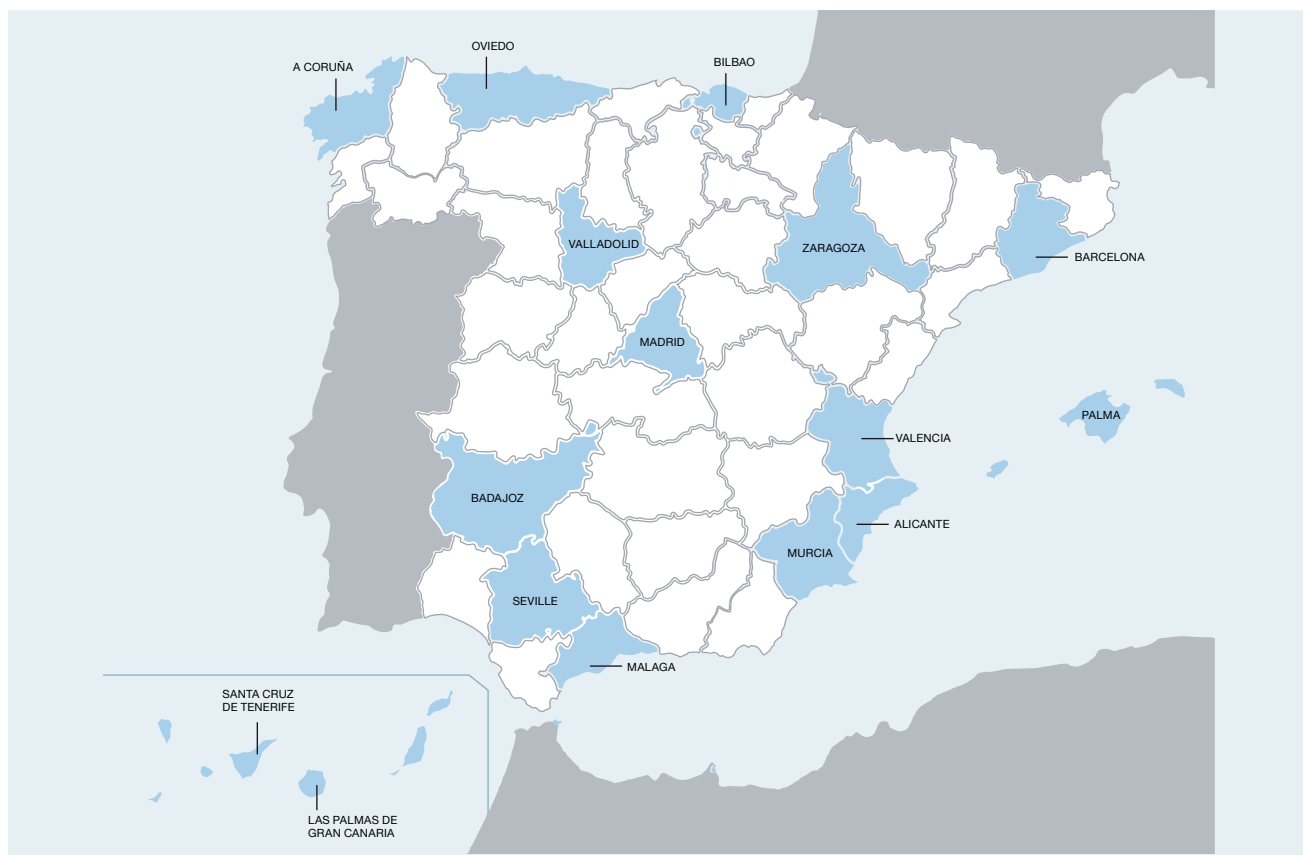
Foyer of the Alicante branch (left). Fragment of the main facade of the Malaga branch (right).

Barcelona, Bilbao, Las Palmas de Gran Canaria, Malaga, Murcia, Oviedo, Palma, Seville, Santa Cruz de Tenerife, Valencia, Valladolid and Zaragoza.

To find out where the offices of the Banco de España are located, see Figure 1.3.

Figure 1.3

BRANCH OFFICES OF THE BANCO DE ESPAÑA



SOURCE: Banco de España.


In addition to the above-mentioned buildings, the headquarters were expanded to incorporate nearby office space located on Calle Prim.

From a **functional point of view**, the main headquarters houses the central services and governing bodies, while the building located at Calle de Alcalá 522 is dedicated to various operational and general service functions.

The branch offices provide a cash service to credit institutions, offer certain services to the public —such as the exchange of euro banknotes and coins, including damaged ones, the withdrawal of suspected counterfeit cash from circulation and government debt subscription and operations. They also handle requests for Central Credit Register (CCR) information, complaints or enquiries about institutions’ conduct, among others— and organise workshops and information days. In Madrid, these services are offered at the main headquarters.

The branch offices also carry out supervisory support tasks for the central departments in the areas of institutions’ conduct and cash.

From an **architectural point of view**, the offices of the Banco de España are usually emblematic buildings, such as its central headquarters located next to Plaza de Cibeles in Madrid. This building, inaugurated in 1891, was not the Banco de España’s first head office, as the institution previously had several locations. Moreover, the building that was acquired in 1882 was not preserved, and the new building that was designed for the site later underwent three extensions. Several elements of its interiors also stand out, such as the grand staircase, the library, the banking hall and the vault.



For further information on the [headquarters and branch offices of the Banco de España](#), see the institution’s website.

4.3 Staff composition and internal administration

a) Staff composition

At 31 December 2023, the total number of Banco de España employees was 3,473.

The average age of employees rose slightly compared with 2023 to stand at 47.22 years. By gender, women account for 51% of staff and men 49%, with the gender balance of recent years holding steady. In this regard, the proportion of female staff at the Banco de España has increased by approximately five percentage points over the last ten years, as shown in Chart 1.1.

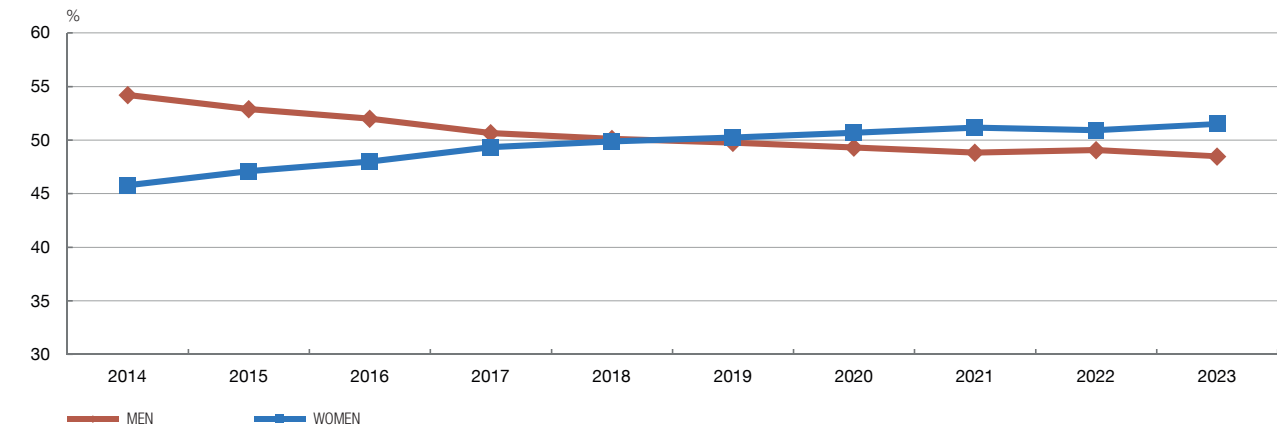
Chart 1.2 illustrates the composition of staff according to the various professional groups that comprise it: a) senior managers (Directors General and Associate Directors General); b) managers (heads of division or comparable positions and unit heads); c) senior experts and specialists; and iv) individuals in support positions (administrative staff and various support services). Chart 1.3 shows the distribution of men and women in each of the professional groups in the last five years.

At the end of 2023, there were 431 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 business units report to this director: Cash-Operations, which carries out cash and bank operations, and Financial Control, which audits and accounts for all operations.

b) Internal administration

The development and promotion of the Banco de España’s brand continues to be prioritised and, during 2023, **selection processes with a high strategic value** were launched to continue responding to the challenges of the digital transformation promoted by SP 2024. In a context in which attracting technological profiles is increasingly complex due to the high demand for these professionals in the market, a major campaign was launched to recruit information technology experts, publicising the type of projects the Banco de España carries out and the value they offer.

Chart 1.1
STAFF COMPOSITION (2014-2023)

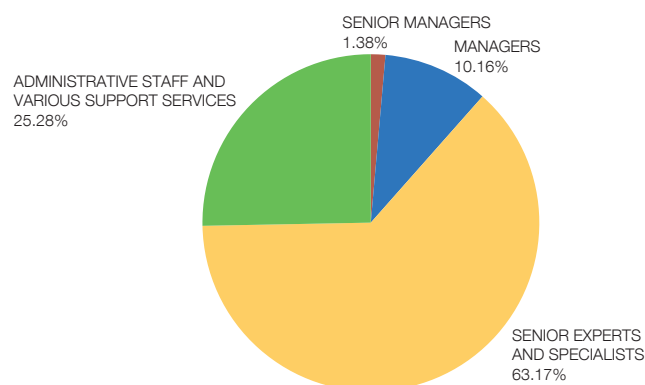


As a percentage

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Men	54.21	52.89	52.01	50.67	50.11	49.77	49.30	48.84	49.08	48.49
Women	45.79	47.11	47.99	49.33	49.89	50.23	50.70	51.16	50.92	51.51

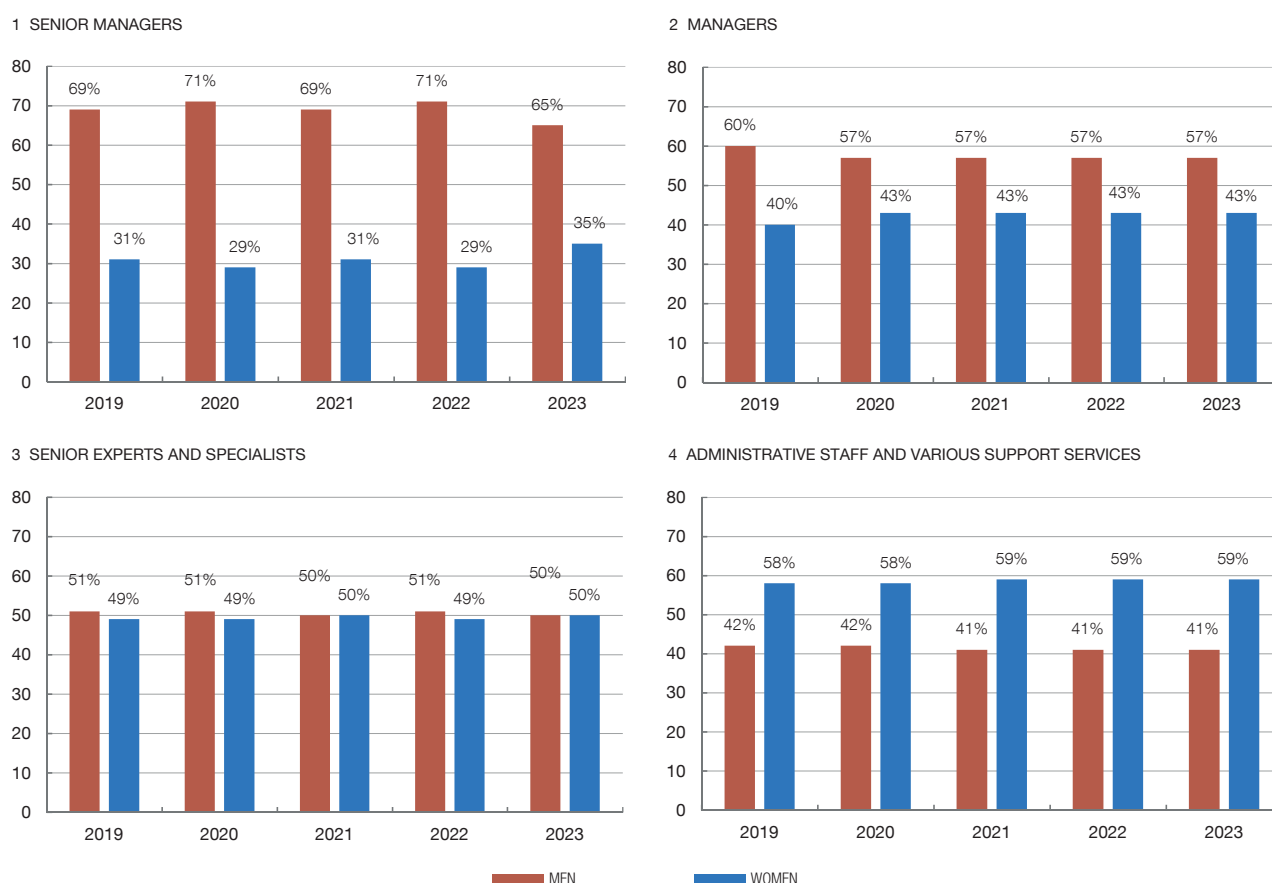
SOURCE: Banco de España.

Chart 1.2
STAFF COMPOSITION, BY PROFESSIONAL GROUP



SOURCE: Banco de España.

Chart 1.3
STAFF COMPOSITION, BY GENDER, IN THE LAST 5 YEARS



SOURCE: Banco de España.

In addition, the focus was placed mainly on recurrent selection processes, for Banco de España specialists and experts and inspection staff, essential for the proper conduct of the institution's activities.

In line with the Banco de España's commitment to diversity and inclusion, vacancies are reserved for people with disabilities in certain selection processes, an initiative that the institution will continue to promote as part of its strategy to attract talent.

The Banco de España is also committed to the **professional development of its workforce**, encouraging and supporting promotion to management positions with responsibility for teams. In 2023, 58 individuals were promoted to such positions, 45% of whom were women.

For its part, the international mobility agenda is of major relevance and focuses on collaboration with other institutions, especially with bodies of the ESCB and the SSM.

The Banco de España advocates **equal treatment and opportunities for women and men**, a position that has been strengthened with the entry into force of the Banco de España's Equality Plan in January 2023, which will remain in effect until 2025. The Equality Plan contains a total of 23 measures that cover aspects such as communication, training, selection, the family and work life balance and career development. It also includes a protocol against sexual harassment, gender-based harassment and harassment based on sexual orientation, and establishes a confidential reporting channel.



To learn about the selection processes and the scholarships and grants offered by the Banco de España, see the [careers and grants](#) section of the institution's website.

4.4 Special purpose entities

The commercial-law company Imprenta de Billetes, S.A.(IMBISA) and the Fundación Centro de Estudios Monetarios y Financieros (CEMFI) are special purpose entities of the Banco de España. As such, the Banco de España is supported by these entities, the main characteristics of which are described in Boxes 1.1 and 1.2, respectively.

Box 1.1

IMPRENTA DE BILLETES, S.A.

Imprenta de Billetes S.A. (IMBISA) is a company that manufactures euro banknotes and is 80% owned by the Banco de España and 20% owned by the Spanish National Mint (FNMT-RCM). 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).

2023 marked an essential milestone for the Banco de España, with the completion of a unique and complex construction project for the new Spanish banknote printing works, IMBISA, located on Avenida de Daroca (Madrid). After the construction phase was completed, during 2023 new machinery and laboratory equipment was installed and personnel and assets were relocated from the former premises on Calle Jorge Juan (Madrid). In

July, the new printing works obtained the accreditation required by the European Central Bank for the production of euro banknotes. Thus, since 2023, the Banco de España and the Eurosystem have optimal, innovative facilities that, guided by strict security, quality and sustainability criteria, have started producing euro banknotes and undertaking custody, distribution and business continuity activities to support the Banco de España’s cash management.

At its September 2023 meeting held at the Banco de España, the Banknote Committee (BANCO), visited IMBISA and issued a positive assessment of the innovative features of the new printing works and the cutting-edge technology of the installed machinery, highlighting the automatic and intelligent storage systems, which has led to it being considered **the most modern banknote printing facility in the Eurosystem**.



Aerial view of IMBISA.

CENTRE FOR MONETARY AND FINANCIAL STUDIES



Detail of the inner courtyard of the CEMFI building.

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 Universidad Internacional Menéndez

Pelayo, 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 a **summer programme** for undergraduate students and a **summer school** providing training courses for economists and finance professionals.

- With respect to research, 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. Since 2022, it has worked alongside the Ministry of Inclusion, Social Security and Migration on projects based on randomised control trials for the **evaluation of social inclusion itineraries linked to the minimum living income**.

In 2023, the **agreement signed by the Banco de España and CEMFI** in 2022 to promote the activities and initiatives of both institutions in pursuit of their goals, and to strengthen CEMFI's role as a centre for training and research in areas of interest to the Banco de España, remained in force.

5.1 Reports and other annual publications

The Banco de España regularly reports on its activity through various publications. Some of its key annual publications are described in Figure 1.4.

5.2 Other periodic publications

In addition to the annual publications referred to above, the Banco de España also publishes other documents, bulletins and reviews with varying frequency. The most important ones can be found in Figure 1.5.

5.3 Other non-periodic publications

In addition to the aforementioned periodic publications mentioned in sections 5.1 and 5.2, the Banco de España publishes other documents and research papers on topics related to the economy, finance, the history and organisation of the Banco de España, as well as other topical issues. Among the most downloaded analysis and research documents in 2023, which can be found in Figure 1.6, are those related to a more social content and those linked to the cost of living crisis or environmental sustainability.

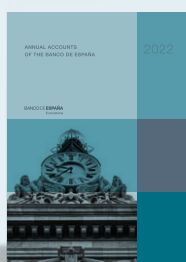
Figure 1.4

KEY ANNUAL PUBLICATIONS**REPORTS AND OTHER ANNUAL PUBLICATIONS****Annual Report**

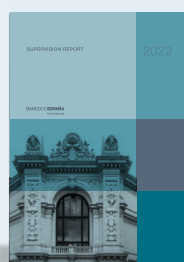
This report reviews the economic and financial performance of the Spanish economy and the main risks and vulnerabilities facing it in the short and long term. It places special emphasis on the international environment, the euro area and economic policy.

**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 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 Banco de España's 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 activity of the Banco de España's CCR during the year, focusing on the most relevant aspects affecting the credit risk information it receives and processes, and the services provided to its users.

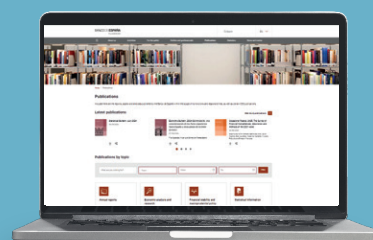
**Climate-related aspects of the Banco de España's non-monetary policy portfolios**

This is a new report, first published in 2023. It contains financial information on climate aspects of non-monetary policy portfolios and contributes to transparency in the disclosure of climate-related information following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

STATISTICAL INFORMATION**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 and information compared with that of other European central balance sheet data offices.

All [annual publications](#) can be found on the Banco de España website



SOURCE: Banco de España.

Figure 1.5

OTHER PERIODIC PUBLICATIONS

ECONOMIC ANALYSIS AND RESEARCH

**Economic Bulletin**

A quarterly publication that analyses the macroeconomic performance of the Spanish economy.

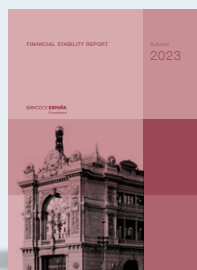
The analytical articles formerly published under the Analytical Articles and Economic Notes series have been discontinued, and are now issued as *Economic Bulletin* articles.

**Research Update**

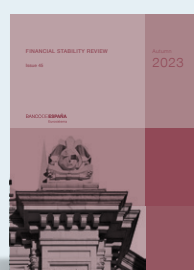
This update provides a half-yearly summary of research activities at the Banco de España.

It is targeted at the international research community and is therefore published in English.

FINANCIAL STABILITY AND MACROPRUDENTIAL POLICY

**Financial Stability Report**

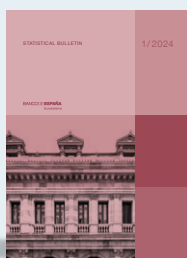
A half-yearly publication (spring and autumn) that analyses the risks to the Spanish financial system and the profitability and solvency of Spanish deposit institutions, and sets out the Banco de España's macroprudential policy and measures.

**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 an open publication, with personal collaborations from financial sector experts and researchers, subject to an anonymous refereeing process.

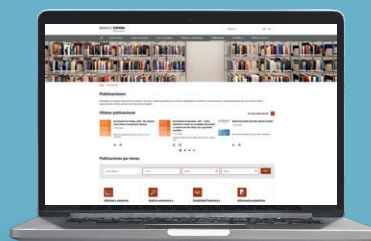
STATISTICAL INFORMATION

**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.

SOURCE: Banco de España.

All periodic publications can be found on the Banco de España website



Figures 1.6

THE MOST DOWNLOADED WORKING PAPERS, OCCASIONAL PAPERS AND *ECONOMIC BULLETIN* ARTICLES IN 2023**WORKING PAPERS****2310. Machine Learning methods in climate finance: a systematic review****2307. Do Renewables Create Local Jobs?****2312. Sector-level economic effects of regulatory complexity: evidence from Spain****2334. Climate-conscious monetary policy****OCCASIONAL PAPERS****2302. The good, the bad and the hot house world: conceptual underpinnings of the NGFS scenarios and suggestions for improvement****2305. Un repaso de las diversas iniciativas desplegadas a nivel nacional e internacional para hacer frente a los riesgos de exclusión financiera (in Spanish only)****2320. In-person access to banking services in Spain: 2023 Monitoring Report****2314. Risk and vulnerability indicators for the Spanish housing market****ECONOMIC BULLETIN ARTICLES****2023/Q1. Article 09. Pension expenditure in Spain: a European comparison****2023/Q1. Article 20. Economic effects of a possible prolonged deterioration in the general health of the Spanish population****2023/Q1. Article 15. Support measures in the face of the energy crisis and the rise in inflation: an analysis of the cost and distributional effects of some of the measures rolled out based on their degree of targeting****2023/Q1. Article 16. Government revenue in the wake of the pandemic. Tax residuals and inflation****2023/Q2. Article 09. The housing supply and demand mismatch and its relationship with house prices****2023/Q3. Article 11. Pass-through of rising production costs to the selling prices of non-financial corporations in 2022**

All the Occasional Papers, Working Papers and *Economic Bulletin* articles are available on the Banco de España website, listed by publication date or thematic content. These non-periodic publications can also be found in the Institutional Repository.

SOURCE: Banco de España.

6 TRANSPARENCY AND ACCOUNTABILITY

6.1 The Transparency Portal

Law 19/2013 of 9 December 2013 on transparency, access to public information and good governance (Transparency Law) is designed to enhance transparency as a mechanism for facilitating oversight of public activity. The Banco de España approaches the transparency regime from two angles:

- **Active disclosure**, through the [Transparency Portal](#), in which, in addition to the information provided for in the Transparency Law, other content that is considered to be of interest to the public is published. This information is organised into the following categories: “Institutional and planning information”, “Legally relevant Information”, “Economic information” and “Right of access”. In addition, a **“Frequently Asked Questions” section is included**, on issues related to the Banco de España and on transparency, that members of the general public have raised with this institution.
- The [right of access to public information of the Banco de España](#), through which individuals and legal entities can access content or documents, whatever their format or medium, that are in the possession of the institution and that have been prepared or acquired in the performance of its functions and activities subject to administrative law.

Schema 1.9 contains data on access requests processed by the Banco de España in 2023.

Schema 1.9

MANAGEMENT OF THE RIGHT OF ACCESS TO PUBLIC INFORMATION IN 2023

49 REQUESTS FOR ACCESS TO PUBLIC INFORMATION	
14 granted — 11 granted in full — 3 granted partially	6 rejected, due to the confidential nature of the information
14 referred to other bodies, as the Banco de España was not the competent body	3 not admissible, as the information requested was not held by the Banco de España
12 shelved, 10 because the applicants failed to remedy the defects apparent in their requests and 2 because the applicants withdrew the request submitted	

SOURCE: Banco de España.

TEN YEARS OF THE TRANSPARENCY LAW IN THE BANCO DE ESPAÑA

In terms of **active disclosure**, on its own initiative and on a regular basis, the Banco de España began publishing on its Transparency Portal the information provided for in Law 19/2013 of 9 December 2013 on transparency, access to public information and good governance. The Banco de España's commitment to transparency subsequently led it to voluntarily publish other content of interest to the public on this website, such as the Governor's and the Deputy Governor's calendars, the codes of conduct of the governing bodies and staff, or information on its historical-artistic heritage.

With regard to the **right of access**, the Banco de España has processed 304 requests since the entry into force of the law. Between 2015 and 2017, nearly a dozen requests were received each year. The number of requests rose to more than 60 in both 2018 and 2019. In the period between 2020 and 2023, an average of 39 requests were processed each year. To date, the judicial decisions that have resolved the appeals filed (a total of 10) against the rulings handed down in this area have been favourable, and endorse the institution's application of

the Transparency Law with respect to the right of access.

Meanwhile, the results of the evaluations carried out by the Transparency and Good Governance Council of the Banco de España's compliance with its obligations in this area also affirm the institution's firm commitment to transparency. **In 2016, the institution obtained a score of 9.43 out of 10; in 2021, the score was 95.1%, and in 2022, the date of the last evaluation, 99.2%.** Since the objective is to achieve the highest score, improvements were made to the procedure for updating the procurement information published on the Transparency Portal, as this is the only area which did not obtain the top score.

The Banco de España's commitment to transparency and accountability to society is based not only on the obligations imposed on the institution by law, but is also part of the very essence of the Banco de España. Precisely for this reason, in the Strategic Plan 2024, approved in 2020, transparency is established as one of the five core values that guide the institution in the performance of its functions.

Transparency is a principle that is inherent to the culture of the Banco de España and underpins its activity. The institution's commitment to transparency and accountability to society has guided its actions in the ten years since the approval of the Transparency Law, becoming one of its strategic values following the approval of SP 2024.

In 2023, the Transparency Portal registered an extraordinary increase in visits, mainly due to Open Government Week, which took place in March.

Box 1.3 shows the legacy of the ten years of application of the Transparency Law at the Banco de España.

In addition, in order to strengthen institutional transparency, [the calendars of the Governor and Deputy Governor](#) are published on the Transparency Portal each month. The [speeches given by the Governor and Deputy Governor](#) are also available on the Banco de España's website. The following sections summarise the key speeches delivered at international and national fora.

6.2 Parliamentary appearances

In accordance with the provisions of the applicable regulations, the Banco de España submits to the Spanish Parliament various **reports that are published on a regular basis**. In addition, **the Governor**, as the representative of the institution before the Spanish Parliament, as established by the Law of Autonomy, **appears regularly before the lower and upper houses (*Congreso and Senado*)** to report on the Bank's actions. Moreover, the Governor appears before Parliament to present the *Annual Report* a publication that reviews the economic and financial performance of the Spanish economy and of the main risks and vulnerabilities it faces in the short and long term.

In 2023, the Governor made one parliamentary appearance; specifically, on 23 February, before the Economic Affairs and Digital Transformation Committee of the Congress of Deputies, in connection with the Bill creating the Independent Administrative Authority for the Protection of Financial Customers for the out-of-court settlement of disputes between financial institutions and their customers. Given the changes in the schedule of parliamentary sessions that year resulting from the general election process and the actual workings of Parliament and its committees, the *Annual Report* was not presented and other regular appearances did not take place.



The Governor of the Banco de España, Pablo Hernández de Cos, appears before the Economic Affairs and Digital Transformation Committee of the Congress of Deputies.

6.3 Other public appearances

The Governor and the Deputy Governor spoke at numerous national and international fora in 2023. Some of the most noteworthy speeches are set out in Boxes 1.4 and 1.5.

Box 1.4

PUBLIC APPEARANCES BY THE GOVERNOR

The Governor's participation in **international fora** notably included the [International Symposium on Central Bank Independence](#), organised by the Central Bank of Sweden; the conference on [Investing and Financing Resilience and Renewal in Europe](#), organised by the Banco de Portugal, the Banco de España and the European Investment Bank, and the 2023 Annual Meetings of the World Bank Group and the International Monetary Fund, where he took part in [Governor Talks Spain: Reclaiming price stability in the euro area - the road ahead](#), addressing the challenges faced by the European Central Bank in its fight against inflation. Also worth noting is his attendance at the [114th Meeting of Central Bank Governors members of the Center for Latin American Monetary Studies](#), where he was elected president of its Governing Board, and at the event to celebrate the [25th anniversary of the European Central Bank](#).

In Spain, he participated in the [18th Banking Industry Meeting](#), organised by IESE; in the [Círculo Financiero La Caixa](#), where he shared his thoughts on monetary policy in the euro area; at the [International Affairs and Foreign Policy Institute \(INCIPE\)](#), with a speech on strategic autonomy and strengthening the financial architecture of the European Union, and in the [elEconomista 6th Banking Forum](#), where he presented an analysis of the situation of the Spanish banking sector. He also delivered closing speeches at the [Seminar on the European Banking Package: Capital Requirements Regulation and Directive \(CRR/CRD \)](#), organised by the Office of the European Parliament in Spain, and the second edition of the [Conference on the Spanish Economy, organised by the Banco de España](#), the Centre for Monetary and Financial Studies (CEMFI) and Universidad Internacional Menéndez Pelayo.

Box 1.5

PUBLIC APPEARANCES BY THE DEPUTY GOVERNOR

In 2023, the Deputy Governor took part in numerous **international fora**, notably as a panellist at the roundtable [The process of technological innovation at central banks](#), within the framework of the Bank for International Settlements Innovation Summit 2023, or as a moderator (in the context of the sessions of the Eurofi High Level Seminar 2023, organised by both the Swedish and Spanish presidencies of the EU Council) in the [panel discussion on digital operational resilience and business continuity](#), and in the roundtable [Lessons from the banking turmoil in terms of regulation and supervision](#). Also significant was her speech at the seminar [Diverse and effective boards in a changing and competitive landscape](#), on the supervisory role of the board of directors as an essential element of governance, organised by the European Central Bank and the Florence School of Banking and Finance.

In **Spain**, she participated in the [conference on anti-money laundering and counter financing of terrorism](#), promoted by the First Vice President's office of the Government and the Ministry of the Economy and Digital Transformation (now the Ministry of Economic Affairs, Trade and Enterprise). Also significant were her interventions at the [7th ICO Sustainable Bond Forum](#); at the [3rd Annual Meeting organised by the Centre for Responsible and Sustainable Finance](#), at which she addressed the importance of banks in the decarbonisation of the economy, or at the [11th International Business Symposium Foundation for Energy and Environmental Sustainability](#), on the role of central banks in sustainable finance. She was also responsible for opening the conference on [The role of women in the banking sector](#), organised by the Spanish Banking Association, and for closing the [4th Observatory on Saving and Investment in Spain](#) organised by Bestinver and IESE in collaboration with Europa Press.

7 SERVICES TO THE GENERAL PUBLIC: IN-PERSON AND ONLINE

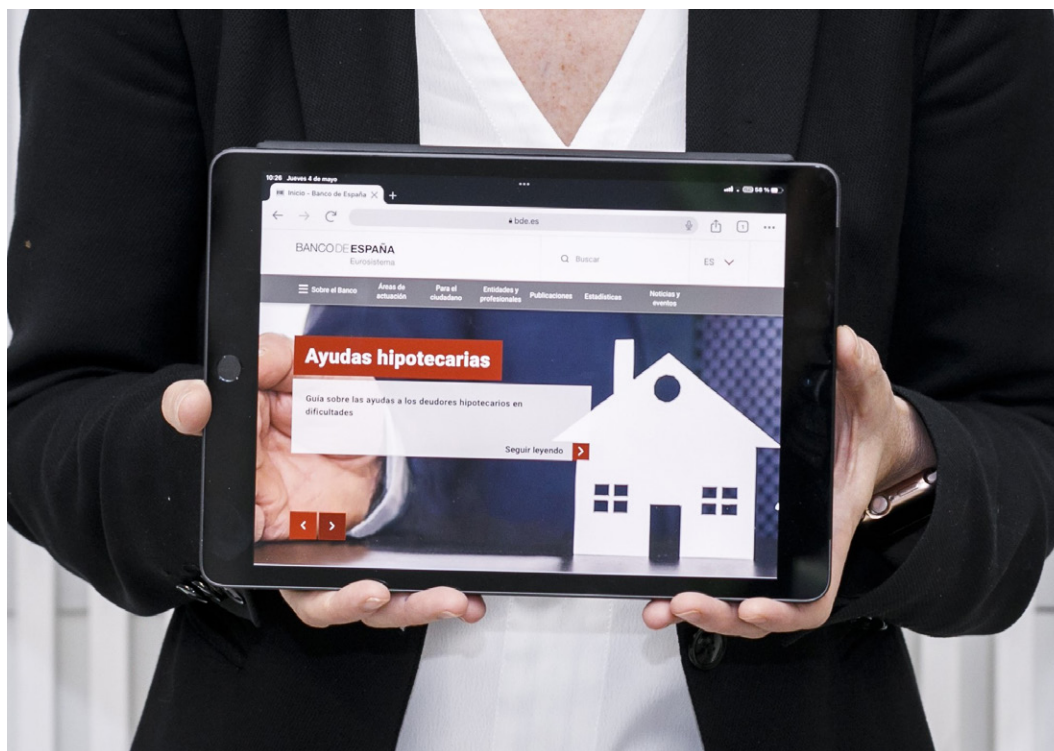
7.1 The Banco de España website and portals

The Bank's website is its main channel of communication, as evidenced by the more than 7.5 million visitors and 57 million page views in 2023.

On 4 May 2023, the **new institutional website** (www.bde.es) of the Banco de España was launched, to offer a better browsing experience with a **more modern and attractive design** and a greater presence of graphic elements.

The website was redesigned with the users in mind, in order to improve their experience and facilitate access to the huge volume of information it offers. To this end, a simpler browser architecture was developed, based not on the internal organisation of the Banco de España but on a small number of general entries. These include institutional content, information on its areas of activity, the services it offers, the content it produces (mainly publications and statistics) and a section aimed especially at the media.

In addition, the **notification service** was enhanced, providing users with greater control in the selection of the content they are interested in receiving. A new search engine and multiple filters were added to make it easier to find the desired content.



The Banco de España launched a new institutional website to make its main communication channel more accessible.

Redesigning the website forms part of an SP 2024 initiative aimed at strengthening the channels and improving the formats used to convey information. In keeping with this initiative, **in 2023, the Banco de España blog was launched**, focused on sharing our analysis of economic and financial issues of interest to the public, as well as the

Schema 1.10
BANCO DE ESPAÑA'S PORTALS



Transparency Portal
Includes relevant information to broaden and strengthen the institution's transparency as a mechanism for facilitating control of its public actions.



Virtual Office
Offers a range of services and procedures that can be provided online by the Banco de España.



Bank Customer Portal
Provides access to information on the main banking products, services and practices.



Education Portal
Makes various educational tools for students and teachers available to the school community.



Finance for All
A portal run by the Ministry of Economic Affairs, Trade and Enterprise, the CNMV and the Banco de España that provides information and learning resources on banking operations and personal finances.



Economic Research Portal
Provides information on the research projects undertaken at the Banco de España, the priority areas of research and the research staff.



Art Collection
Contains information on the Banco de España's historical and artistic heritage.



CEMFI
Provides information on CEMFI, a foundation of the Banco de España set up as a special purpose entity to promote education and research in economics.

The different Banco de España portals can be accessed via the institutional website.

SOURCE: Banco de España.

ins and outs of the institution's functions and activities, using a simple format and plain language.

The website also provides access to various **portals of 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 1.10 describes the content of each of these portals.

7.2 Virtual Office and other services

a) Virtual Office

The Virtual Office is available to users wishing to conduct business with the Banco de España online.

The Virtual Office offers the general public, businesses, financial institutions and administrations a **secure digital environment** in which to conduct their business swiftly, effectively and efficiently from any location, **available 24 hours a day, 365 days a year**.

Each year the range of business that may be conducted online is updated – requests for reports, filing of declarations, claims, complaints, enquiries, etc. – and the services offered are improved.

During 2023, **115 procedures were available via this Office**.

The number of visits to the Virtual Office increased by 12% in 2023, to approximately 2.3 million.

The **most visited sections** of the Virtual Office include the **Catalogue of Procedures** (containing an alphabetical list of all the procedures and services offered), with 60% of visits; **Citizens**, with 18%; **Companies**, with 14%; **Public Authorities**, with 6% and **Financial Institutions**, with 2%.

As for the most viewed procedures and content in 2023, the request for credit reports from the CCR by borrowers stands out, with 2.3 million views, followed by contents relating to complaints and enquiries about transparency regulations and best banking practice, with 220,000 views. The third most viewed content was related to the reporting by residents in Spain of cross-border economic transactions and balances of financial assets and liabilities abroad (ETE form), with 180,000 views.

In 2023, nearly 400,000 files were downloaded from the Virtual Office. In addition, 5,642 general enquiries relating to the Virtual Office were handled via e-mail.



In the Virtual Office you will find the [catalogue of procedures](#) that can be carried out electronically.

b) General Register and information for the public

The Banco de España has a **Single General Registration System** (Central Register, Auxiliary Registers and Electronic Register) for receiving and sending requests, documents and communications relating to the procedures and services within its remit.

The Central Register (in Madrid) and the Auxiliary Registers (at the branch offices) make up the on-site registers. The Electronic Register, available through the Virtual Office, is the channel for electronic receipt of requests, communications and other documents relating to procedures available in the Office that require registration. **It is operational 24 hours a day, all year round.**

2023 saw an increase in electronic submissions, 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. In addition, there was a steady increase in the use of electronic means by individuals.

As far as outgoing documentation is concerned, there was a decrease in both the in-person and online requests.

The Banco de España also provides **in-person 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.

The Banco de España also has a **general information desk** for the public, both at its headquarters and at the branch offices, to clarify or answer questions about its procedures and services. In 2023 the general information desk of the Banco de España's Central Register handled 3,610 enquiries. Compared with previous years, the number of enquiries dealt with remained stable.

In 2024, the Banco de España will continue to work on its integration with different electronic platforms and services provided by the central government.



The Electronic Register, available through the Virtual Office, is operational 24 hours a day, 7 days a week.

c) Electronic notification service

Since the implementation of the Electronic Notification Service in May 2021 and joining the Single Enabled Electronic Address (DEHú) notification service in September 2022, interested parties can access the electronic notifications and communications issued by the Banco de España in a centralised and immediate manner. This system makes issuing notifications more efficient and speeds up the digital acknowledgement process.

In 2023, 21,692 electronic notifications and 3,067 electronic communications were made available to interested parties.

In addition, the Banco de España continued to make progress in the **digital transformation**, implementing new technologies such as robotic process automation (RPA) for the mass generation of notifications and artificial intelligence (machine learning) for the classification of documentation.



2

ACTIVITY REPORT

JANUARY

**18 January**

The Director General of Financial Stability, Regulation and Resolution of the Banco de España is elected a new member of the Management Board of the European Banking Authority

26 January

Publication of the “Study on cash use habits”

FEBRUARY

**7 February**

International conference on household expectations in the Financial Survey of Families

24 February

Publication of Banco de España Circular 1/2023, of 24 February 2023

MARCH

**20 March**

32 workshops during Open Government Week

29 March

First report on climate aspects of the Banco de España's investment portfolios

APRIL

**17 April**

Cooperation and Technical Assistance Agreement with the Central Bank of Paraguay

20 April

Publication of the *Catalogue raisonné of Banco de España timepieces*

MAY

**4 May**

New Banco de España website (www.bde.es)

10 May

Publication of the Banco de España's *Annual Report 2022*

JUNE

**2 June**

Agreement with the Elcano Royal Institute Foundation for International and Strategic Studies

21 June

Seminar “NGEU Funds: monitoring, allocation and impact”

JULY



3 July

First quarterly report of the Observatory of Business Margins

19 July

The European Central Bank grants approval to the new IMBISA plant for the manufacture of the quota of euro banknotes allocated to Spain

AUGUST



30 August

The Governor participates in the Annual Congress of the European Economic Association, on inflation and household income distribution

31 August

Publication of the monthly balance of payments position

SEPTEMBER



18 September

First external evaluation of the Banco de España's research activities

20 September

First Banco de España blog

OCTOBER



2 October

Financial Education Day

18 October

The Eurosystem moves to the next phase of the digital euro project

NOVEMBER



14 November

Presentation of the main results of the 2021 Survey of Financial Competences

29 November

Publication of the annual results of non-financial companies 2022

DECEMBER



1 December


Periodic dissemination of official benchmark rates for the mortgage market

19 December

Presentation of the projections for the Spanish economy and analysis of the main economic challenges for the 2023-2026 period

1 PREVIEW OF THE STRATEGIC PLAN 2024

PREVIEW OF THE STRATEGIC PLAN 2024



What does it consist of?

It is the institution's first comprehensive strategic planning exercise and has a five-year execution horizon, from 2020 to 2024.

Why is it important?

It allows the Banco de España to better adapt to a changing economic, social and technological environment, and to achieve greater efficiency and quality in the services it provides, as well as to set common objectives for its entire workforce.


What does the Banco de España do?

Develop different initiatives to achieve the strategic objectives of the Strategic Plan 2024, with the desire to contribute to the prospects and well-being of Spanish society within the scope of its functions.

What is the objective?

To be a landmark central bank, dynamic and committed to society.

In 2023, progress continued to be made on the initiatives included in the institution's first Strategic Plan (SP 2024). Given the approach of the end of its term, scheduled for 2024, Figure 2.1 shows the most significant advances that have occurred in the five strategic objectives since its approval.



For more information on [SP 2024](#), see the Banco de España's website



The Banco de España's first Strategic Plan was approved in 2020, with a five-year execution horizon.

Figure 2.1

PROGRESS OF THE STRATEGIC PLAN 2024 OVER ITS LIFETIME



OBJECTIVE 1

EARLY REACTION TO RISKS TO FINANCIAL AND ECONOMIC STABILITY

The increased global complexity and uncertainty existing in the current environment demand a strengthening of risk and vulnerability analysis tools. Thus, to achieve this objective, the Banco de España's **Financial Stability Committee was established**. This committee is focused on the promotion of specific actions to respond to and mitigate risks to financial and economic stability, establishing the institution's position for national, European and international macroprudential forums and committees.

Exercises were also carried out to analyse the impact of new risks on Spanish institutions —risks associated with climate change, for example — and **data analysis capacity was strengthened** in order to anticipate risks to financial stability and adopt the most appropriate response measures.

OBJECTIVE 2

MODERNISATION OF THE BANCO DE ESPAÑA

In a context in which society demands greater efficiency and effectiveness of public authorities' actions, the Evaluation Programme was launched, involving a process of continuous improvement of the institution and strengthening its transparency, governance and accountability.

With regard to internal management and organisation, the results achieved with the **implementation of the Digital Transformation Programme**, aimed at achieving greater resource efficiency, stand out. In particular, the implementation of 61 robotisation, automation and data analytics projects from the start of the plan until the end of 2023 made it possible for efforts to be devoted to activities with greater added value. Since 2020, more than 390,000 hours of work, which previously involved manual and repetitive tasks, are carried out through automated processes.

It is also worth highlighting the improvement of data exploitation and visualisation through the use of **new artificial intelligence technologies and models**, the adoption of a **data governance model and the strengthening of cybersecurity in the face of cyber threats**. Special mention should be made of the development of a **technological platform for the processing and analysis of data from the Central Credit Register (CCR)**, which incorporates greater capacities for individualised monitoring of lending conditions and the risk profile of operations for monitoring and analysis.

Finally, a new corporate policy for the management of spaces and buildings was adopted, making it easier to achieve results in a more flexible environment, regardless of the location of the properties.



OBJECTIVE 3

BOOSTING EXCELLENCE THROUGH TALENT MANAGEMENT

Talent management is one of the cornerstones of SP 2024. As such, this objective justified the adoption of a **model of teleworking and digital disconnection** in line with the current work environment.

This flexibility was accompanied by an improvement in training and development, and by defining a talent and leadership model that describes the competencies that guide the way Banco de España employees work and collaborate. In addition, the commitment to equality, diversity and inclusion was reflected in various promotional actions, such as the signing of the **1st Banco de España Equality Plan**.

With regard to the new additions, and within the framework of SP 2024, the simplification of profiles was addressed to standardise and homogenise processes. In addition, there was a significant increase in the number of applicants as a result of the **promotion of the employer's brand in relation to particularly sought-after groups**. This promotion was carried out through the employment section of the Banco de España website and with the launch of specific recruitment campaigns on social media.

SOURCE: Banco de España.

Figure 2.1

PROGRESS OF THE STRATEGIC PLAN 2024 OVER ITS LIFETIME (cont'd)**OBJECTIVE 4****INCREASING THE INFLUENCE OF THE BANCO DE ESPAÑA**

In order to maximise the relevance of its analytical work, the **analytical and research priorities that guide the work of the institution's research staff were updated**. In addition, the **Banco de España Business Activity Survey (EBAE)** was launched, having been carried out quarterly since 2020 in order to provide qualitative information on the short-term evolution of activity, employment and prices in Spanish companies. This survey is a clear example of the Banco de España's commitment to improving the diagnosis of the current situation of the Spanish economy.



This survey is a clear example of the Banco de España's commitment to improving the diagnosis of the current situation of the Spanish economy. The promotion of cooperation and the strengthening of national and international influence are becoming increasingly important in a highly interconnected and internationalised banking industry. To this end, the Banco de España must act with a single voice and optimise how it positions itself in the fora and committees in which it participates. Specifically, the number of management and leadership positions in strategically relevant groups held by active staff has doubled since 2020, such as with the chairmanship of the **Basel Committee on Banking Supervision (BCBS)** since 2019 and of the **Center for Latin American Monetary Studies (CEMLA)** in May 2023. The visibility of publications prepared by the Banco de España also increased, in particular with regard to the number of articles published in prestigious research journals¹, which has increased by 12.7% since 2020. It also highlights the greater relevance of the institution's research and analysis in public debate and, specifically, in parliamentary debates, as a result of the macroeconomic context (inflation, rising interest rates, etc.).

Finally, the launch of the **BeGlobal community** reinforces the link with people on leave of absence and expatriates in international economic organisations, while at the same time enriching the institution's outlook.

**OBJECTIVE 5****GREATER TRUST IN THE BANCO DE ESPAÑA**

The promotion of financial stability requires not only sound identification and analysis of risks, but also adequate oversight of the conduct of financial institutions and promotion of financial education. After the creation of the Directorate General Financial Conduct and Banknotes in 2022, conduct supervision was strengthened in 2023, among other measures, through the **improvement of early warning tools and the supervisory planning process; increasing the visibility of conduct actions, and the adoption of more a proactive communication strategy** with entities.

Moreover, the **guiding principles and general lines of the institution's financial education strategy**, based on the Financial Education Plan, were developed. In this regard, the growing interest of society in general in aspects of financial education was illustrated by the significant increase in the number of enquiries via **the Bank Customer Portal**. Specifically, in January 2023, for the first time, there were more than one million monthly visits, with the visits to the section with the mortgage simulators ahead of the rest.

As for the institution moving closer to citizens, it is worth noting, on the one hand, the **remodelling of the Transparency Portal and the Banco de España website**, with a more modern and attractive design that favours more intuitive browsing, and, on the other, the **creation of Communication and Financial Education committees**.

In addition, the operation of the **Banco de España database laboratory (BELab)** was boosted, making databases, tools and analysis methodologies available to external analysts and researchers. The way in which BELab was received among the research community was remarkable, with **48 external research projects** launched so far. Regarding access to new databases, **an agreement was signed with the National Institute of Statistics, 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. What is more, it is worth highlighting how, in this framework, collaboration with other international institutions (for example, with the Institute for Employment Research in Germany) was enhanced.

Finally, the Banco de España participates in different **international fora responsible for promoting and analysing the role of the financial sector in the ecological transition** — such as the Network for Greening the Financial System (NGFS) or the Task Force on Climate-Related Financial Disclosures (TCFD) — and works to **reduce the carbon footprint it generates through its activities, as well as to review its internal waste management procedures**.

SOURCE: Banco de España.

- 1** According to the selection of journals by the Web of Science, one of the most important databases for evaluating research, widely used in universities and research centres.

2 EVALUATION PROGRAMME

EVALUATION PROGRAMME



What does it consist of?

It promotes independent evaluations of the Bank's functions and activities.

Why is it important?

It makes it possible to strengthen the culture of learning and consolidate the external credibility of the Banco de España, as well as guiding the institutional strategy towards actions that inspire cultural change in the organisation.

What does the Banco de España do?

Approve annual evaluation plans so that renowned external appraisers can examine the actions being carried out.

What is the objective?

Modernise the institution, incorporate criteria to increase the effectiveness of its actions and establish a process of continuous improvement.

The initiatives established in SP 2024 include the creation of an evaluation programme, aimed at promoting the modernisation of the Banco de España, introducing criteria to increase the efficiency of its actions and establish a process of continuous improvement.

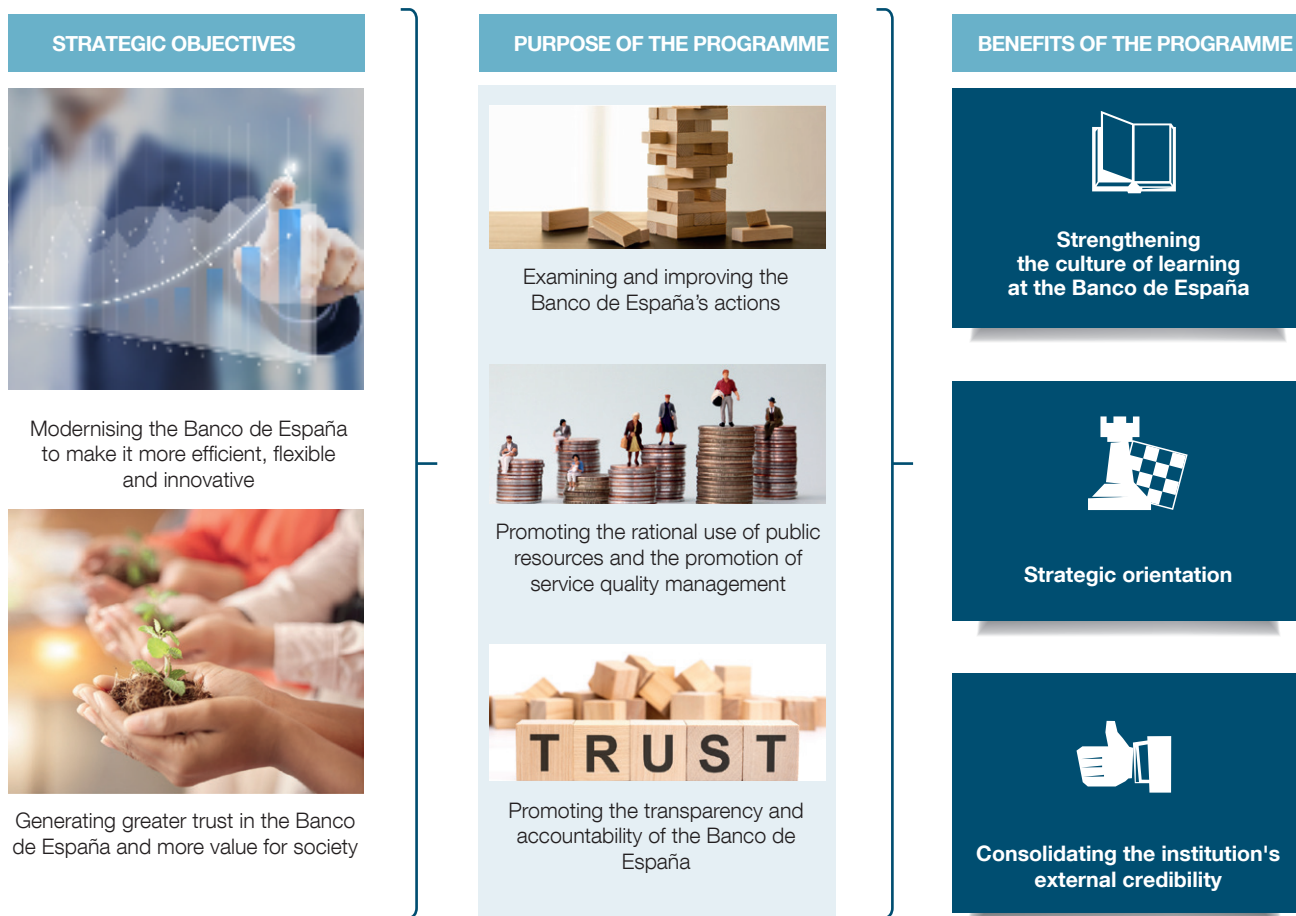
In March 2022, the first Banco de España Evaluation Programme was approved. Its objectives are, therefore, aligned with SP 2024 and with the values that govern the tasks entrusted to the institution, which are the following:

- Examine and improve its actions.
- Promote the rational use of public resources and boost service quality management.
- Foster transparency and accountability.

The achievement of these specific objectives will make it possible to obtain a set of benefits aimed at **strengthening the culture of learning**, through the analysis of best practices for adapting to a constantly changing environment; **consolidating the external credibility of the Banco de España**, by reinforcing the transparency of its actions, and orienting the institutional strategy towards transformational actions that inspire **cultural change within the organisation**.

Schema 2.1 outlines the objectives and benefits of the Banco de España Evaluation Programme.

Schema 2.1

OBJECTIVES AND BENEFITS OF THE EVALUATION PROGRAMME

SOURCE: Banco de España.

Within the framework of the first **Evaluation Plan 2022-2023**, during the second half of 2023, the three evaluations planned for that period were completed. These evaluations were carried out by external evaluators of great international academic and professional prestige. The resulting reports include a set of strengths and recommendations for improvement for each of the functions examined, which are summarised below

a) External evaluation of research activities

This exercise consisted of assessing the scientific quality of research activities, as well as their impact and visibility, governance, relevance to the functions assigned, and impact on economic policy messages and external communication in general.

As strengths, evaluators highlighted the proper integration of the research function in monetary, economic and financial policy decision-making; the positive results that

this integration has achieved since its implementation; the competitive research advantage available in the analysis of large microeconomic databases and in issues related to the labour market, macroeconomics and financial stability, and the high research quality of Banco de España economists.

On the other hand, as possible areas for improvement, the evaluators underlined the following: the advisability of establishing formal mechanisms that, in addition to the current management culture, make it possible to maintain the high level of integration of research results in the institution's positions and in macroprudential and monetary policy decisions going forward, and the need to strengthen collaboration between areas related to the research function of the Banco de España. In addition, they pointed out the importance of continuing to improve the incentives and resources – technological and human – available to researchers and of focusing efforts on research projects with a high impact and influence.

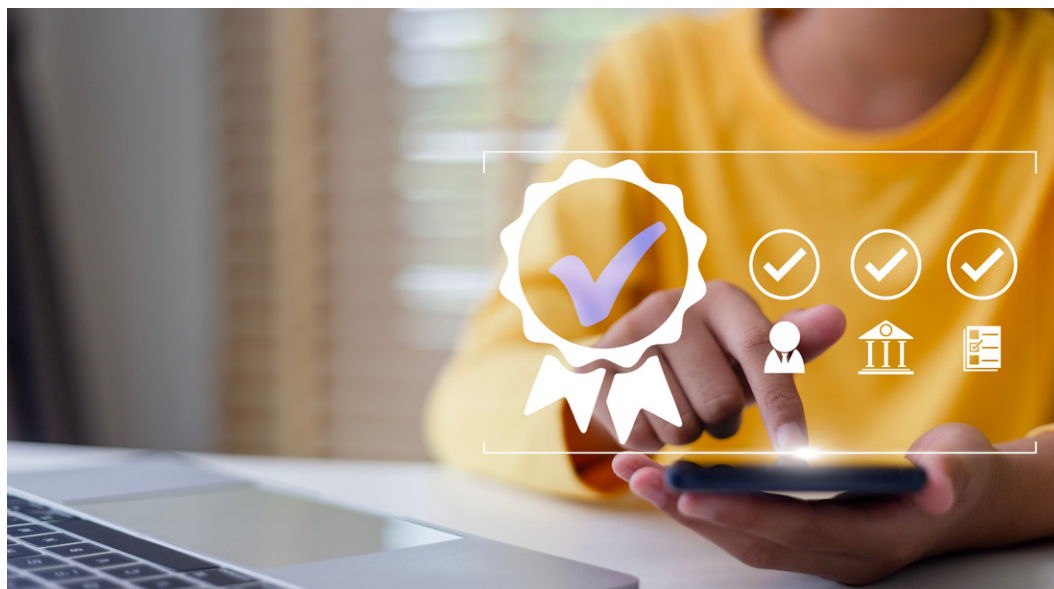
Among the actions envisaged to address the areas of improvement identified, are the creation of a research committee to oversee the proper functioning and promotion of research activities; the preparation of a road map for the improvement of resources associated with the development of the research function; and the expansion of collaboration agreements with prestigious institutions in doctoral programmes. It is also planned to continue with the current policy of promoting temporary postings outside the institution and to assess the impact and trajectory of the analytical articles published by the Banco de España.

b) External evaluation of macroeconomic projections

This exercise focused on evaluating the quality and external impact of macroeconomic projections, as well as governance, methods and models, and accuracy.

The evaluators highlighted the high quality of these projections, the clarity of their narrative and their ability to adapt to changing circumstances. This is because the personnel who work in the institution are highly qualified, which translates as an exhaustive knowledge of the Spanish economy and the tools that make it possible to analyse it. They also highlighted the influence of the Banco de España on society through forecasts and their usefulness in the adoption of economic policy decisions.

Regarding potential areas for improvement, the evaluators indicated the models used, governance and the procedure followed for their preparation and communication. Thus, they recommended incorporating the tools currently used to inform expert judgement as part of the Banco de España's Quarterly Model (MTBE) whenever possible and regularly preparing and publishing long-term projections of the Spanish economy, as well as an assessment of the cyclical position of the economy.



Reputable external evaluators examine the actions carried out by the institution.

Moreover, they also suggested studying the design of a non-quantitative risk assessment procedure and the systematic generation of alternative scenarios and sensitivity analysis.

As part of the plan of action envisaged for implementing the necessary reforms, the Banco de España is to carry out a cost-benefit analysis of the possible inclusion of some auxiliary models in the next version of the MTBE and will publish, on an annual or biennial basis, an analysis of the economy's potential growth capacity in the medium and long term, which will include a regular assessment of the cyclical position of the economy. In addition, when necessary, the Banco de España will resume publishing alternative scenarios and sensitivity analyses, and will assess (and, where appropriate, implement) the appropriateness of a non-quantitative procedure for determining risk factors in projections, the likelihood that they will materialise, the magnitude of their possible impact, as well as the possibility of establishing ranges with regard to the inclusion of uncertainty in the projections.


c) External evaluation of the application of technological innovation to the prudential oversight function

The exercise included an analysis of the Suptech strategy, governance, training, development and recruitment of profiles, as well as the institution's degree of maturity in this field.

The report prepared by the evaluation committee and its corresponding action plan are to be published in the near future, and will include the measures proposed by

the management of the Banco de España in relation to the areas of improvement identified during the year and the recommendations made by the evaluators.

In addition, given the systematic nature of the Evaluation Programme, the Evaluation Plan approved in April 2023 by the Banco de España Governing Council for the 2023-2024 period envisages carrying out three evaluations during this term. The first two, which began at the end of 2023 and are expected to end during the first half of 2024, will evaluate the conduct supervision activity and international cooperation activity. The third, which is scheduled to start at the end of the first quarter of 2024, ending in the last quarter of 2024, will address the Banco de España’s macroprudential policy.



For more information on [the evaluations completed in 2022-2023](#) and [the evaluations in progress](#), see the Banco de España website.

3 ECONOMIC ANALYSIS, RESEARCH AND STATISTICS

ECONOMIC ANALYSIS, RESEARCH AND STATISTICS



What does it consist of?

It is based on the analysis of the national and international economic situation and the preparation of the statistical data necessary to carry it out.

Why is it important?

It makes it possible to inform the monetary policy decisions adopted by the European Central Bank and in which the Banco de España participates, as well as the measures designed to guarantee financial stability. It also makes it possible to provide advice to the Government.

What does the Banco de España do?

Prepare and publish reports, research and statistics on the current economic situation and future projections, both for the real and the financial sector of the economy.

What is the objective?

Facilitate economic decision-making in the public and private sectors, in particular decisions on monetary policy and financial stability.

3.1 Economic analysis and research

In 2020, the strategic framework for the Banco de España's medium-term analysis and research priorities was defined. These priorities were structured around five major themes:

- central bank policies and interactions;
- long-term trends in the Spanish economy;
- risks and opportunities arising from the international environment;
- the aggregate consequences of the heterogeneity of households and firms;
- the challenges posed by new technologies.

For each of these priority analysis blocks, different lines of work were established, which, due to the changing economic environment in which economic analyses and research are carried out, are reviewed every year. The 2023 [update](#) states that, over the next few quarters, efforts will focus primarily on the analysis of:

- Inflation dynamics and the monetary policy stance, and their impact on the financial markets, the main macroeconomic aggregates, households, firms and the banking sector.
- Appropriate bank solvency levels in Spain, bearing in mind the characteristics of the Spanish banking system and the Spanish economy and how they compare with the situation of other European financial systems, and cost-benefit analysis of macroprudential tools such as a positive neutral countercyclical capital buffer rate.
- The fiscal policy stance and its implementation, its interaction with monetary policy, and public debt sustainability, all against the backdrop of a new fiscal governance framework for the euro area.
- The latest developments in the Spanish labour market and the main factors – such as demographic change and new technologies – that will influence labour market behaviour in the coming years.
- Recent residential housing market dynamics in Spain and their determinants, with particular focus on affordability issues.
- Recent international bank crises and their outcome, the involvement of new technologies, the role of prudential supervision and the functioning of the regulatory framework.
- The implications of the digital euro for monetary policy, the financial system and the economy overall.

Research related to the analysis of the economic and financial impact of the inflationary uptick and the change in monetary policy tone gained importance in 2023. In addition, the usual research activities at the Banco de España's headquarters continued, such as seminars (33 [seminars by external speakers](#) and 39 by internal researchers) and [conferences](#) (16 organised or co-organised by the Banco de España in 2023), which were held in either on-site or hybrid formats. This year's [annual research conference](#) was dedicated to the implications of a context of high inflation for monetary policy; meanwhile, the [second edition of the annual conference on issues especially relevant to the Spanish economy](#) dedicated its sessions to the labour market, productivity, monetary policy and public finance and energy markets. Mention should also be made of the participation of the Bank's researchers in Eurosystem and international research initiatives and networks, such as Research Clusters, the new research network on the challenges for the transmission of Eurosystem monetary policy and the annual Joint Research Programme promoted by the Centre for Latin American Monetary Studies (CEMLA), as well as in numerous top-level specialised seminars and conferences.



In 2023, the analysis of the possible impact of rising energy prices and the ecological transition on the long-term growth of the Spanish economy was important.

Box 2.1 summarises the main documents related to economic analysis and financial stability published by the Banco de España in 2023.



Section 5 of chapter 1 of this Report contains more information about the Banco de España publications.

Research activities throughout 2023 covered a wide range of areas.

With regard to the analysis of the economic situation in Spain, once the most acute phase of the energy crisis had been overcome, the priorities for analysis focussed on the persistence of inflation episode and the characteristics of the deflationary process, with special emphasis on the evolution of the most stable components and the knock-on effect of inflation on business margins and labour costs. In addition, the fiscal and macroeconomic impact of the measures deployed to mitigate the effects of the price uptick was analysed in detail, as well as their ability to focus on the most vulnerable agents. Special attention was also paid to issues related to the greater strength of activity in Spain throughout 2023, compared to the wider European context, and it was deduced that the greater resilience of the Spanish economy could be related, at least in part, to the lower comparative weight of the manufacturing branches. In addition, within these branches, those that are more energy intensive – which are the ones that are showing the greatest weakness – have been showing a better relative performance in Spain than in the euro area.

On a longer-term horizon, priority was given to further studying the factors affecting the economy's potential growth. Specifically, in addition to continuing to make progress in the analysis of the impact on potential growth of Next Generation EU

PUBLICATIONS RELATED TO ECONOMIC ANALYSIS AND FINANCIAL STABILITY

- In the course of 2023, 34 [Working Papers](#) and 19 [Occasional Papers](#) were published. In terms of external publications, there were a total of 37 articles in peer-reviewed academic and professional journals, in addition to another 28 articles that had been accepted and were pending publication at the end of the year. Furthermore, 9 articles were published in other journals and books, and another had been accepted and was pending publication at the end of 2023.
 - Meanwhile, the [Annual Report](#) contains numerous original analytical contributions in both chapters 1 and 2, on recent developments in the Spanish economy and the challenges facing economic policies in Spain, respectively, and in the thematic chapters. In 2023, the *2022 Annual Report* was published, which focused mainly on [the episode of inflationary tension in the euro area and the monetary policy response](#) and [short-term adjustment as well as the remaining challenges in Spain and the European Union \(EU\) in the face of the energy crisis](#).
 - Moreover, four times a year, [macroeconomic projections for the Spanish economy](#) are published, setting out the Banco de España's vision of the macro prospects for the economy, usually for the next three years. The projections are presented to the media, at a press conference, the same day they are published. During 2023, these projections were also presented to social agents and the academic community, specifically in Badajoz, Palma, Valladolid and Murcia.
 - Since 1979, the [Economic Bulletin](#) has gathered together the institution's economic studies and analyses of the current economic situation. In early 2023, the Economic Bulletin was converted into an electronic publication. In addition, the analysis articles previously published under the Analytical Articles and Economic Notes series, as well as the old boxes of the "Quarterly Report", now form part of this bulletin. The last article of each quarter corresponds to the ["Macroeconomic projections and quarterly report on the Spanish economy"](#), which analyses the recent evolution of the economy and includes in its analysis an update of the macroeconomic projections for the Spanish economy.
- In 2023, 54 bulletin articles were published, in addition to the 4 reports.
- Twice a year the Banco de España publishes the [Report on the Latin American Economy](#), which analyses the key recent macro-financial developments in Latin American economies, particularly those in which the Spanish banking system is most involved. The February and July 2023 reports examined, among other issues, the evolution of inflation and monetary policy responses in the region, as well as the situation of its banking systems and its external and fiscal vulnerabilities.
 - Also on a half-yearly basis, in spring and autumn, the Banco de España publishes the [Financial Stability Report \(FSR\)](#), which appraises the main risks and vulnerabilities affecting the stability of the Spanish financial system, analyses the resilience of banks and reviews the main macroprudential analysis and policy issues.
 - In 2023, two editions of the [Financial Stability Review \(REF\)](#) were published, in the spring and autumn, with a total of 11 articles by in-house researchers and experts from the Banco de España as well as external ones. The main topics discussed include recent events, such as the transfer of key interest rates to bank deposits, the new prudential regulation on crypto-assets or the banking crises of March 2023 in the United States and Switzerland, as well as structural issues in the banking sector related to climate risks. Other works published in this edition analysed energy derivatives markets in the EU and the institutional activity of the European Central Bank in the field of financial stability.
 - Likewise, also on a half-yearly basis, the [Report on the Financial Situation of Households and Firms](#) is published.
 - Additionally, since the end of 2020, the results of the [Banco de España Survey on Business Activity \(EBAE\)](#) have been published. This quarterly survey collects qualitative information on business perceptions about the evolution and prospects of turnover, prices, investment and, in general, the factors that condition the activity of Spanish companies. Nearly 6,000 companies collaborate in it.

funds, efforts were given over to analysing the possible impact of rising energy prices and the ecological transition on the long-term growth of the Spanish economy.

In the area of the international economy and the euro area, a priority focus was the analysis of the effects of geopolitical conflicts, such as the war in Ukraine or the war in the Middle East, in various dimensions: a) the effects on economic activity and prices as a result of the energy crisis and other raw materials; b) the implications of a possible deglobalisation for geopolitical reasons, and c) the promotion of the agenda for greater strategic autonomy of the European Union (EU).

Inflation received particular attention in preparation for the ECB Governing Council meetings. In this regard, numerous analyses were carried out to understand the origin of the increase in consumer prices in the euro area from different angles: a) the pressures from energy, including oil, electricity and natural gas, and also from food; b) the different influence of supply factors, such as bottlenecks or energy; c) the possible asymmetries in the transmission of the shock of energy and food raw materials to consumer inflation; d) the effects of inflation on public finances, and e) the discretionary measures taken by governments to moderate the impact of the energy shock on household incomes. Projects aimed at the analysis of the most significant emerging economies for the euro area and for Spain due to their systemic nature, such as China, or due to the material exposure of the Spanish banking system, Latin America in particular, and those related to climate change, continued to play a major role.

As regards **research on financial issues**, in 2023 a series of studies were conducted on the transmission of the increase in benchmark interest rates to the cost of financing for households and companies in Spain and in the euro area. In addition, the impact of these interest rate increases on the financial burden of Spanish companies and households, especially those under significant financial pressure, was studied. The effects of inflation on the financial situation of families were also analysed and several studies were carried out on the recent evolution of business margins in the different sectors of activity. In relation to the real estate market, a line of research was initiated that seeks to analyse the problem of access to housing in both the buying and rental markets. Finally, the Banco de España continued its research related to the evaluation of the programmes to support corporate liquidity and solvency implemented in Spain during the COVID-19 crisis.

Research in the area of monetary policy focused on the analysis of the normalisation and subsequent tightening of the Eurosystem's monetary policy via different instruments. Work also continued on a variety of issues, such as the decomposition of the interest rate curve, the interactions between monetary and fiscal and/or macroprudential policy, the redistributive effects of inflation, the implications of the hypothetical launch of a digital euro for monetary policy and



Numerous analyses were conducted in 2023 to gain an insight into the source of consumer price increases in the euro area.

the relationship between monetary policy and the risks associated with climate change.

Research work encompassed multiple projects in the area of financial stability and macroprudential policy. Specifically, the following research actions stood out:

- Analysis of the impact on credit and capital of the activation of the countercyclical capital buffer in EU member states until 2019 and of its subsequent release after the outbreak of the pandemic.
- A study, with growth-at-risk models, of the impact of macroprudential policy and its interaction with monetary policy, as well as of bank profitability, on the evolution of credit to households and companies.
- Continuation of the modelling of the impact of macroprudential measures and their interaction with monetary policy and climate transition risks.
- Empirical study of different aspects relevant to the financial stability of business credit.
- Examination of the effect of prudential restrictions on the distribution of bank dividends during the health crisis on the willingness of investment funds in the euro area to finance the banking sector.

- Analysis of the effect on financial stability of the current transfer of the increase in official interest rates to interest rates for bank loans and deposits.
- Study of new indicators of imbalances in the commercial real estate sector and indicators of financial conditions, analysing their predictive capacity.
- Completion of the empirical study of the effect of the environmental degradation of the Mar Menor on the local housing market and the start of the analysis of the impact that the gradual process of desertification in Spain could have on business credit.

In terms of microeconomic research, the main contributions can be grouped into the following areas:

- **In terms of households and individuals**, new surveys and initiatives were implemented to measure the population's financial knowledge and access to payment services or housing, paying special attention to differences according to sex and age. In addition, the analysis of the consequences that a fall in income and the increase in inflation have on household expenditure was addressed. With regard to human capital, the evolution of the educational performance of Higher Education Vocational Training and university education after the financial crisis was examined, as well as the development of human capital throughout the life cycle —referring to both education and health— and its transmission over generations. Also worth noting is the evaluation of randomised experiments of teaching tutoring programmes for primary school teachers and financial education in secondary education. Finally, tools were developed to analyse public policies, theoretically studying the best way to tax income and spending. Meanwhile, from an empirical point of view, the progressivity of personal income tax and the impact of changes in the pension system were analysed, and certain measures, such as the minimum living income, or of specific situations, such as the provision of information on public actions during COVID-19, were monitored and evaluated.
- **In the area of companies and the labour market**, the analysis of price formation in companies in an inflationary context and their reaction to rising energy prices was intensified. At the institutional level, analysis began on the impact of the labour reform of December 2021 on the business sector, according to information from Social Security records. Likewise, the Banco de España is working with microeconomic information from employment records and online employment portals in order to examine the possible difficulties faced by companies in hiring and retaining workers. With regard to the evaluation of public policies, microsimulators



In the area of energy and climate change, the Banco de España has been analysing the distribution of CO₂ emissions from Spanish homes and the energy efficiency of companies.

were developed that allow us to characterise different dismissal cost and unemployment benefit patterns. Finally, in relation to the challenges of aging and automation, the evolution of health status at ages close to retirement is being studied; likewise, work is being carried out aimed at modelling the effect that automation processes have on monetary policy.

- **In the area of energy and climate change**, the local macroeconomic impact of business closures and the ability of renewable investments to attract population are being analysed. In addition, the study of the distribution of CO₂ emissions from Spanish homes and the energy efficiency of companies is worth highlighting, as well as the requirements for green vacancies compared to traditional offers.



Further information about the [Banco de España's area of economic analysis and research](#) is available on the institutional website.


3.2 Statistics

In 2023, the statistical offer continued to expand and new communication products were introduced to make information more accessible. This information is intended not only for traditional or more regular users — economic policy managers, economic analysts or researchers — but also for other types of professionals, students and the general public. The Banco de España works every day to make statistical information

more user-friendly and understandable to anyone, without the need to be an expert in the field. In this regard, the collection of information videos and interactive overviews continues to expand. In addition, a brochure has been published [that summarises the statistical offer](#) and the formats in which it is available.

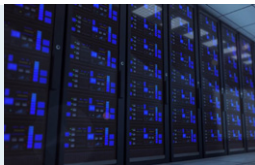
In addition, to provide the best information to support the institution's continuous improvement process, the second **“Banco de España Statistics User Satisfaction Survey”** was launched at the end of 2023, the results of which will be analysed in 2024. Finally, information sessions were held for the media, an aspect that is essential if the information is to reach the general public.

The **statistical offer** was expanded with [new BELab microdata bases](#), a [new table with details of the holding sectors of securitization bonds and commercial papers](#) and [new tables with information on business margins of non-financial corporations](#). The dissemination of new historical data sets also continued, this time with [information by Spanish autonomous communities and provinces](#). In the area of sustainability, the European System of Central Banks (ESCB) Statistics Committee began publishing [experimental European indicators](#) on sustainable finance and on physical risks and the carbon footprint of financial institutions' portfolios.



To learn what BELab offers to the research community, see the following video:

PLAY ▶



In 2023, the results of the [2021 Survey of Financial Competences](#) were also published. The objective of this survey is to study the degree of understanding of basic financial concepts, as well as the level of knowledge, possession, acquisition and use of different financial vehicles for savings, insurance or debt. The [results of this survey](#) were published on the new institutional website, meaning that they can be viewed and downloaded interactively.

The production of statistics became more efficient through the incorporation of **new tools**. For example, machine learning techniques began to be applied in information classification methods. Other tools, such as those relating to “business intelligence”, which have been in use for some time, are being applied to new tasks, such as the detection of outliers.

Schema 2.2 shows the progress of the Banco de España's statistical activity in 2023.

2023 was a year to celebrate for the Central Balance Sheet Data Office, focusing on the collation of economic-financial information from non-financial companies since 1983. Several events were organised to commemorate its 40 years

DEVELOPMENTS IN THE BANCO DE ESPAÑA'S STATISTICAL ACTIVITIES IN 2023



BELab

- New microdata databases:
 - Loans from the CCR and economic indicators from the Central Balance Sheet Data Office (CIR_CBI).
 - Foreign Portfolio Investment (ICE).
 - Sustainability Indicators (CBS).
- Information meetings at Spanish universities and collaboration with other data laboratories.



Statistical offering

- New datasets with information by autonomous communities and provinces.
- 2021 Survey of Financial Competences.
- Adaptation to new European regulations on international business statistics (*Structural Business Statistics* and *Foreign Affiliates Statistics*).
- New table with details of the holding sectors of securitisation bonds and commercial papers.
- New tables with information on business margins of non-financial corporations.



Statistical communication

- Redesign of web pages with more accessible and visual information.
- New [website for the Survey of Financial Competences](#).
- Increased offering of information videos, with one dedicated to the [Central Balance Sheet Data Office](#) and the other to [BELab](#).
- New informative brochures, on the statistics released by the [Banco de España](#) and their formats, and on the Central Balance Sheet Data Office.
- 2023 Banco de España user satisfaction survey statistics.
- Surveys of partner and non-partner companies with the Central Balance Sheet Data Office.
- New interactive visualisations of [supervisory statistics for credit institutions and the housing market](#).
- Media information sessions on statistics compiled by the Banco de España.




Publications

- "Micro-database for sustainability (ESG) indicators developed at the Banco de España (2022)". Statistical Notes 17, Banco de España.
- *2021 Survey of Financial Competences*. Banco de España.
- *Banco de España Statistics Information Bulletin*. Monographic issue on the Central Balance Sheet Data Office.

SOURCE: Banco de España.


of activity. The aim of one of them was to convey the Banco de España's gratitude to the people and institutions that, through their work, have contributed to the development of this service. This anniversary was also celebrated in Madrid and Barcelona, with the collaborating companies and with the researchers who use these data. These events were an opportunity to analyse achievements as well as future challenges.

Finally, an information video was produced about the activity of the Central Balance Sheet Data Office, which is a contrast to the video that was created in 1984 reflecting the first steps taken in this area.




The following video explains the activities carried out by the Banco de España's Central Balance Sheet Data Office:

PLAY ▶



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

MONETARY POLICY	
	What does it consist of? It is the set of decisions and measures adopted by the monetary authority, the Eurosystem, to influence the cost and availability of money in the economy, with the primary objective of achieving price stability.
	<div> <div> Why is it important? The economy works best when prices remain stable, as money retains its value and individuals and companies can plan their spending and investments more efficiently. </div> <div> What does the Banco de España do? As part of the Eurosystem, it works, together with the ECB and other central banks in the euro area, on the design and execution of monetary policy. </div> </div>
What is the objective?	The objective is an inflation rate of 2% in the medium term.

4.1 Monetary policy implementation

A contractionary monetary policy was implemented in the Eurosystem during 2023, continuing the cycle that began in 2022. Faced with high and sustained inflationary pressure, the Governing Council of the ECB agreed to six consecutive increases in its three official interest rates and put an end to reinvestments under the asset purchase programmes.

Official interest rates were the main instrument of monetary policy. The three official interest rates increased during the year by a total of 200 basis points (bps), reaching 4.5% for the main financing transactions, and 4.75% and 4%, respectively, for the marginal credit facility and the deposit facility. Half of the increase was concentrated in the first quarter of the year, as rates increased by 50 bps at the Governing Council meetings in February and March, in line with higher inflationary pressures. However, the increases fell to 25 bps in the next four meetings, which were held from May to September. In October, the Governing Council of the ECB paused the increases for the first time since July 2022, because although inflation was still high, it had begun to fall due to the firm and ongoing effect that the previous interest rate increases were having on financing conditions in the economy.

The remuneration of the minimum reserves that credit institutions are required to hold, on average, in their Eurosystem national central banks **decreased** as of September 2023 **and was set at 0%, rather than at the deposit facility rate.** The Eurosystem thus seeks to preserve the effectiveness of monetary policy, maintaining

the current degree of control over the direction of that policy and ensuring the full transmission of the decisions of the Governing Council on interest rates to the money markets.

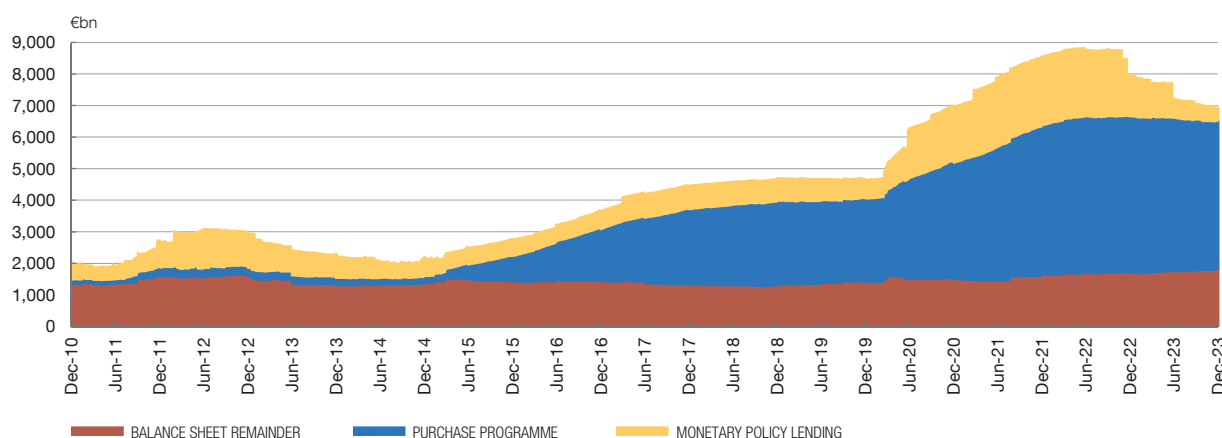
a) Longer-term financing operations

The long-term funding that the Eurosystem granted to banks through longer-term operations with a specific objective (TLTRO-III) fell by **925 million euros in 2023**. Of this amount, 506 million euros accounted for the amortisation of transactions that matured in June. The rest was the result of: a) the banks' decision to prematurely amortise part of the financing received from the TLTRO-III in the different windows scheduled for this purpose during the year, and b) the maturities that occurred in March, September and December.

Thus, the balance of TLTRO-III transactions at the end of 2023 stood at 392 million euros, compared to its maximum value of 2,206 million euros reached in September 2021. **This is the factor that most contributed to the Eurosystem's balance sheet decreasing by 821 million euros in the year**, since its replacement by another type of Eurosystem financing was residual, as seen in Chart 2.1.

Chart 2.1

EVOLUTION OF THE EUROSISTEM'S BALANCE SHEET



SOURCE: Banco de España.

b) Collateral framework

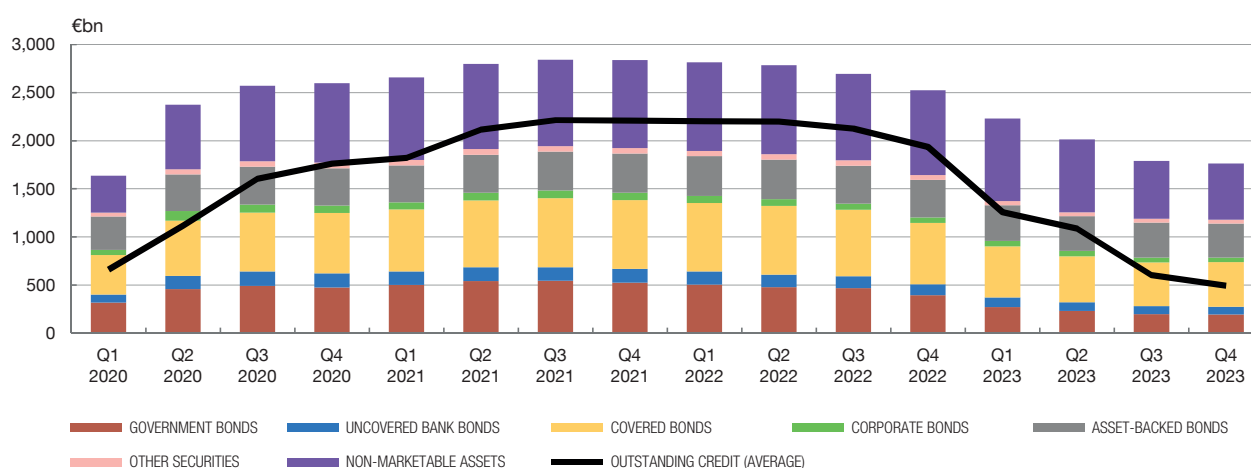
During 2023, the Eurosystem continued to withdraw the easing measures from the collateral framework adopted in April 2020. It is worth noting, on the one hand, the elimination of the remaining 10% of the temporary reduction in the valuation haircut, which applied to all eligible assets, and, on the other, the cessation of the

acceptance of State-backed loans managed by the Official Credit Institute (ICO) as discountable collateral by the Banco de España.

Chart 2.2 shows the significant decrease that occurred over the year in the total amount of collateral assets used (30%), from 2,525 million to 1,762 million euros. This decline occurred mainly as a result of the reduction in the use of government bonds (50%), non-marketable assets (34%) and covered bonds (28%), due to counterparties' reduced financing needs.

Chart 2.2

USE OF COLLATERAL WITH THE EUROSISTEM



SOURCE: ECB.

c) Asset purchase programmes

The Eurosystem used asset purchase programmes to provide monetary stimulus to the economy, in a setting in which the key ECB interest rates are very low. The programmes in place during 2023 were the Pandemic Emergency Purchasing Programme (PEPP) and the Asset Purchase Programme (APP).¹ Currently, the Eurosystem only makes reinvestments in the PEPP, depending on the maturities that occur in the programme. Meanwhile, reinvestments in the APP were suspended in July 2023. The main features of these programmes are:

¹ Net purchases of these programmes ended in March and July 2022, respectively, for the PEPP and the APP.

Asset Purchase Programme²

In December 2022, the Governing Council of the ECB announced that the full reinvestment of maturities would continue until February 2023, and that thereafter reinvestments would be reduced at a limited and predictable rate. Specifically, it stated that until the end of the second quarter of 2023, the reduction in reinvestment would amount to 15 million euros per month on average, with the rate of reduction for subsequent periods to be determined at a future date. On 4 May 2023, the Governing Council announced that it expected to suspend reinvestments under the APP as of July 2023, which was confirmed in its decision of 15 June 2023.

With regard to the inclusion of climate considerations in the monetary policy framework, the Eurosystem aims to implement a decarbonisation path that is compatible with the objectives of the Paris Agreement. In July 2022, the Governing Council resolved to take further steps to include climate considerations in the Eurosystem's monetary policy framework: (i) to adjust its holdings of corporate bonds in the monetary policy portfolios and its collateral framework; (ii) to introduce climate disclosure requirements; and (iii) to improve its risk management practices. The aim of these measures is to take into account the financial risk associated with climate change in the Eurosystem's balance sheet and to support the green transition of the economy in line with the EU's climate neutrality objectives. In addition, these measures seek to provide incentives for companies and financial institutions to reduce and be more transparent about their carbon emissions. As a result, the Eurosystem decided to tilt reinvestments towards issuers with better climate performance.

Pandemic Emergency Purchasing Programme³

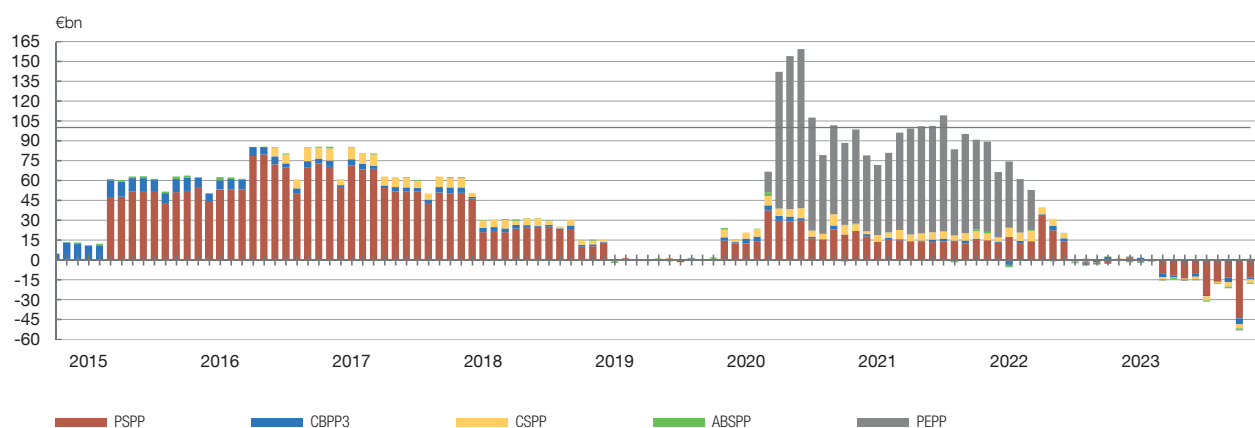
On 14 December 2023, the Governing Council of the ECB: a) decided that the maturities of the securities acquired under the PEPP should be fully reinvested until the end of the first half of 2024; b) reported that, as of that date, reinvestments would decrease at an average rate of 7.5 million euros per month; and c) indicated that reinvestments in this framework were expected to conclude at the end of 2024.

In this regard, in the event of further pandemic-related market fragmentation, the Eurosystem may adjust PEPP reinvestments at any time in a time-flexible manner

² The APP has been implemented since late 2014. It consists of several subprogrammes, defined according to the type of asset purchased: PSPP, CBPP3, CSPP and ABSPP. On 9 June 2022, the Governing Council of the ECB decided to suspend net asset purchases under the APP as of 1 July of that year, but to continue to reinvest the full amount of the principal of the securities that matured.

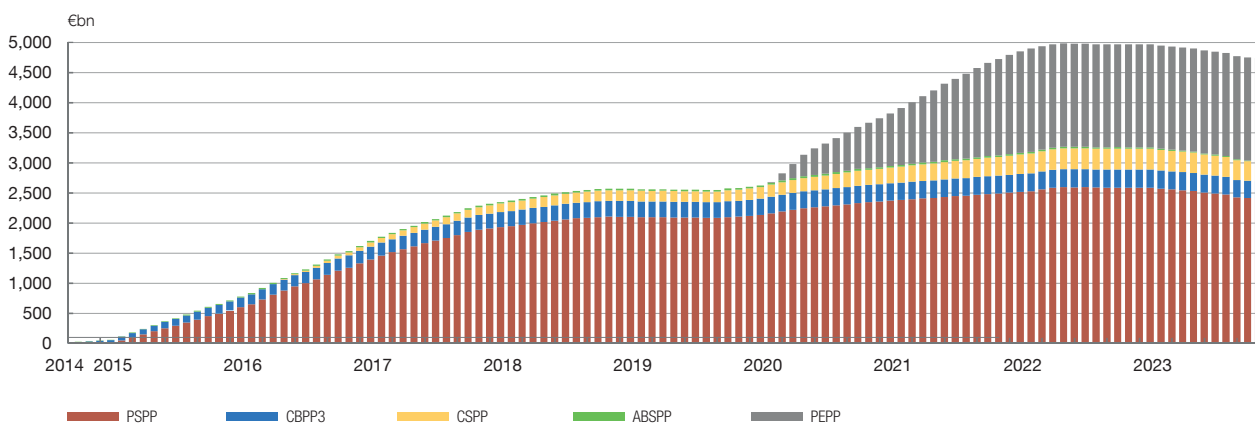
³ This programme was launched in March 2020 to counter the impact of the pandemic on the monetary policy transmission mechanisms and on the economic outlook for the euro area. Eligible assets for the PEPP are similar to those of the APP, however, the PEPP is endowed with greater flexibility. Its initial budget was 750 million euros, later extended to 1,850 million euros, with cumulative final net purchases that amounted to a total of 1,718 million euros.

Chart 2.3

MONTHLY PURCHASES, BY PROGRAMME (APP AND PEPP)

SOURCE: ECB.

Chart 2.4

CUMULATIVE PURCHASES UNDER THE APP AND THE PEPP

SOURCE: ECB.

across asset classes and across jurisdictions. This reinvestment adjustment mechanism is the first line of defence against fragmentation.

Also, with the aim of fostering the smooth functioning of markets, securities lending facilities for APP and PEPP holdings were established in the Eurosystem, thereby helping to reduce tensions in the repo market, especially in the quarter-end and year-end periods. These facilities functioned satisfactorily throughout 2023.

Charts 2.3 and 2.4 show the evolution of monthly purchases of the APP and the PEPP, as well as cumulative purchases.

Transmission Protection Instrument

This tool can be activated to counteract disorderly market dynamics that jeopardise the effective transmission of monetary policy in the euro area. Faced with the eventuality of an unjustified fragmentation of the public debt market,⁴ in July 2022, the Governing Council of the ECB approved the creation of the Transmission Protection Instrument (TPI). Provided certain criteria are met,⁵ the Eurosystem can make secondary market purchases of public sector bonds issued in jurisdictions with deteriorating financing conditions that are not attributable to country-specific fundamentals. Purchases under the TPI will be conducted in such a way that the programme does not have a permanent impact on the Eurosystem's balance sheet and, therefore, does not affect the monetary policy stance. The TPI will constitute the second line of defence against fragmentations.



See the [frequently asked questions about monetary policy](#) on the Banco de España website.

4.2 Asset and financial risk management

As regards the management of own portfolios, the diversification of foreign reserve holdings continued, both across currencies and across issuers with high credit ratings. Likewise, the agent-brokered securities lending programme for the US dollar portfolio (introduced in 2020) continued, as did tasks undertaken for third parties, such as the management of a portion 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.

The management of the financial risks arising from these portfolios is underpinned by a strict control process to ensure that these risks are prudently assumed and that the investments provide an efficient risk/return mix.

For the fifth consecutive year, and in response to the second of the recommendations published by the Network for Greening the Financial System (NGFS) in 2019,⁶ **sustainability and responsibility principles were applied in own-portfolio investment decisions**, increasing the proportion of green bonds through the

⁴ This programme is mainly oriented at public sector securities with a maturity of one to ten years. However, private sector securities may be included.

⁵ These criteria are the following: a) compliance with the EU fiscal framework; b) absence of serious macroeconomic imbalances; c) fiscal sustainability, and d) sound and sustainable macroeconomic policies.

⁶ For more details, see NGFS. (2019). *A call for action – Climate change as a source of financial risk*.



The Banco de España is committed to promoting sustainable finance.

broadening of an impact portfolio. This increase will materialise through direct investment in green bonds denominated in different eligible currencies.

The incorporation of sustainability criteria in the management of its own portfolios reflects the Banco de España's commitment to the NGFS objective of promoting sustainable finance. It is also consistent with the common position reached within the Eurosystem in February 2021 to incorporate sustainable and responsible investment principles into non-monetary policy portfolios.⁷ In this regard, the Banco de España continued to make progress in the process of identifying, assessing and managing the exposure of its own portfolios to climate change-related risks. The institution monitored these contingencies as part of the overall risk management process, which also includes the solvency analyses of non-financial corporations carried out by the Banco de España's in-house credit assessment system.

In March 2023, the first report on the climate aspects of investment portfolios in euros not related to monetary policy was published, entitled *Climate-related aspects of the Banco España's non-monetary policy portfolios*. This report follows the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) for the disclosure of the process of incorporating climate aspects in terms of governance, strategy, risk management, metrics and objectives.

⁷ This common stance is the outcome of the work carried out by a high-level group within the Eurosystem, of which the Director General of Operations, Markets and Payment Systems is a member, and by other Eurosystem working groups in which other members of that Directorate General continue to participate.



For further information on environmental sustainability at the Banco de España, see [section 10 of this chapter](#).

4.3 Payment systems and market infrastructures

Securities payment and settlement systems are basic mechanisms for countries' economic and financial activity. Broadly put, they constitute the infrastructure through which assets are mobilised in an economy.

The Banco de España manages the Spanish component of the TARGET large-value euro payments system, which in 2023 settled a total of close to 7 million transactions, with a value of more than 15 billion euros. Compared to 2022, these figures represented an increase of almost 1% in the number of transactions and of more than 12% in their total value. 73 Spanish entities participate directly in TARGET, providing service to 105 other entities.

Of the TARGET services mentioned in Box 2.2, **the Banco de España is a T2S provider for the Eurosystem and, consequently, is responsible for the operation and maintenance of this platform.** This activity is carried out together with the central banks of Germany, France and Italy. During 2023, five new central securities depositories migrated to T2S. These include the Finnish one, which is characterised by the management of a system for the direct holding of securities accounts at end investor level, so its incorporation meant the adaptation of T2S to be able to operate a large number of accounts.

The Banco de España also **acts as a provider in the development of the Eurosystem project called ECMS for the creation of a single platform that manages guarantees in its financing operations.** It will also be responsible for its future maintenance and operation. This system will replace the 20 systems currently in force in the national central banks that make up the Eurosystem. In 2023, this project was immersed in the testing phase by users. It is scheduled to come online in November 2024.

The common platform that the Banco de España and the Banque de France use to manage **central bank market operations (MAPS)** handles the end-to-end processing of these operations from trading to final settlement and accounting. In 2023, work was carried out for the integration of the Central Bank of Ireland, which was to take place in February 2024. With this addition, the list of national central banks that use it will increase to six, representing almost 40% of the euro area's GDP.

THE COMPLETION OF THE T2-T2S CONSOLIDATION PROJECT

On 6 December 2017, the Governing Council of the European Central Bank approved the T2-T2S consolidation project, with the objective of consolidating and optimising TARGET2 and TARGET2-Securities (T2S), reducing costs and improving liquidity management in its various services. As a result, on 20 March 2023, the new TARGET system was successfully launched.

As the operator of the Spanish component of TARGET, the Banco de España manages and coordinates the project, with the participation of a large number of the institution's departments. In addition, the Banco de España assists the Spanish banking community, made up of more than one hundred entities, throughout the migration process. The successful launch reflects the commitment and efforts of all parties.

TARGET provides central liquidity management services, including the settlement of central bank transactions, the real-time gross settlement of large payments, cash payments in connection with the settlement of securities, and the settlement of immediate payments.

The services mentioned above are structured as follows:

- **T2**, with two components:
 - **CLM**, centralised liquidity management and monetary policy operations.
 - **RTGS**, real-time gross settlement for payments in euros, where interbank payment transactions, customer payments and settlements of linked systems (vaults) are settled.
- **T2S (TARGET2-Securities)** is the technical infrastructure through which the Eurosystem provides central securities depositaries with domestic and cross-border securities settlement services, through the delivery versus payment procedure in central bank money.
- **TIPS (TARGET's instant payment settlement service)** is the technical infrastructure through which the Eurosystem provides participants with the settlement of instant payment orders in central bank money. It is available 24/7/365 and allows funds to be credited to the end beneficiary's account in a matter of seconds.

Finally, the Banco de España is actively participating, together with the rest of the Eurosystem's central banks, in the **digital euro project**, as detailed in Box 2.3.



For further information on [payment systems and market infrastructures](#), see the Banco de España website.

Box 2.3

THE DIGITAL EURO PROJECT

The Eurosystem has been analysing the possibility of issuing a digital euro for several years now. It would essentially be a digital version of cash that would allow people who so wish to make their electronic payments with central bank money. It would not be a new currency nor would it mean the disappearance of banknotes and coins. It would simply consist of offering society two different, but complementary, forms of public money. However, it is a complex decision because of the multiplicity of designs that a digital euro could adopt and because of its possible impact on the stability of the financial system or the effectiveness of monetary policy. Therefore, in order to analyse these issues, **in July 2021, the Eurosystem launched the digital euro project.**

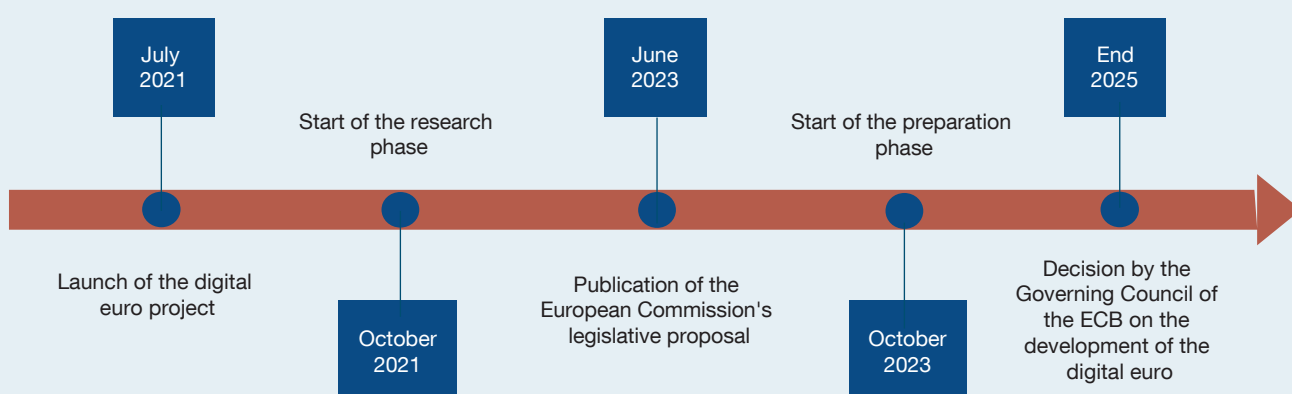
Two years after its inception, **in October 2023, the research phase concluded.** Over these two years, the Eurosystem has analysed the different design options, as well as distribution models, and the viability of a settlement model. The results of this analysis¹ led to the conclusion that **it is possible to design a digital euro that responds to the needs of society and that, at the same time, does not introduce distortions to the financial and monetary system.**

Thus, **the digital euro would be a new electronic payment method issued by the Eurosystem,**

accessible to all individuals and legal entities in the euro area through supervised intermediaries. Given its nature as a public asset, it would be free for basic operations and easy to use via a mobile phone, for example. It could be used to make payments between individuals, in physical or online commerce, and the payment of funds would be instant. It would also include an offline mode, meaning it could be used without the need for an internet connection. This option would also offer a level of privacy very similar to cash, since the operation would be carried out between user devices, without the intervention of an intermediary.

In view of the conclusions of the research phase, **the Governing Council of the European Central Bank (ECB) agreed, in October 2023, to continue to advance work on the digital euro, thus giving way to the project preparation phase.** The aim of this new phase is to lay the foundations that would allow the Eurosystem to develop a digital euro. However, **the decision to issue it has not yet been taken.** Among other things, any decision on its possible issue is subject to the existence of an appropriate regulatory framework. In this regard, the [legislative proposal](#) adopted by the European Commission in June 2023 is a step forward in building the necessary legal support.

Schema 1
CALENDAR OF THE DIGITAL EURO PROJECT



SOURCE: Banco de España

¹ These results are set out in the report entitled *A stocktake on the digital euro*, published by the ECB on 18 October 2023.

5 BANKNOTES AND COINS

BANKNOTES AND COINS



What does it consist of?

Among the most significant functions entrusted to the Banco de España are the issuance of euro banknotes, carried out together with the Eurosystem, and the circulation of euro coins on behalf of the State.

Why is it important?

Cash performs two basic roles in society: it is a means of payment and a store of value. In addition, it is available to everyone, is key to the social inclusion of vulnerable people and allows payments to be settled without the intervention of third parties.

What does the Banco de España do?

Estimate future needs for banknotes and coins; control the production of banknotes; safeguard and distribute cash; verify the authenticity and state of use of cash, and destroy banknotes unfit for circulation.

What is the objective?

To ensure that the demand for cash is met throughout Spain and to safeguard the integrity of banknotes and coins, ensuring that they are in good condition and there are no counterfeits.

5.1 Banknote and coin management

The Banco de España, as a member of the ESCB, has functions that 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.

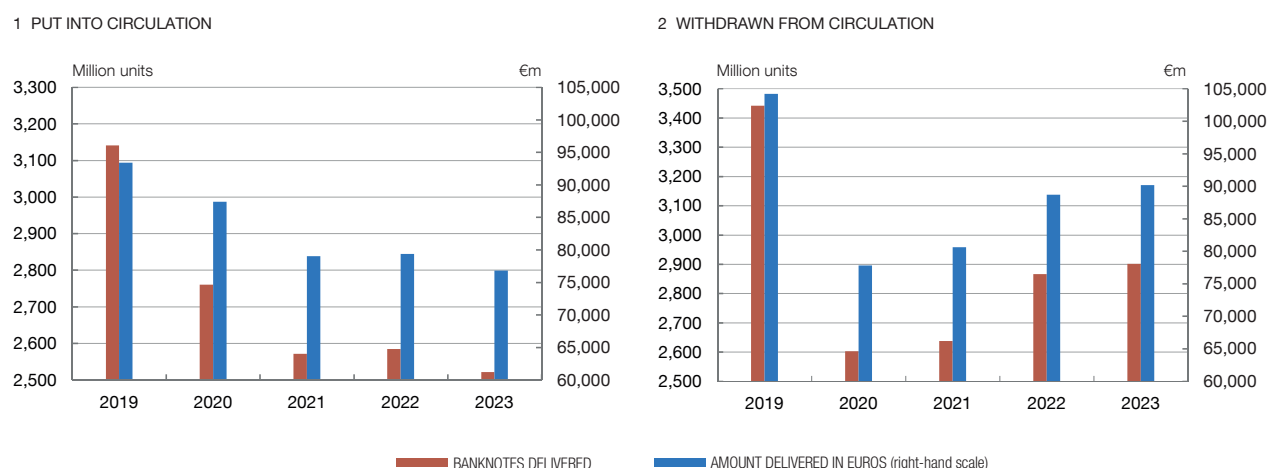
Banknote and coin management is guided by a twofold objective: (i) to ensure that the demand for cash is met throughout Spain and (ii) to safeguard the integrity of banknotes and coins, i.e. to ensure that they are in good condition and there are no counterfeits.

To achieve these objectives, the Eurosystem ordered a production of 3,141.70 million banknotes for 2023, of which the Banco de España, through IMBISA, produced its corresponding share.

a) Banknote issuance

In 2023 the Banco de España delivered 2,521 million banknotes to credit institutions, for a total amount of 79,362 million euros, which represents a fall in the value of banknotes put into circulation of 3.2% on 2022 and of 17.8% on 2019. These banknotes were subsequently distributed by credit institutions over the counter

Chart 2.5
EURO BANKNOTES



SOURCE: Banco de España.

and through ATMs both to individuals and legal entities to meet their payment needs (see Chart 2.5).

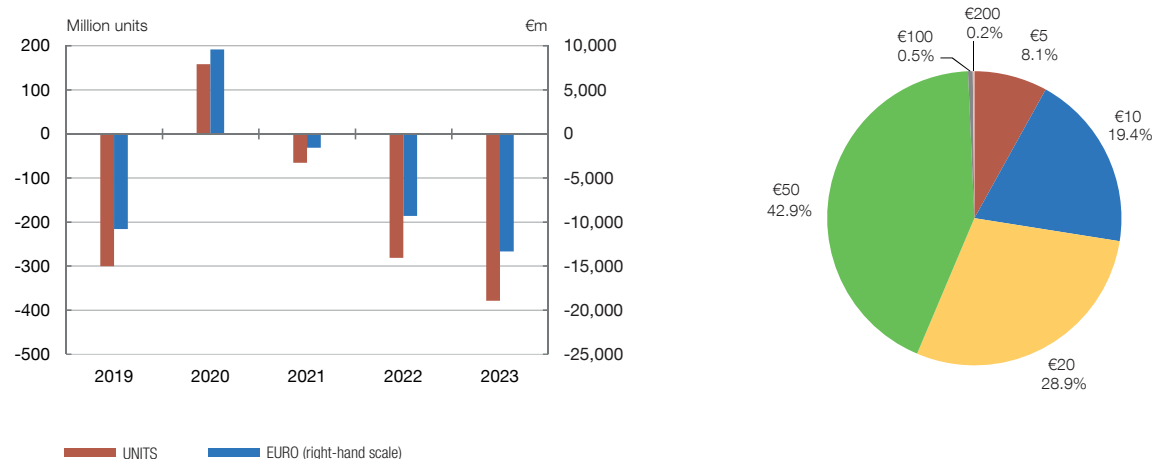
In 2023, the institution withdrew more banknotes from circulation than the previous year. Thus, **2,901 million banknotes were withdrawn in 2023, for a total of 90,140 million euros**, 1.6% more than in the previous period and 13.5% less than in 2019, both percentages in terms of amount (see Chart 2.5).

In 2023, the difference between the banknotes put into circulation and those withdrawn gave a **negative net issue of 379 million banknotes, equivalent to 13,350 million euros**, which accentuates the negative trend observed historically, with the exception of the period affected by the COVID-19 pandemic (see Chart 2.6). This is due to the relevance of the tourism sector in Spain and the cash flow from tourists' countries of origin.

The most demanded banknotes in 2023 were those usually issued by ATMs: the €50 banknote, with 42.9% of the total, followed by the €20 banknote, with 28.9% (see Chart 2.6).

In order to guarantee the quality of the banknotes in circulation, the Banco de España checks the authenticity and the fitness of banknotes received from credit institutions, companies and individuals. In addition, it monitors the cash management carried out by cash-in-transit companies' sorting centres and credit institutions.

Chart 2.6

NET BANKNOTE ISSUANCE BY THE BANCO DE ESPAÑA

SOURCE: Banco de España.

In 2023, the **Banco de España processed approximately 2,955 million banknotes**, using automated processing systems. 75.1% of the banknotes that were recovered, given their good condition, were put back into circulation; the rest were destroyed.

In addition, the **Banco de España carried out 515 control visits to the premises of cash-in-transit companies and 223 visits to bank branches**, during which the operation of 744 processing machines was checked, as well as compliance with relevant regulations and established procedures for verifying authenticity. The fitness of the banknotes and their recirculation was also verified.

b) Coin issuance

Coin issuance increased in 2023 compared with 2022. **The Banco de España put 765.4 million coins into circulation, for a total of 208.8 million euros**; this was up 9.4% on 2022 and 26.6% down on 2019 (in terms of millions of coins) (see Chart 2.7).

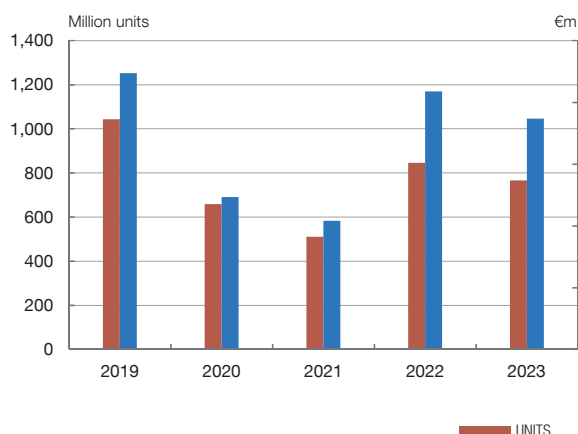
In this regard, the release of the 1 euro coin into circulation, which accounted for 13.8% of the total, and of the coins with the lowest face value (5, 2 and 1 euro cents), which represented 61.4% of the total number of coins (see Chart 2.8), stands out.

Meanwhile, a total of 83.8 million coins, amounting to 51.2 million euros, were withdrawn from circulation; 63.1% less than in 2021, in terms of the number of coins. It should be noted that the coins withdrawn from circulation were mainly 2, 1 and 0.50 euros, which represented 47.8% of the total in number. Those with the

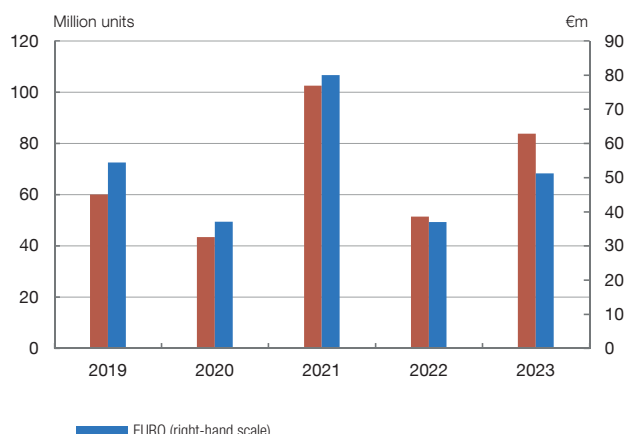
Chart 2.7

COINS DELIVERED AND COLLECTED BY THE BANCO DE ESPAÑA

1 PUT INTO CIRCULATION



2 WITHDRAWN FROM CIRCULATION

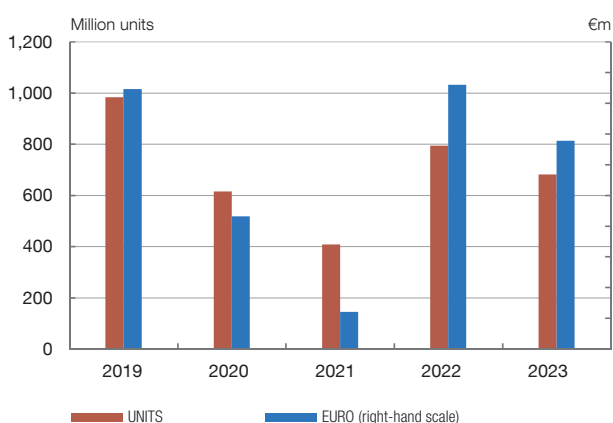


SOURCE: Banco de España.

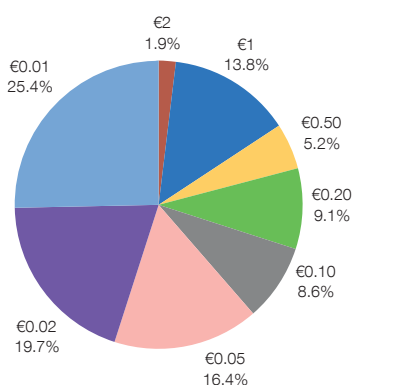
Chart 2.8

NET COIN ISSUANCE BY THE BANCO DE ESPAÑA

1 NET COIN ISSUANCE IN EUROS IN 2023



2 DISTRIBUTION BY DENOMINATION OF COINS ISSUED IN 2023



SOURCE: Banco de España.

lowest face value, of 5, 2 and 1 euro cents, on the other hand, represented only 25.3% of the total number of pieces (see Chart 2.7).

The difference between the coins distributed and collected by the Banco de España, i.e. net issuance, was 681.9 million units, amounting to €135.6 million euros. As a result, in 2023 the net issuance of coins in terms of units and euro value was down by 14% and 21%, respectively, on 2022 (see Chart 2.8).

Small coins of 1, 2 and 5 euro cents accounted for 65.9% of the year's net issuance. The most demanded coin (among those of high denomination) in Spain was the €1

coin (12.7 %). This is in contrast with other Eurosystem countries, which prefer the €2 coin.

In order to ensure the authenticity and optimal condition of the coins in circulation, in 2023 the Banco de España conducted inspection visits at 19 processing centres, representing 32% of the total and checked the correct functioning of the coin processing machines. Overall, around 1,100 million coins of the three highest denominations (€2, €1 and €0.50 coins) were checked.



See the “[Banknotes and coins](#)” section of the Banco de España website for information on the issuance of banknotes and the circulation of coins.

5.2 Cash and other means of payment

In 2023, the second edition of the *Study on cash use habits* was published. This document analyses the habits of the Spanish population, small businesses and the hospitality sector in relation to the most common means of payment and to cash, in particular. In addition, it contains information on current issues related to cash, such as access to physical money in towns without a bank office, alternative payment methods, new forms of cash withdrawal or the digital euro.

This edition shows little change, compared to 2022, in the frequency of use of traditional payment methods: cash continues to be what the highest percentage of Spaniards use daily in physical establishments (65%), followed by bank cards (32%). In third place, use of mobile devices is on the up, favoured by 10% of the population, compared to 7% in 2022.

Age and level of education continue to be the determining factors in the use of means of payment, as can be seen in Table 2.1. Thus, in all age groups – except for those between 25 and 34 years of age – cash is used more than the rest of the means of payment. People over 54 years of age use cash the most, in their daily lives, to make payments, while those between 25 and 44 use cards the most; in addition, younger people use mobile devices more frequently. Regarding the level of education, in all groups the use of cash is higher than other means of payment, although people with a basic education are the ones who use cash the most on a daily basis, while cards are more used by people with a middle and higher education, with mobile devices used by those with a higher education.

The main reasons for using cash are convenience, habit and spending control. On the other hand, convenience and speed are the most common reasons for using cards.

Table 2.1

PERCENTAGE OF DAILY USE OF MEANS OF PAYMENT

%	Cash		Card		Mobile devices	
	2022	2023	2022	2023	2022	2023
Total	64	65	32	32	7	10
18-24 years	43	48	32	30	23	25
25-34 years	53	46	48	47	16	23
35-44 years	60	62	38	43	8	13
45-54 years	70	67	35	31	3	6
55-64 years	71	77	30	27	1	4
65 years	71	74	19	20	3	1
Basic education	72	75	22	23	4	5
Intermediate education	63	66	36	36	7	11
Higher education	55	51	42	41	11	15

SOURCE: Company awarded the study.

In the short term, most people do not expect big changes in the use of cash, although this perception also varies by age.

On the other hand, the ATM is the main source for obtaining cash for three out of four people. And, although the withdrawal points are perceived to be slightly further away than in 2022, eight out of ten people in Spain can access cash within a kilometre.

Alternative channels for accessing cash, such as cash withdrawal (cashback or cash-in-shop) or the *Correos Cash* service, are still little known to the public. The same



The payment method most used by Spaniards in physical establishments is cash.

applies to the digital euro project, knowledge of which among the population remains low, albeit rising, now at 20%, compared to 17% in 2022. Once again, age has an impact when it comes to preparedness to use it, with young people showing a greater predisposition.



For more information on the *“Study on cash use habits 2023”* see the Banco de España website.

5.3 Combating banknote and coin counterfeiting

The Banco de España is tasked with analysing and identifying suspected counterfeit euro banknotes and coins in Spain. The detection of counterfeit banknotes and coins is coordinated with the Banco de España Monetary Offences Investigation Brigade, attached to the Central Economic and Fiscal Crime Unit of the General Judicial Police Force, which is responsible for investigating and prosecuting crimes related to the counterfeiting of national and foreign currency.

In addition, the Banco de España carries out an exhaustive check of the condition of the machines that process banknotes or coins, in order to guarantee their reliability and detect counterfeits. At the same time, it encourages the dedication of resources to the training of citizens and professionals involved in the recirculation of cash.



For more information on how the fight against counterfeiting is structured, see the following video:

PLAY ▶



a) Banknote counterfeiting

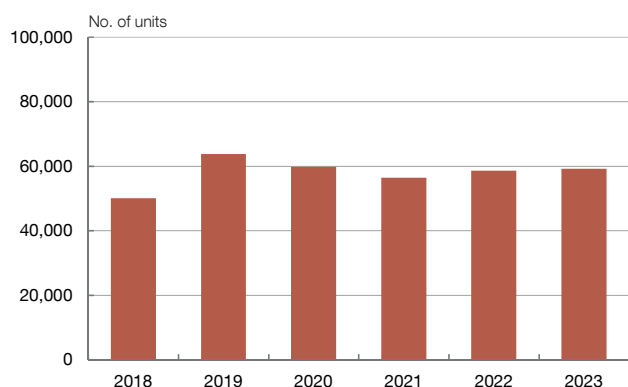
In 2023, a total of 59,196 counterfeit euro banknotes were withdrawn from circulation in Spain, up 1% on the 2022 figure, with an increase in the traditional forms of counterfeiting. In addition, in 2023 the NAC (National Analysis Centre) recorded a further 84,143 counterfeit banknotes that were seized by the police before going into circulation.

As was the case in 2022, illegal reproductions of euro banknotes were significant in 2023. These are banknotes that, even though they have inscriptions specifying that they are "copies", "not legal tender" or are to be "used only for films or as props" can be confused with authentic banknotes.

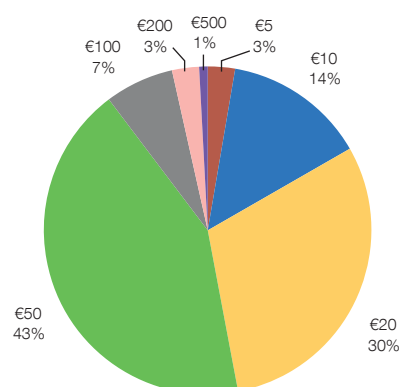
Chart 2.9

COUNTERFEIT BANKNOTES WITHDRAWN FROM CIRCULATION IN SPAIN. TIME SERIES (2018-2023) AND BREAKDOWN

1 TIME SERIES



2 BREAKDOWN BY DENOMINATION IN 2023




SOURCE: Banco de España.

Chart 2.9 shows developments in counterfeit euro banknotes withdrawn from circulation since 2018, and a breakdown by denomination in 2023.


The €50 denomination is the most counterfeited banknote, followed by the €20 and €10 denominations; together, these account for approximately 87% of all counterfeits withdrawn from circulation.

In 2023, Spain ranked third in the Eurosystem for the identification and withdrawal from circulation of counterfeit euro banknotes. The likelihood of receiving a counterfeit banknote was very low, with just 17 counterfeits per million genuine banknotes in circulation.



Verifying the legitimacy of a banknote is very simple with the “touch, look, turn” method, which is explained in the following video:

PLAY ▶



b) Coin counterfeiting

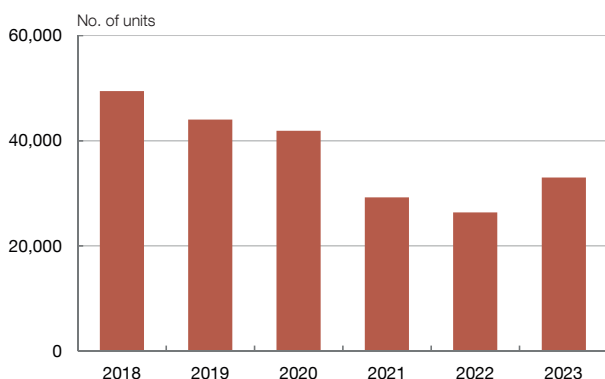
In 2023, the total number of 32,969 counterfeit coins were removed from circulation in Spain, 25% more than in 2022, when 26,362 coins were removed.

Chart 2.10 shows developments in the number of counterfeit euro coins withdrawn from circulation since 2018, and a breakdown by denomination in 2023.

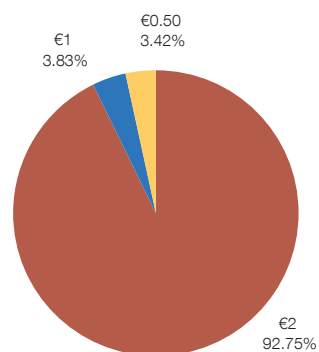
Chart 2.10

COUNTERFEIT EURO COINS WITHDRAWN FROM CIRCULATION IN SPAIN. TIME SERIES (2018-2023) AND BREAKDOWN BY DENOMINATION

1 TIME SERIES



2 BREAKDOWN BY DENOMINATION



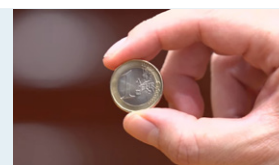
SOURCE: Banco de España.

The €2 coin remains the most counterfeited denomination, accounting for virtually 93% of all counterfeit coins withdrawn from circulation in Spain. As with banknotes, the likelihood of receiving counterfeit coins is very low, with an average of seven counterfeit coins per million of the three highest denominations in circulation.



The following video shows how to check the legitimacy of a coin with the “five-step rule”:

PLAY ▶



In the “[Banknotes and coins](#)” section of the institutional website, you can learn more about the euro counterfeiting statistics in Spain, both for [banknotes](#) and [coins](#).

c) Training on banknotes and coins

In order to contribute to the fight against counterfeiting, **the Banco de España promotes awareness of the characteristics and security features of euro banknotes and coins among professional cash handlers.** In 2023 it continued its awareness-raising work in this area, providing training to over 7,500 specialist agents.

In addition to online and videoconference training, which makes it easier to bring training closer to the workplace, during 2023 the institution offered face-to-face courses both at its facilities and at those of the professionals who requested them.



The Banco de España promotes knowledge of the characteristics and security measures of euro banknotes and coins, through face-to-face and online training.

Among the most significant were the course on "Euro banknotes and coins" and the online "Manual cash selection" course.



For more information on courses related to design elements and cash security, for cash professionals and the general public, see the [training programme](#) on the Banco de España website.

6 SUPERVISION OF FINANCIAL INSTITUTIONS

SUPERVISION OF FINANCIAL INSTITUTIONS



What does it consist of?

Its purpose is to verify that the operation of the financial system complies with regulations and best practice.

Why is it important?

The financial system plays a key role in economic development, channelling savers' money to businesses and families that need it. In addition, payment systems provide efficient mechanisms for the payment of any purchase of goods and services.

What does the Banco de España do?

Verify compliance with regulations related to the financial situation and solvency of institutions, payment services and customer protection.

What is the objective?

Promote the proper functioning of institutions and payment systems with the ultimate objective of safeguarding the stability of the financial system.

6.1 Authorisation and registration of institutions

In general, financial institutions subject to the powers and functions exercised by the Banco de España require **authorisation in order to operate as such**. This is due to the fact that some of the activities they perform are reserved activities or have a **reserved name**.

The institution's involvement in the authorisation processes of the various financial institutions is not the same in all cases. Thus, it can be said that:

- Following the launch of the SSM, the ECB is the competent authority for authorising the establishment of credit institutions in any of the Member States that participate in the SSM. However, the Banco de España has a major role in this process, as the institution responsible for submitting a motion for resolution to the ECB in relation to the creation of Spanish credit institutions.
- The Banco de España is the competent authority to grant and revoke the authorisation or registration of electronic money institutions (ELMIs), payment institutions (PIs), payment service providers exempt under Article 14 of Royal Decree-Law 19/2018,⁸ account information service providers, specialised

⁸ Royal Decree-Law 19/2018, of 23 November 2018, on payment services and other urgent financial measures.

lending institutions (SLIs) that provide payment services (SLIs-PIs) or issue electronic money (SLIs-ELMIs), real estate lenders, real estate intermediaries, currency-exchange bureaux, and providers of services for the exchange of virtual currency for fiat money and the safekeeping of custodial electronic wallets. It is also the competent authority to decide on applications for approval of appraisal companies. Similarly, it is responsible for carrying out certain verifications in relation to payment service providers.

- Lastly, the institution must issue a mandatory report on the authorisation of SLIs, mutual guarantee companies (MGCs) and reguarantee companies, which is granted by the Ministry of Economic Affairs, Trade and Enterprise.

Moreover, the official registers of the Banco de España contain information on the authorised activities and contact details of the institutions registered therein. In addition, where institutions are entitled to an EU passport, the official registers also provide information on the EU countries in which they can provide services. These registers are publicly accessible via the Banco de España website, where both current and historical data can be consulted. **Therefore, the registers are configured as a tool available to the public for consulting the main details of registered institutions (name, address, date of registration and deregistration, code, etc.).**

Details of the institutions registered in the registers of institutions since 2021 are set out in Tables 2.2 (for credit institutions) and 2.3 (for institutions other than credit institutions).

As Tables 2.2 and 2.3 illustrate, the institutions recorded in the Banco de España's registers are of a highly diverse nature. Their varying configuration and regulation also determine that the competencies that the Banco de España exercises over these institutions, by legal mandate, are also diverse.

At the end of November 2023, the Executive Commission of the Banco de España made the General Secretariat responsible for supervising the activity and denomination reserve, a role previously performed by the Directorate General for Supervision and the Directorate General for Operations, Markets and Payment Systems. This means that the General Secretariat, through the new Financial Fraud Prevention Unit, is the area currently responsible for carrying out the supervisory functions mentioned above and for submitting the corresponding reports and proposals in this area to the bodies of the Banco de España.

Table 2.2

REGISTER OF CREDIT INSTITUTIONS

	2021	2022	2023		
			Registrations	Deregistrations	Final
Credit institutions	195	194			189
Banks	48	48		1	47
Savings banks	2	2			2
Credit cooperatives	61	61			61
ICO	1	1			1
Branches of EU credit institutions	79	78	1	5	74
Branches of non-EU credit institutions	4	4			4
Financial holding companies		3	4		7
Mixed financial holding companies		1			1
Total	195	198	5	6	197

SOURCE: Banco de España

Table 2.3

REGISTER OF INSTITUTIONS OTHER THAN CREDIT INSTITUTIONS

	2021	2022	2023		
			Registrations	Deregistrations	Final
Specialised lending institutions	23	24	2	1	25
Specialised lending institutions - payment institutions	9	9			9
Branches of financial institutions subsidiaries of EU credit institutions	1	1			1
Real estate lenders	136	146	13	5	154
Real estate credit intermediaries	384	488	120	18	590
Branches of EU real estate credit intermediaries	2	2			2
Mutual guarantee companies and reguarantee companies	19	19			19
Appraisal companies	32	32			32
Currency-exchange bureaux (a)	16	16		1	15
Payment institutions	49	52		2	50
Payment institutions exempt under article 14 of Royal Decree-Law 19/2018	9	10	4		14
Payment service providers excluded under Royal Decree-Law 19/2018	15	18	7	2	23
Account information service providers	1	3	1		4
Electronic money institutions	9	10			10
Branches of EU payment institutions	7	9	2	3	8
Branches of EU electronic money institutions	3	4	2		6
Virtual currency for fiat currency exchange service providers (a)		50	33	2	81
Electronic wallet custody service providers (b)		23	21	1	43
Total	715	916	205	35	1,086

SOURCE: Banco de España.

a Excludes establishments authorised solely for the purchase of foreign currency with payment in euros.

b Law 10/2010, of 28 April, on the prevention of money laundering and terrorist financing, includes these providers as obliged parties for the purposes thereof and introduces an obligation to register with the Banco de España. This register was created for the purpose of ensuring compliance by registered entities with the requirements laid down in the regulations on the prevention of money laundering and terrorist financing. Law 10/2010 does not establish rules on financial supervision, prudential supervision, corporate governance, technological security, market conduct or information transparency.

6.2 Prudential supervision

Since November 2014, the institutions of countries participating in the banking union have been supervised by the 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” – SIs –), in close collaboration with the NSAs. All other credit institutions (“less significant institutions” – LSIs –) are directly supervised by the NSAs according to a common policy laid down by the ECB. Outside the scope of the SSM, the Banco de España also oversees the ICO and the branches of non-EU credit institutions.

Besides being tasked with the direct supervision of Spain’s LSIs, the Banco de España makes an essential contribution to the supervision of Spain’s SIs, carrying out ongoing off-site supervision through the joint supervisory teams (JSTs) and inspections and investigations of significant institutions’ models.

In late 2023, there were ten Spanish groups of significant institutions,⁹ to which 39 individual institutions belonged— accounting for 90.4% of total assets in the Spanish banking system, **and 56 Spanish institutions or groups classified as less significant, with a total of 67 individual institutions** accounting for 5.2%. The remaining 4.4% related to subsidiaries and branches of foreign credit institutions.

As in previous years, in 2023, the supervisory activity, within a framework of continuity, adapted to the uncertain economic environment, initially created by the pandemic and later expanded by geopolitical tensions or the crisis of certain banks in the United States and Switzerland at the beginning of the year. In this environment, the supervisory work focused on three broad areas:

- Strengthening institutions, through the assessment of credit and financing risks.
- Governance, digital transformation strategy and technological risk, in order to address digital challenges and strengthen the management capacities of governing bodies.
- Other emerging risks, with special emphasis on climate and digital transformation strategy.

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

⁹ Banco Santander, S.A., Banco Bilbao Vizcaya Argentaria, S.A., CaixaBank, S.A., Banco de Sabadell, S.A., Unicaja Banco, S.A., Bankinter, S.A., Kutxabank, S.A., Ibercaja Banco, S.A., Abanca Corporación Bancaria, S.A., and Banco de Crédito Social Cooperativo, S.A.



The SSM, made up of the ECB and the various national supervisors, oversees the entities of the countries that participate in the banking union.

supervision. In order to reinforce the independence and objectivity of the findings of the work, both types of supervision are carried out by different teams.

In ongoing supervision, the situation and risk profile of institutions are evaluated, through various actions (primarily carried out by JST teams) that meaningfully contribute to the supervisory review and evaluation process (SREP), in order to adopt appropriate supervisory measures in time and to plan the work and its depth.

JSTs apply the methodology for the SREP contained in the guidelines of the European Banking Authority (EBA) on common procedures and methodologies for the supervisory review and evaluation process (EBA/GL/2014/13) and in the SSM supervisory manuals.

As a result of SREP 2023, Spanish SIs received a total of 97 quantitative and qualitative requirements and recommendations, of which 36% are mandatory requirements. The quantitative capital requirements stand out, as well as the requirements and recommendations regarding governance and credit risk.

In addition, among other tasks, the ongoing supervision teams devoted their remarkable efforts to the cross-cutting review of areas of supervisory priority.

On-site supervision supplements ongoing remote supervision and comprises, in turn, two types of action: inspections and internal model investigations. The latter specifically review capital requirement calculation models, while inspections analyse in depth any other area relating to the institutions.

In 2023, the institution's staff participated in the 19 Spanish SI inspections (as leaders in 13 cases) and in another 3 of other entities in the field of the SSM, leading one of them. Credit risk was the main focus, but business risk, technology risk, and interest rate risk were also prominent.

The institution also participated in 12 model investigations (all on credit risk) including 11 on Spanish SIs. It also led 7 investigations of Spanish institutions and 1 of another institution in the area of the SSM.

In addition, the Executive Commission of the Banco de España approves the supervisory plan for LSIs, as they are subject to its direct supervision; however, the ECB is informed of the content of this plan. **In 2023, 11 on-site inspections were initiated or completed**, with a particular focus on credit and foreclosed asset quality, governance, solvency and IT.

The Executive Commission of the Banco de España was briefed on the 459 decisions and actions of the ECB's Supervisory Board, on which the Banco de España is represented, which affected Spanish institutions: 219 referred specifically to them (215 SIs and 4 LSIs) and another 240 that were of a more general nature or about organisational and/or political aspects of the SSM.

Following the different prudential supervisory tasks carried out on LSIs and the ICO, the Banco de España issued 93 recommendation and requirement letters, of which 59 were on capital decisions, 46 on recovery plans and ten on on-site inspections.

In 2023, the institution processed 404 case files **assessing the suitability** of senior positions in supervised entities, of which 207 were credit institutions, 33 SLIs, 61 Pls, 42 MGCs, 37 ELMIs, 3 foreign currency exchange establishments and 21 evaluators.

Beyond the scope of the SSM, the Banco de España has exclusive supervisory powers over **institutions other than credit institutions** that provide financial services or perform functions related to the financial sector. In 2023, it carried out 281 ongoing remote supervision actions on these entities, initiated 3 inspections and submitted 1 capital decision.

Schema 2.3 presents the main types of institutions supervised by the institution.

On 8 July 2022, Royal Decree-Law 24/2021¹⁰ came into force, giving the Banco de España supervisory powers in relation to covered bonds, and transposing Directive

¹⁰ Royal Decree-Law 24/2021, of 2 November 2021, on the transposition of European Union directives on covered bonds, cross-border distribution of collective investment institutions, open data and reuse of public sector information, exercise of copyright and related rights applicable to certain online transmissions and retransmissions of television and radio programmes, temporary exemptions to certain imports and supplies, of consumers and on the promotion of clean and energy-efficient road transport vehicles.

Schema 2.3

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	Centres of activity, 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 these are 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.		

(EU) 2019/2162¹¹ on covered bonds, which establishes a harmonised minimum regime in the EU regarding the conditions for the issuance and characteristics of this type of instrument, aimed at promoting the unified development of these markets. Royal Decree-Law 5/2023¹² introduced significant changes in this area. These regulations augment investor protection for covered bonds by shoring up the supervisory regime for these instruments and reducing the level of risk.

The Banco de España performs its corresponding supervisory functions and discloses and regularly updates on its website the list of authorised issuing institutions, as well as the covered bonds issued under the programmes authorised.



For more information on the issuance of a [covered bond programme](#), see the Banco de España website.

In addition, in accordance with the Law on the Promotion of Business Financing,¹³ as amended by the Securities Markets and Investment Services Law, in 2023¹⁴ the institution assumed the supervision of the specific framework for simple, transparent and standardised securitisations, provided for in Regulation (EU) 2017/2402,¹⁵ when the entities issuing these instruments are credit institutions or others supervised by the Banco de España.

In addition, in supervising and inspecting compliance with the **anti-money laundering and countering the financing of terrorism (AML/CFT) obligations** of entities supervised by the Banco de España, the institution cooperates closely with the Commission for the Prevention of Money Laundering and Monetary Offences (CPBCIM) and its Executive Service (Sepblac), within the framework of the provisions of national legislation and in the cooperation and coordination agreement signed with the CPBCIM.

In 2023, the Banco de España completed 2 general inspections on compliance with AML/CFT obligations in 1 SI and 1 LSI, in addition to 1 specific inspection of

11 Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU.

12 Royal Decree-Law 5/2023, of 28 June 2023, which adopts and extends certain measures to respond to the economic and social consequences of the War in Ukraine, to support the reconstruction of the island of La Palma and other situations of vulnerability; to transpose European Union Directives on structural modifications of commercial companies and the work-life balance for parents and carers; and the enforcement of and compliance with European Union law.

13 Law 5/2015, of 27 April 2015, on the promotion of business finance.

14 Law 6/2023, of 17 March 2023, on Securities Markets and Investment Services.

15 Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No. 1060/2009 and (EU) No. 648/2012.

1 SI's internal control over the activities of its branches and subsidiaries abroad. Additionally, together with Sepblac, 15 thematic inspections on foreign currency exchange were concluded. Already in the second half of the year, the Banco de España carried out 4 other inspections of foreign currency trading establishments.

Finally, it should be noted that Madrid was a candidate to host the head offices of the new authority for anti-money laundering and countering the financing of terrorism, which eventually went to Frankfurt.

6.3 Supervision of institutions' conduct

To generate greater trust in the Banco de España and greater value for society, it is necessary, among other things, to promote the best conduct practices of the entities for whose supervision it is responsible. The objective is to **strengthen the conduct of entities**.

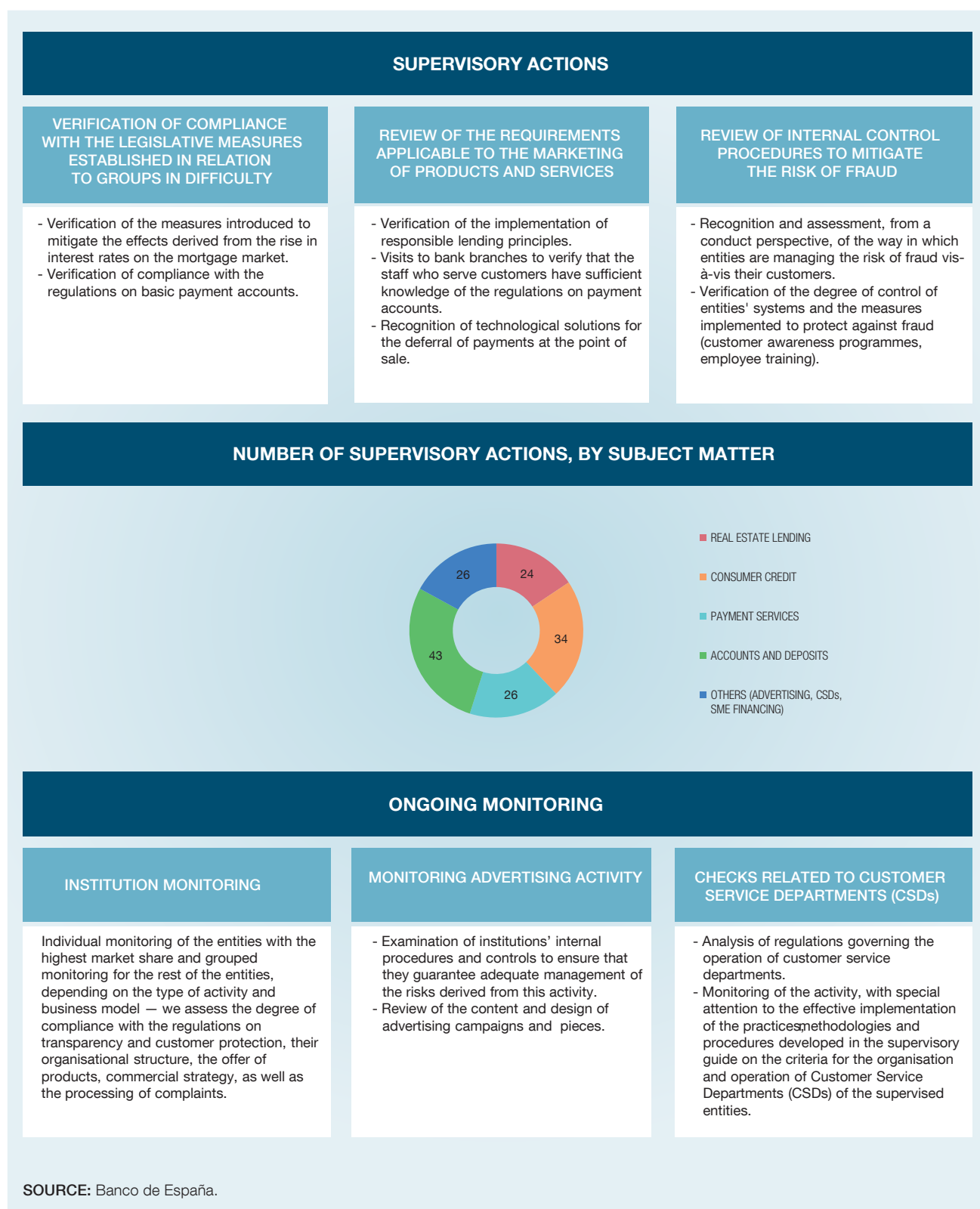
In the exercise of its supervisory functions in matters of conduct and information transparency, the institution's most immediate objective is to verify compliance with applicable regulations. But its long-term purpose is to transform the conduct of entities towards a true **culture** aimed at establishing business models and commercial organisation structures that ensure adequate market practices, with particular attention to relationships between supervised entities and their customers. **The Banco de España's conduct strategy** is structured around two objectives: a) **to promote a preventive oversight approach** —strengthening ongoing monitoring of banks and conduct risks with a potential impact on customers—, and b) to establish **supervisory priorities based on previously identified risk factors and indicators**.

Within the framework of this strategy, the gradual orientation towards an early assessment of the adequacy of the entity's **internal control framework**, depending on the volume and complexity of the activity it carries out, is intended to contribute to strengthening the conduct of supervised entities and to identify best market practice, which will ultimately result in more effective supervision of conduct.

In a context marked by uncertainty, the growth of inflation and the rise in interest rates in 2023, **supervisory priorities focused on monitoring the relief measures established in relation to groups in difficulty, the supervision of the adequate commercialisation of products and services, and internal controls**, as shown in Schema 2.4.

In addition, in looking for supervision to have a greater impact in this area, the focus was placed on the **structured exchange of information with supervised entities and on the transmission of relevant messages to the sector**, in particular with

CONDUCT-RELATED SUPERVISORY ACTIONS



regard to the timely communication of supervisory priorities and expectations. This early interaction with supervised entities also encouraged them to modify some aspects proactively and prior to the adoption of supervisory measures, confirming the effectiveness of this outreach work.

Another important part of the supervisory work consisted of identifying market trends and best practice, which, based on evidence, serve to feed into an increasingly comprehensive and integrated legal framework. Thus, with regard to the activity of granting consumer credit, the knowledge obtained in the exercise of the supervisory function took the form, on the one hand, of the preparation of the “Guidelines on the governance and transparency of revolving credit” and, on the other, of the identification of best practice criteria related to credit in the form of tacit current account overdrafts. The supervisory *acquis* also served to form the technical opinion transmitted during the revision of European legislation on consumer credit¹⁶, in response to market developments, thus contributing to better regulation of the financial sector, in line with EU principles and best practice.



For more information, see the “[Guidelines on the governance and transparency of revolving credit](#)”.

In 2023, the collaboration of the Banco de España with the State Attorney General's Office and the main banking associations to ensure the financial autonomy of people with disabilities also stood out, as set out in Box 2.4.

6.4 Oversight and supervision of market infrastructures

During 2023, and at the national level, the Banco de España carried out **surveillance activities on retail payment systems: National Electronic Clearing System (SNCE) and Cards and Means of Payment System (STMP) and supervisory activities at Iberpay**, the management company of the SNCE. In addition, it **carried out several actions at Iberclear and BME Clearing**, as the central bank that issues the currency in which they clear and settle their transactions, on behalf of the Eurosystem, and as part of its surveillance activity.

As a result of these surveillance activities, **STMP was classified as the manager of a prominent retail payment system**, responsible for the settlement of card transactions. The system is therefore subject to the Eurosystem's surveillance framework. On the other hand, Redsyst and Cecabank were considered critical

¹⁶ Directive (EU) 2023/2225 of the European Parliament and of the Council of 18 October 2023 on credit agreements for consumers and repealing Directive 2008/48/EC (CCD2).

COLLABORATION BETWEEN THE BANCO DE ESPAÑA AND THE STATE PUBLIC PROSECUTOR'S OFFICE AND THE MAIN BANKING ASSOCIATIONS TO ENSURE THE FINANCIAL AUTONOMY OF PEOPLE WITH DISABILITIES

Law 8/2021,¹ in force since 3 September 2021, represented a root and branch reform of Spanish civil and procedural legislation on disability, resulting from the adaptation of the domestic legal system to the New York Convention, ratified by Spain in 2008.

This convention determines that States parties must take measures to provide persons with disabilities with the necessary support to ensure their full equality in the exercise of their own legal capacity. **The main innovation of this new regulation is the disappearance of the judicial declaration of incapacity**, opting instead for a system based on the autonomy of the person with disabilities. In this way, the judicial procedure now aims at providing support measures to people with disabilities and, **only when the support is insufficient, can the judge decide on the representation of this person in decision-making, for specific acts.**

In particular, the changes introduced in the Civil Code constitute a challenge for society in general and, of course, for financial institutions, mainly because of the new concepts it introduces and because of the transitory regime of existing ones. For example, in cases where the support provided to the disabled person by a de facto guardian is asserted (a role that is particularly strengthened in the new regulation, being transformed into its own legal support institution), entities have to take into account that they must be able to carry out banking operations - as “legal acts involving their assets that have little economic relevance”; entities must also know that the judicial declarations of incapacity existing at the entry into force of the law are maintained on a temporary basis until they are reviewed by the courts.

To facilitate and accompany financial institutions in the process of implementing these new support measures and their future development, minimising potential conflicts that may arise between banks and their

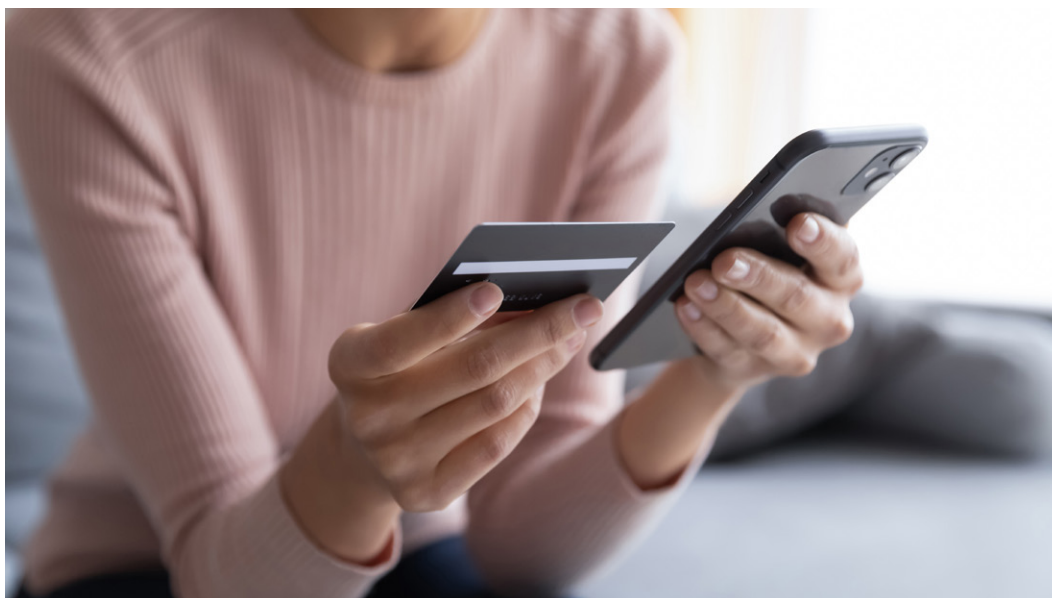
customers, the Spanish Banking Association, the Spanish Confederation of Savings Banks and the National Union of Credit Cooperatives, together with the State Public Prosecutor's Office (FGE), with the intermediation of the Banco de España, reached an agreement on this area.

On 19 July 2023, the FGE and the above-mentioned entities, together with the Banco de España, in its role as observer, signed **a collaboration protocol to guarantee the autonomy of people with disabilities in relation to banking services and products.**

As a result of this agreement, the “Framework protocol for collaboration in the effectiveness of measures to support the legal capacity of persons with Framework protocol for collaboration in the effectiveness of measures to support the legal capacity of persons with disabilities in the banking sector” and the “Interpretative Document to the Framework Protocol between the FGE and banking associations. De facto guardianship in Law 8/21” were drawn up. In addition, the protocol signed provided for a working group to assess and share best practice in the field of banking in relation to the support system for the exercise of legal capacity by people with disabilities.

Moreover, **the FGE and the banking associations also signed a second supplementary protocol**, the “General collaboration protocol for the protection of persons with disabilities or in other situations of vulnerability who hold banking products”, which aims to protect the financial interests of people with disabilities or who are in certain situations of vulnerability. This agreement establishes fluid communication between banks and the regional prosecutor's offices with jurisdiction, in order to bring to light situations that may endanger the financial security of holders, by revealing situations of abuse or undue influence on his/her will, and which will activate an investigation by the Public Prosecutor's Office.

¹ Law 8/2021, of 2 June 2021, amending civil and procedural legislation to support people with disabilities in the exercise of their legal capacity.



In the exercise of its supervisory function, the Banco de España published the *Guidelines on the governance and transparency of revolving credit* in 2023.

service providers, since they execute the processes for calculating the net liabilities – clearing – resulting from this operation for STMP.

Within the Eurosystem, **the institution collaborated in the evaluations of various payment schemes and agreements**, in accordance with the Eurosystem surveillance framework, known as the “PISA framework”, approved for this purpose in November 2022.

In addition, the Banco de España continued to participate in the Eurosystem's **pan-European private payment systems co-operative oversight** groups.

With regard to **supervisory work in the field of payment service providers**, the supervisory measures resulting from the on-site inspection carried out in 2022 of one ELMI were monitored and a new on-site inspection was initiated on another ELMI. Moreover, a remote action was launched, aimed at evaluating adequate **compliance with the guarantee and protection requirements of the funds of payment service users in PIs and ELMIs**. Complaints related to the provision of payment services were also handled and work was carried out to assess compliance with the Delegated Regulation on strong customer authentication and common and secure open standards of communication;¹⁷ the monitoring of the management of serious operational and security incidents; the statistical reporting of fraud; the verification of

¹⁷ 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.

regulatory compliance in the delegation of operational functions, and the application of the community passport.

Additionally, the institution's staff participated in the numerous **authorisation procedures for new specialised payment service providers**.



More information on [Oversight of Market Infrastructures](#) can be found on the Banco de España website.

6.5 Sanctioning activity

Sanctioning powers, as a corollary of supervisory powers, continued to be exercised in 2023, both in the **prudential area** and in the areas of transparency and customer protection.

In the first area, 10 proceedings were conducted, all of them against the corresponding entities and their respective positions of administration and management, 54 individuals in total. Of those 10 cases, 7 were resolved in 2023.

More specifically, 4 of the proceedings conducted in 2023 in the prudential area concerned facts relating, in general, to the **internal control of entities, to the management of their risks and their governance, as well as to maintaining a sufficient level of own resources to be able to face the risks assumed and possible shocks**. Of these 4 proceedings, 3 were resolved during 2023 and were conducted, respectively, against a financial credit institution, a credit cooperative and an ELMI, as well as against management and administrative positions of those entities. The remaining proceedings, which were not resolved in 2023, were opened at the end of the year against another credit cooperative and their respective administrative and management positions.

Also noteworthy, in the prudential area, are two proceedings brought against individual appraisal firms and their respective administrative and management positions, for conduct related to their organisation, procedures and internal control mechanisms. Both were resolved in 2023.

Finally, also within this prudential area, proceedings were conducted in **various areas relating to compliance with the rules on the acquisition of significant holdings** (a case brought against an ELMI and some of its shareholders, resolved in 2023) or relating to **intrusive activity**. In this last group there are two other proceedings, both still in progress at the close of the 2023 financial year. The first proceedings were brought against a company and its sole directors for using



The Banco de España exercises its sanctioning powers in the prudential area and in the areas of transparency and customer protection.

names reserved for credit institutions, and also for their refusal to provide information to the Banco de España Inspection Services. For its part, the second was conducted against a company and its sole director for allegedly carrying out the activity of buying foreign currency without the mandatory authorisation.


In the area of transparency and customer protection, 2 proceedings were conducted and resolved against, respectively, a bank and an ELMI and the management and administrative positions of the latter, against which one of the above-mentioned proceedings was also initiated in the prudential area.

The breaches involved in these proceedings involved, among other things, deficiencies in relation to the offer and marketing of credit cards, the accrual of interest, the settlement and collection of interest and commissions, as well as the delivery and content of pre-contractual and contractual information.



For more information on supervisory functions, see the *Supervision Report* published annually by the Banco de España.

7 FINANCIAL STABILITY AND PREVENTIVE RESOLUTION

FINANCIAL STABILITY AND PREVENTIVE RESOLUTION	
	What does it consist of?
	<p>The Banco de España helps to maintain the stability of the Spanish financial system. To this end, it has an analytical framework, supervisory and preventive resolution mechanisms, and the possibility to make macroprudential policy decisions.</p>
Why is it important?	<p>If a financial system is stable, it will be able to absorb the impact of shocks and the materialisation of risks without affecting the financial intermediation process and causing significant damage to economic activity.</p>
What does the Banco de España do?	<p>Identify systemically important Spanish credit institutions and set their capital buffers, carry out stress tests, draw up resolution plans, etc.</p>
What is the objective?	<p>Continue working to secure financial stability, which is key to the well-being of society.</p>

7.1 Financial stability and macroprudential policy

One of the Banco de España's responsibilities is to contribute to maintaining the stability of the Spanish financial system in the face of systemic risks and vulnerabilities. To this end, current regulations make it possible to use macroprudential policy instruments in the banking system. These instruments, which consist mainly of capital requirements (buffers) applicable to banks, and also limits on concentration and on the conditions under which bank loans are granted, serve to prevent the accumulation of risks and imbalances of a cyclical or structural nature and to mitigate their impact.

The work carried out by the Banco de España in this area is disseminated through various regular and occasional publications. In particular, the *Financial Stability Report*, which is published every year in spring and autumn, provides updated analyses of the risks and vulnerabilities identified for the Spanish financial system. On the other hand, macroprudential policy actions are addressed regularly through press releases. In addition, the research work carried out on this topic, which serves as a basis for risk analysis and decision-making within the framework of macroprudential policy, is disseminated through the *Financial Stability Review* and the Working Papers and Occasional Papers series.



The Banco de España helps to maintain the stability of the Spanish financial system.

Like every year, in 2023, exercises were carried out to identify systemically important Spanish credit institutions, setting their macroprudential capital buffers. These requirements are aimed at strengthening the solvency of these entities and mitigating the systemic effects that they could potentially cause the financial system in the event of difficulties, as well as to offset the possible competitive advantage of these entities in the financing markets compared to smaller entities. In 2023, the Banco de España identified four entities: Banco Santander, S.A., Banco Bilbao Vizcaya Argentaria, S.A., CaixaBank, S.A., and Banco de Sabadell, S.A., as other entities of systemic importance at the national level and one entity, Banco Santander, S.A., as an entity of global systemic importance.

On the other hand, in each quarter of last year, the countercyclical capital buffer (CCyB) of banking institutions was reviewed to meet the risk situation, and was maintained at 0%. This instrument is designed to strengthen the solvency of the banking system through the accumulation of capital in phases of economic prosperity. During 2023, the regulatory percentage of the CCyB for credit exposures in Spain did not change, as no evidence of systemic risk accumulation was identified, although special attention is paid to the evolution of the real estate sector.

The Banco de España continues to evaluate the resilience of the Spanish banking system in the face of the hypothetical materialisation of macroeconomic and financial risks. These stress tests are based on an analytical tool developed by the institution, called FLESB (Forward-Looking Exercise on Spanish Banks). The exercise carried out in 2023 showed that the aggregate solvency of all banks would remain at adequate levels in the face of a markedly adverse hypothetical macrofinancial scenario.



Members of the AMCESFI Technical Committee on Financial Stability.

In addition, in 2023, the Fourth Biennial Financial Stability Conference was organised. As usual, the event was organised together with the Centre for Monetary and Financial Studies (CEMFI). This year, 12 research papers were presented and a colloquium took place between the Governor, Pablo Hernández de Cos, and Jerome H. Powell, president of the Board of Governors of the United States Federal Reserve.

At the national level, the Banco de España is part of the [Spanish Macroprudential Authority Financial Stability Council \(AMCESFI\)](#) together with other Spanish authorities. Configured as a collegiate body, the AMCESFI has powers to oversee the entire Spanish financial system and is composed of two structures: Technical Council and Committee on Financial Stability. In 2023, the AMCESFI published its first biennial report on climate change risks for the Spanish financial system in response to the mandate established in the Law on Climate Change and Energy Transition.¹⁸

Among the activities of the Eurosystem, it is worth noting the participation of the Banco de España in the Financial Stability Committee (FSC) of the ECB. As a member of the FSC, it collaborates with other national authorities of the banking union in risk analysis and implementation of macroprudential policy, contributing to the preparation of discussions and documents that are submitted to the Macroprudential Forum and the Governing Council of the ECB. At the EU level, it is also actively involved in the European Systemic Risk Board (ESRB).



For more information on [financial stability and macroprudential policy](#), see the Banco de España website.

¹⁸ Law 7/2021, of 20 May 2021, on climate change and energy transition.

7.2 Preventive resolution

In 2023 the Banco de España drafted resolution plans for a total of 48 Spanish credit institutions (10 SIs and 81 LSIs) and four foreign groups with Spanish subsidiaries, in close collaboration with the Single Resolution Board (SRB) and other resolution authorities in the euro area. Within this collaboration framework, 49 workshops were organised during the year to discuss the most important aspects of resolution planning and to set new objectives to improve institutions' resolvability. On the other hand, during its annual visit, the SRB met with the Spanish SIs.

In addition, it is worth underlining the Banco de España's participation 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. Specifically, in 2023 it intervened in the Crisis Management Group of one Spanish SI and the resolution colleges of two Spanish SIs, two foreign SIs with subsidiaries in Spain and one foreign SI with an important branch in Spain. It also participates in the resolution bodies of those central counterparty chambers whose liquidating members are LSIs.

The SRB and the non-euro area EU resolution authorities signed joint decisions in relation to the resolution plans and the minimum requirement for own funds and eligible liabilities (MREL) decisions of two Spanish SIs and three foreign SIs with important subsidiaries or branches in Spain, in whose colleges the Banco De España participates as an observer.

In terms of **resolution planning**, the following was noteworthy in 2023:

- 48 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 47 Spanish less significant credit institutions.

Furthermore, in order to further the effective implementation of resolution legislation, the Banco de España participated actively in the development of **preventive resolution criteria and strategies**. Among the actions that, due to their relevance, deserve special mention, it is worth highlighting: a) the monitoring of the current MREL objectives of all credit institutions; b) collaboration with the FROB and with the Deposit Guarantee Fund, which included participation in committees with both institutions; c) the research and analysis of matters related to liquidity, among other issues, the ability to access markets and the analysis of the degree of progress in resolvability of LSIs with a resolution strategy; d) the review and justification of each of the resolution tools contemplated; and e) participation in a simulation exercise to

examine the cooperation process between authorities in the face of a resolution event of a less significant entity whose authorities request the use of the Single Resolution Fund.

7.3 Financial reporting and reporting to the Central Credit Register

In this area, and with regard to new information requirements for institutions, Royal Decree-Law 24/2021¹⁹ established, among other issues, information reporting obligations in relation to the Banco de España for credit institutions that issue covered bonds. These obligations refer to the information considered necessary for the exercise of supervisory functions over the covered bonds entrusted to the Banco de España. This royal decree law also determines the requirements relating to mortgage bonds, mortgage transfer certificates and instruments for mobilising credits or loans secured with a first mortgage or first security without transfer of possession, which can be issued by credit institutions and EFCs. These new reporting obligations to the Banco de España are set out in Circular 1/2023.²⁰ The entities began to submit this information based on data for the month of March 2023.

In addition, the adoption of the EBA guidelines on exercises to compare remuneration practices, the gender wage gap and the highest authorised ratios under Directive (EU) 2013/36/EU (EBA/GL/2022/06) and the guidelines on the exercise of collecting information relating to people with high remuneration under Directive (EU) 2013/36/EU and Directive (EU) 2019/2034 (EBA/GL/2022/08), entailed the approval of Circular 3/2023,²¹ to establish the new remuneration statements that credit institutions and EFCs are required to submit to the Banco de España based on data for the month of December 2023.



During 2023, nearly 400 supervised entities were required to submit a total of 788 financial, statistical and supervisory statements, with different frequencies. In order to ensure that this information meets high quality standards, more than 88,000 accuracy and consistency validations were applied.

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

20 Circular 1/2023, of 24 February 2023, of the Banco de España, to credit institutions, branches in Spain of credit institutions authorised in another member State of the European Union and financial credit institutions, on the information to be sent to the Banco de España on covered bonds and other loan mobilisation instruments, and amending Circular 4/2017, of 27 November 2017, for credit institutions, on public and reserved financial reporting standards, and financial statement models, and the Circular 4/2019, of 26 November 2019, for financial credit institutions, on public and reserved financial reporting standards, and financial statement models.

21 Banco de España Circular 3/2023 of 22 December 2021, amending Circular 2/2016 of 2 February 2016, for credit institutions, on supervision and solvency, completing the transposition into Spanish legislation of Directive 2013/36/EU and Regulation (EU) No. 575/2013, and Circular 1/2022, of 24 January 2022, for EFCs, on liquidity, prudential regulations and reporting obligations.

In relation to the **Central Credit Register (CCR)**, Circular 2/2023 was approved in 2023,²² which incorporates **important modifications to the information that entities must submit**. The following are some of the most relevant: a) since January 2023, reporting entities must report to the CCR, on an individual basis, all the transactions of holders whose cumulative risk in the entity is equal to or greater than 3,000 euros (the previous threshold was 6,000 euros); b) the way in which information is presented in some modules is simplified; c) the accounting data of loans to individuals which, since 2018, were already requested for legal entities, and d) for loans to households, the holder's annual disposable income is required to be sent at the start of the transaction. Thus, reporting entities will have more feedback on their potential customers, and the Banco de España will have a **larger volume of data to carry out the supervision and surveillance of banking system risks and the implementation of macroprudential tools**. All this with a view ensuring financial stability.

In December 2023, the 359 entities that report to the CCR submitted information on more than 25.5 million natural or legal persons who held 61.2 million loans and other risk transactions. The increase in the number of holders (12.3%) and transactions (21.4%) reflects the impact of the reduction of the tax exemption threshold to 3,000 euros, applicable since January 2023. The total amount of risk disposed of in 2023 was 3.4 billion euros. The CCR provided 457 million reports to entities, 20% more than in 2021.

In fact, the great usefulness of this granular information, operation by operation, of all the risks that reporting entities maintain with their clients, generated an increasing demand for this detailed data. In particular, the risk reports issued by the CCR at the request of the entities exceeded 6 million; on the other hand, those requested by the owners reached approximately 700,000. This implies that requests for risk reports increased in 2023, by 1% and 15.5%, respectively.

On the other hand, the increase in the information included in the risk reports distributed by the CCR and the high level of litigation in recent years consolidated the upward trend detected in the evolution of claims in previous years. In 2023, claims filed with the CCR increased by 55% compared to those received in 2022, reaching 17,665. In that same period, 6,630 were resolved, 66% more than in the previous year.

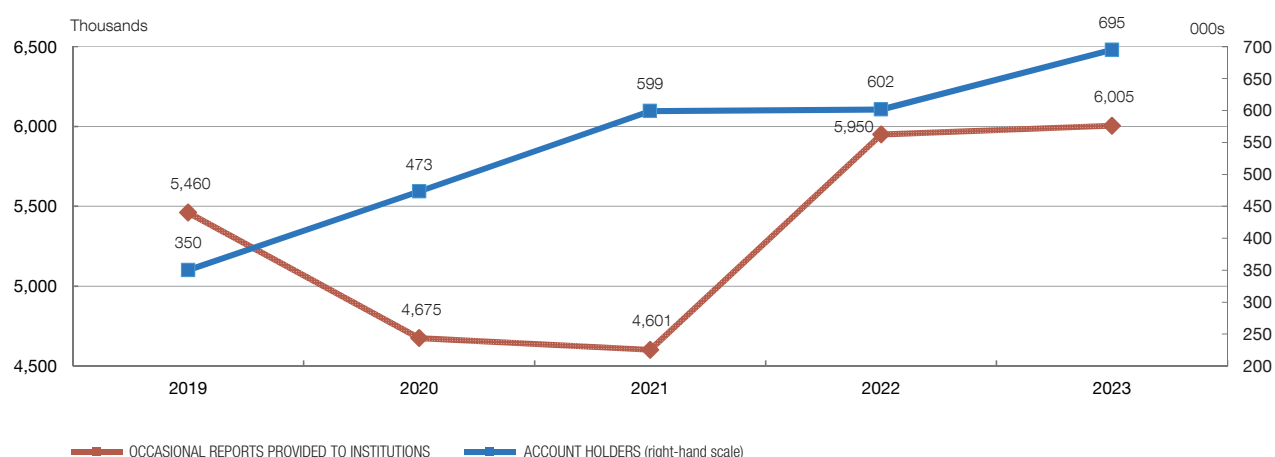
Figures 2.11 and 2.12 contain, respectively, the risk report data provided to reporting entities and holders over the past five years, as well as the number of claims received and resolved during the same period.



For more information about the [CCR and its available procedures](#), see the Banco de España website.

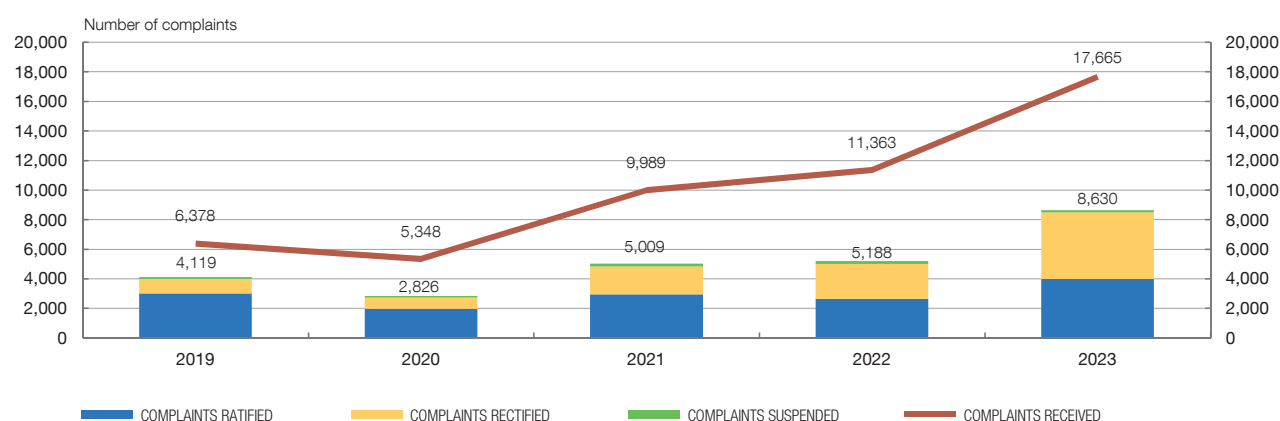
22 Banco de España Circular 2/2023, of 17 March 2023, amending Circular 1/2013, of 24 May 2013, on the Central Credit Register.

Chart 2.11

RISK REPORTS PROVIDED TO INSTITUTIONS AND ACCOUNT HOLDERS

SOURCE: Banco de España.

Chart 2.12

**EXERCISE OF THE RIGHT TO RECTIFY OR DELETE DATA DECLARED TO THE CCR
(COMPLAINTS RECEIVED VERSUS RESOLVED)**

SOURCE: Banco de España.

8 RESOLUTION OF COMPLAINTS AND ENQUIRIES RECEIVED FROM BANK CUSTOMERS

RESOLUTION OF COMPLAINTS AND ENQUIRIES RECEIVED FROM BANK CUSTOMERS



What does it consist of?

The Banco de España is competent to resolve complaints submitted by users of financial services of supervised entities and to answer their enquiries regarding transparency and customer protection regulations, as well as about the legal channels for exercising their rights.

Why is it important?

This function 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.

What does the Banco de España do?

Resolve complaints and inform and guide users of financial services who consult the institution about transparency and customer protection regulations.

What is the objective?

Strengthen the transparency and protection of banking customers through the resolution of conflicts between users of financial services and supervised entities and the establishment of criteria for banking best practice.

2023 was a year, like the preceding ones, of intense activity in terms of complaints submitted by banking customers.

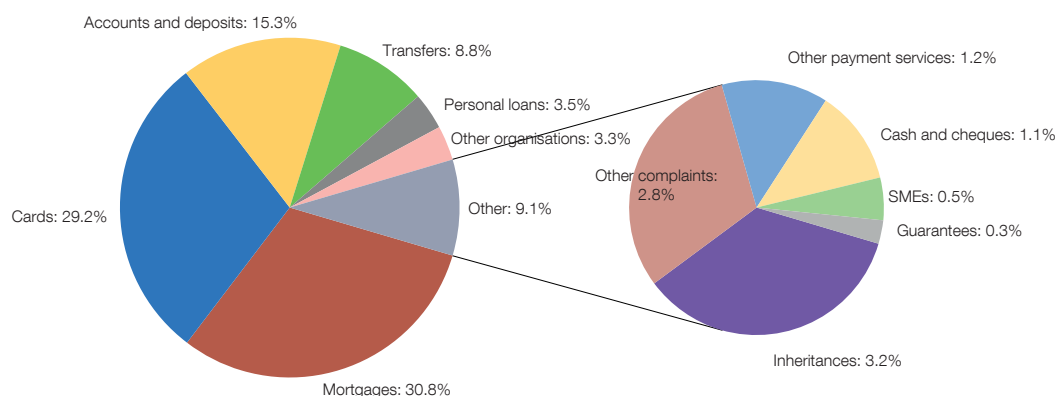
The **complaint files totalled 33,789**, a figure that, although provisional at 31 December 2023, is slightly lower (1.05%) than that recorded in the previous year (34,146). During processing, a total of 161,286 documents were handled, 75,346 incoming and 85,940 outgoing.

As in previous years, the type of claims processed during 2023 varied. In Chart 2.13, which reflects the items claimed depending on the banking product, we can see that **three out of four complaints (75.3%) focused on incidents related to mortgage loans (30.8%), cards (29.2%) and accounts/deposits (15.3%):**

- Mortgage loans were the product for which the most complaints were received (30.8%) in 2023, a 12.6% increase on 2022. This increase was due to the complaints in which banks were asked to reimburse the costs incurred in taking out mortgages before the entry into force of the Law Regulating Real Estate Credit Agreements,²³ an increase that is probably related to clients' desire to avoid the expiry of actions derived from judicial decisions regarding the nullity of this clause. The acquisition of products linked to these loans accounted for the second largest cause of complaints.

²³ Law 5/2019, of 15 March 2019, regulating real estate credit agreements.

Chart 2.13

TYPES OF COMPLAINT (provisional data as at 31 December 2023)

SOURCE: Banco de España.

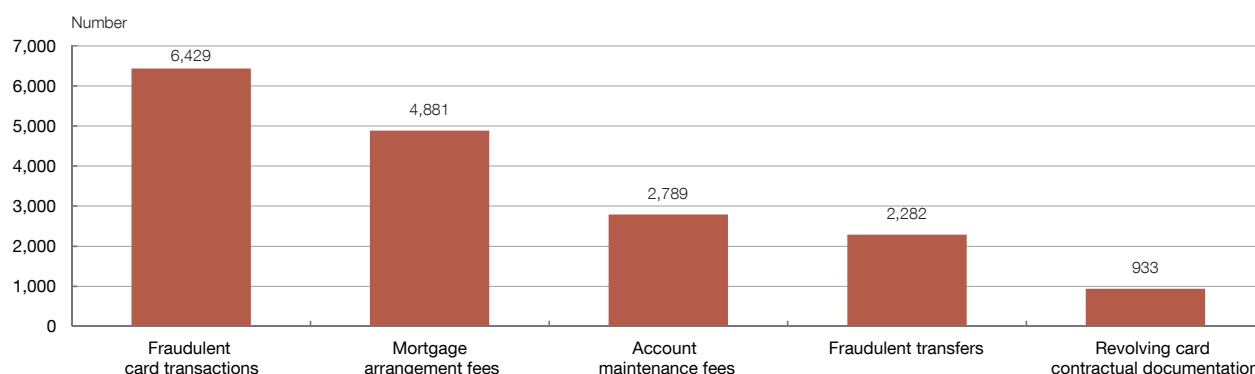
- Credit, debit, revolving and prepaid cards were the second product with the highest number of complaints (29.2%), down 8.2% on the previous year. Within this category, complaints about allegedly fraudulent transactions or non-delivery of documentation to the customer stood out, especially those of the revolving type.
- Complaints relating to current accounts and deposits accounted for 15.3% of the total, down 6.9% compared to 2022. The main cause of dispute between the parties was the charging of fees, both in current and savings accounts and in accounts linked to mortgage loans.

Chart 2.14 shows the issues on which the most complaints were received. It should be noted that, although the main reasons for complaints match with those of the previous year, accounting for 51.2% of the total number of files handled, in 2023 the number of files processed for each subject changed.

Thus, complaints relating to fraud affecting payment transactions, carried out with cards (19%) or transfers (6.8%), were once again the most prominent by volume of activity, accounting for 25.8% of the total, although they fell by 4.2% compared to 2022. Those focused on mortgage formalisation expenses (14.4%) up by 10.6%, ranked second in terms of the number of claims received by subject matter - in 2022 they ranked fifth. Finally, account maintenance fees (8.3%) went from second place to third, representing a decrease of 5.8% compared to the previous year.

On 6 October 2023, the 2022 Complaints Report was published, in which, in addition to the usual data on complaints and enquiries, several new features are

Chart 2.14

MOST FREQUENT TYPES OF COMPLAINT IN 2023 (provisional data as at 31 December 2023)

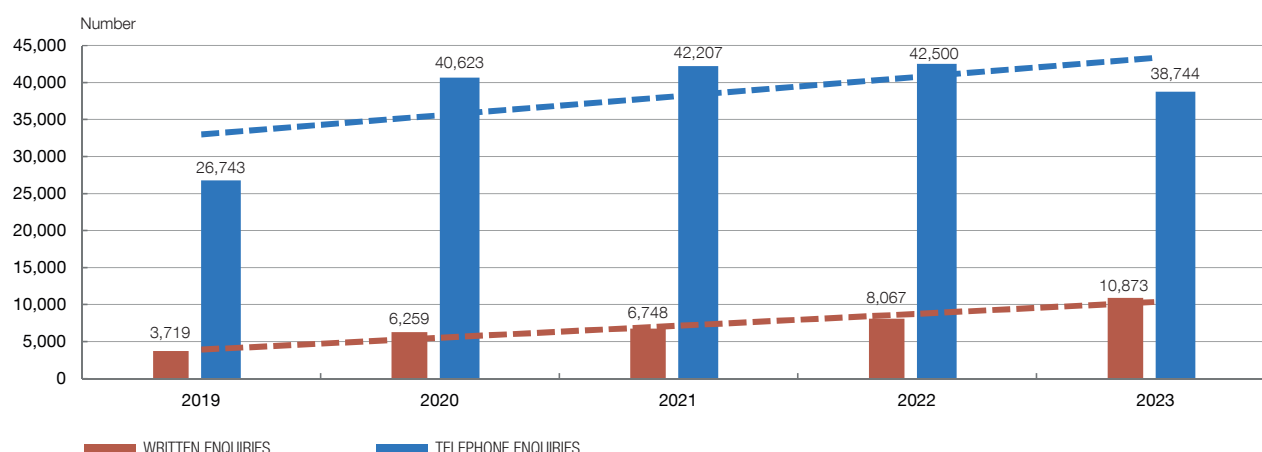
SOURCE: Banco de España.

included to better publicise the operation of the system. Thus, by way of example, information was collected on the average resolution period of complaints or new graphic elements were included to compare the claims received at the Banco de España and the volume of activity of each of the main entities, and the relationship between the relative size of the entity in terms of activity in deposits and credits and the absolute number of complaint files processed was established. Another new feature offered by the Report is the detailed analysis of the five most common causes of complaints for the year. The 2022 Complaints Report was also presented at the



In 2023, the number of telephone enquiries fell due to a significant decrease in enquiries about the status of complaints being processed.

Chart 2.15

WRITTEN ENQUIRIES AND TELEPHONE ENQUIRIES IN THE LAST FIVE YEARS (provisional data as at 31 December 2023)

SOURCE: Banco de España.

headquarters of the Banco de España in Madrid and at the branch offices of Valladolid, Bilbao, Las Palmas de Gran Canaria and Seville.

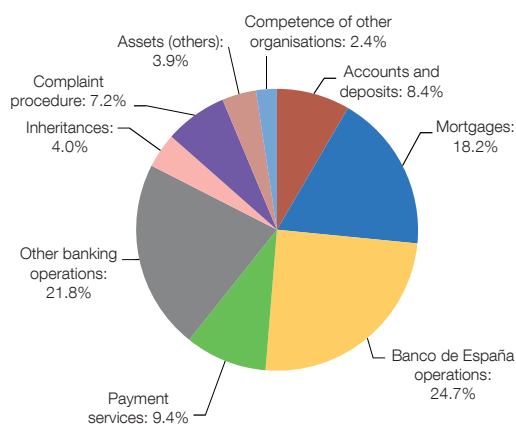
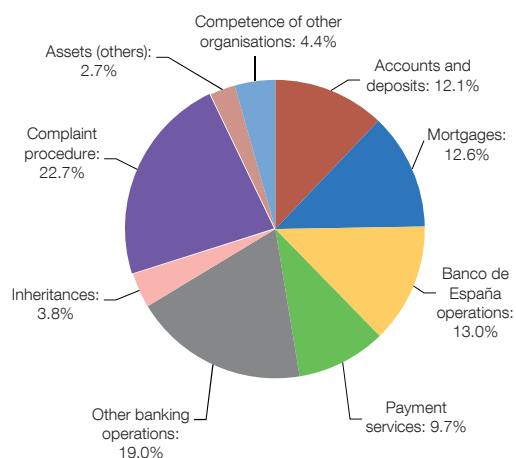
With regard to enquiries, according to provisional data as of 31 December 2023, **a total of 49,617 enquiries were received last year, of which 10,873 were written and 38,744 were by telephone.** Although these data imply a stabilisation of the total number of inquiries received, there is a significant increase in written enquiries (10,873, compared to 8,067 in December 2022), as well as a decrease in telephone inquiries (38,744, compared to 42,500 in December 2022). The decrease in the number of telephone enquiries is due to the significant decrease in enquiries regarding the processing status of complaints, as a result of the progressive reduction of resolution times.

Chart 2.15 shows the changes in written and telephone enquiries in the period from 2019 to 2023.

89% of written enquiries were received through the electronic channels specifically enabled for this purpose – the Virtual Office and the Bank Customer Portal – while the remaining 11% were submitted through other channels.

Meanwhile, Chart 2.16 reflects the **most consulted topics** in 2023. In general, they refer to incidents related to the **most common products and services**, such as mortgage loans, payment services (fraud, cards and transfers), **current accounts**, (especially, changes in maintenance fees) and **banking operations other** than the foregoing ones, such as inquiries about account ownership (sometimes related to

Chart 2.16

WRITTEN ENQUIRIES AND TELEPHONE ENQUIRIES RECEIVED IN 2023**1 WRITTEN ENQUIRIES****2 TELEPHONE ENQUIRIES**

SOURCE: Banco de España.

impersonation) or the registration of delinquencies. In addition, the enquiries related to the **data declared by the entities to the CCR** stand out.

Furthermore, every year the Complaints Report contains a detailed analysis and summary of the most frequent and significant queries, with the criteria contained therein.



See the Banco de España website to consult the different editions of the *Complaints Report*.

9 FINANCIAL EDUCATION

FINANCIAL EDUCATION



What does it consist of?

It is an activity aimed at promoting a greater economic and financial culture of society to improve its financial health and contribute to the stability of the system as a whole.

Why is it important?

It favours the adoption of better decisions in the management of personal finances, increasing the financial well-being of citizens, reducing the risks of exclusion and contributing to the stability of the financial system.

What does the Banco de España do?

Guide the national financial education strategy within the framework of the Financial Education Plan and carry out outreach activities in various areas, such as personal finance and knowledge of euro banknotes and coins.

What is the objective?

Continue to contribute to the financial education of Spanish society to improve its individual and social well-being.

9.1 Promoting financial education

Financial education is an essential tool for strengthening consumer and user protection in relation to **financial products and services**. The acquisition of basic knowledge about these products and services and about finance in general, facilitates responsible decision-making and contributes, in turn, to the proper functioning and stability of the financial system. In addition, knowledge of the basic elements of the economy and monetary policy makes it possible to understand and predict the impact of economic variables on personal finance and, also, to understand the actions that the Banco de España, as the national central bank, promotes to meet the objectives of price stability and financial stability.

Within the framework of the first Strategic Plan (SP 2024), the Banco de España is constantly working to strengthen instruments aimed at promoting financial education. Thus, in 2022 it approved a raft of measures to strengthen the institutional approach to financial education. These measures, implemented progressively in 2023, made it possible to improve the coordination of the action taken in this area.

Among them, the **creation of the Financial Education Committee stands out**, with the aim of ensuring coordination within the institution and designing the financial education strategy, as well as monitoring and evaluating it. The Committee, which began its activity in 2023, approved the major strategic objectives of financial education for the coming years. Among these objectives are the implementation of economic education programmes and specific programmes for groups with special

needs, the strengthening of external and internal channels, the promotion of research and the evaluation of the effectiveness of the different initiatives.

During 2023, significant progress was made on one of the initiatives under SP 2024, which has a significant impact on the Banco de España's promotion of financial education. Specifically, it is a **coordinated action throughout Spain that, with the support of the branch offices**, involves regional institutions and different kinds of organisations in the promotion of financial education. Thus, through the regional branch network, **local collaborators interested in promoting financial education in their fields of action** are identified. During 2023, in each branch, this project was presented to interested local partners and training sessions were organised for future trainers.

In addition, at an international level, in 2023, the Banco de España obtained a seat on the Advisory Board of the [International Network on Financial Education](#), the main forum for debate and the creation of international standards in the field of financial education.

9.2 The Banco de España's financial education initiatives

In 2023 financial education was consolidated as one of the priority spheres of activity for the Banco de España. The main initiatives carried out in this area in 2023 are summarised below.

a) Initiatives aimed at the education community

During 2023, within the framework of the Financial Education Plan, the Banco de España, together with the Spanish National Securities Market Commission (CNMV) and the Ministry of Economic Affairs, Trade and Enterprise, undertook the analysis of the royal decrees that established the organisation and minimum education of Primary, Secondary and Baccalaureate Education in accordance with of the Organic Law on Education.²⁴ The purpose of this analysis was to achieve a **global vision of educational content on financial or economic education at each stage.**

Meanwhile, one fundamental activity of the Financial Education Plan is the **School Financial Education Programme**, which makes **training resources and teaching materials** (games, activities, videos, etc.) **available to teachers** at secondary schools, baccalaureate and intermediate vocational training courses. More than 400 educational centres and 12,500 students took part in 2023. In the 2024 programme, which was launched in the last quarter of 2023, nearly 500 schools were enrolled until the end of 2023.

²⁴ Organic Law 3/2020, of 29 December 2020, which amends Organic Law 2/2006, of 3 May 2006, on Education.

Schools enrolled in this programme can also participate in the **Financial Literacy Competition**. In 2023, more than 350 schools registered and the face-to-face quarter-final and semi-final phases were held in some of the Banco de España branch offices. The final took place at the Government Delegation in Andalusia, located in Seville, during the central event of Financial Education Day.

Another fundamental educational pillar is the **Generation €uro 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.

In the first half of 2023, the last phase of the 12th edition took place, and the final was held on 18 April at the headquarters of the Banco de España. On 31 May 2023, the winning team, together with the rest of the winning teams from the participating countries, met with the President of the ECB, Christine Lagarde, in Frankfurt am Main.

In the last quarter of 2023, the 13th edition began, in which around 2,300 schoolchildren took part. At the end of November 2023, a training day was organised for the teachers of the teams who qualified in the first round. Of the 545 teams enrolled, 83 made it to the second round of the competition.

The **annual courses on economic and financial knowledge**, aimed at the educational community, are also worth highlighting. In 2023, 34 educational workshops were held on euro banknotes and coins, in which up to 26 schools and more than 800 secondary school, baccalaureate and special education students



The Governor of Banco de España, Pablo Hernández de Cos, welcomed the finalist teams of the 12th edition of the Generation €uro contest at the headquarters in Madrid.

“HAZQTRENTE: KNOW YOUR FINANCES, DECIDE YOUR FUTURE” WORKSHOPS

- **Main objective:** to raise awareness of the importance of young people acquiring financial knowledge from an early age.
- **Recipients:** secondary and mid-level vocational training.
- **Content:** financial planning and savings, responsible consumption, debt, fraud prevention or security measures for euro banknotes.
- **Venue:** Banco de España facilities in Madrid - workshop also available via video conference.
- **Duration:** 3 hours, in the morning (10 a.m. -1 p.m.).

participated. In addition, almost 300 schoolchildren completed the online cash course aimed at schools, retailers and the general public.

These workshops were reformulated in September with the launch of a new educational programme, called **“hazQTRente: know your finances, decide your future”**. During the last half of the year, this training was given to more than 700 students from 16 educational centres.

Finally, other notable activities included those pursued under the Banco de España’s **Central Bank and Supervision Programme**, which aims to provide a further understanding of monetary policy and the functioning of the financial system, focused on familiarising 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. During 2023, within the framework of this programme and through the branch network, 513 school groups were welcomed and training was provided to more than 10,800 primary and secondary school students.

In addition, through the **Education Portal**, the Banco de España offers a variety of teaching resources to students and teachers.

b) Initiatives aimed at the general public

Training of general interest

In 2023, the Banco de España, through its network of branches and the collaborators of the Financial Education Plan, carried out various **activities, both face-to-face and in hybrid format, aimed at numerous groups** — associations of the elderly, university professors and students, etc. — on **various issues of interest to the general public**. The topics covered ranged from the functions and services offered by the institution to current issues, such as inclusive finance, fraud, the digital euro or



The Banco de España published the Guideline of tools for mortgagors experiencing financial hardship on its website.

sustainable finance. Some of these activities were carried out together with partners of the Plan, such as talks organised with the Red Cross and aimed at people in prisons, for example.

In addition, the Banco de España participated in **Open Government Week 2023**, an initiative promoted worldwide by the Open Government Partnership and which aims to bring public institutions closer to citizens. More than 300 people participated in the educational workshops held at its headquarters in Madrid and in its branch offices, from 20 to 24 March.

Since one of the objectives of financial education in the field of cash is to promote awareness of the characteristics and security features of the euro banknotes and coins, thereby contributing to the fight against counterfeiting, in 2023 the institution provided **training on cash** to more than 150 schoolchildren, members of the public and professionals.

2023 also so the publication of several tools to promote consumer financial education and improve transparency in relations with institutions. On 31 March 2023, both the [Guideline of tools for mortgagors experiencing financial hardship](#) and the [Eligibility simulator](#) to apply the measures of the Codes of Good Practices established in Royal Decree-Law 6/2012²⁵ and in the new Code of Good Practices of Royal Decree-Law 19/2022²⁶ were published on the Banco de España website. This latter regulation contemplates a new set of measures to strengthen the protection of vulnerable mortgage debtors, to alleviate the financial burden of mortgage debtors at risk of vulnerability due to rising interest rates, and to facilitate the adaptation to the environment of inflation and rising rates for families with variable-rate mortgages.

²⁵ Royal Decree-Law 6/2012, of 9 March 2012, on urgent measures to protect mortgage debtors without resources.

²⁶ Royal Decree-Law 19/2022, of 22 November 2022, which establishes a Code of Good Practices to alleviate the rise in interest rates on mortgage loans on primary housing, amending Royal Decree-Law 6/2012, of 9 March 2012, on urgent measures to protect mortgage debtors without resources, and adopting other structural measures to improve the mortgage lending market.

In addition, during 2023, a **new application, EncuenTRA**, was launched, in **which the main best practice rules and criteria** in terms of conduct, transparency and protection of banking customers can be consulted. This application makes it possible to search by type of institution, product and service, material and source, and also using keywords.

The Banco de España's Bank Customer Portal

The purpose of this portal is to disclose information of general interest to customers of banking products. Thus, together with the blocks of relevant information on the main banking products and services, it includes other sections with topics of interest to citizens in relation to inheritances, fraud prevention, fees and interest or to alternatives for mortgage debtors in difficulty. In addition, it offers useful tools to help users with the most common financial procedures. For example, the simulators make it possible to perform calculations, such as loan instalments or the APR of their operations.

In addition, this portal collects information on the **procedures for submitting enquiries and complaints**, and, through it, provides access to regulations related to the financial system, with special emphasis on the protection of banking customers, as well as to best practice criteria. Current content and multimedia elements are also published, such as surveys and videos with informative messages, in an agile and user-friendly format.

All of this kept visitor traffic to pages on the Bank Customer Portal on the up, reaching a new all-time-high of around 12 million visits in 2023, representing an increase of 50% with respect to the previous year.

c) Institutional initiatives

Of particular note in this area are the initiatives undertaken around **Financial Education Day**, which is held on the first Monday of every October. The 2023 edition had as its motto "Inclusive finance, finance for all" and focused on financial inclusion. For the promoters of the Financial Education Plan, including the Banco de España, it is essential to guarantee the financial inclusion of citizens and to pay special attention to the most vulnerable groups, such as the population with the least digital training, people at risk of social exclusion or with disabilities, and children, young people and the elderly. The central event was held in Seville, at the Government Delegation in Andalusia, and was also live-streamed.

Promoters and partners of the Plan, as well as interested institutions, carried out a total of 178 activities around Financial Education Day, a figure similar to that of 2022. **The**

actions promoted included participation in radio programmes, training workshops, talks and conferences. Financial education sessions were also held at the branches aimed at groups at risk of exclusion.



For further information, see the [Finance For All](#) and the [Banking Customer Portal](#) websites.

d) Initiatives to evaluate the financial knowledge of the population

2021 Survey of Financial Competences

As mentioned in section 3, on economic analysis, research and statistics, in the last quarter of 2023, and at a national level, the Banco de España published the 2021 Survey of Financial Competences. The analysis of the results of this survey is of great interest in defining the main lines of work and financial education programmes of the Banco de España and the Financial Education Plan.

International survey of the Organisation for Economic Cooperation and Development 2023

The Banco de España is collaborating in the preparation of this survey, in which a total of 39 countries participated in 2023. The published report, in addition to measuring the levels of financial education among the adult population, provides information on financial inclusion and the levels of digitalisation and financial well-being of adults in the participating countries, and allows for an international comparison.

10 ENVIRONMENTAL SUSTAINABILITY

ENVIRONMENTAL SUSTAINABILITY



What does it consist of?

This is the set of actions that the Banco de España, as an active part of the global commitment involved in the fight against climate change, promotes to address it and promote the ecological transition.

Why is it important?

Climate change represents a growing concern because of its potential implications for financial stability, price stability and economic growth.

What does the Banco de España do?

Within the scope of its powers, it acts to address the risks posed by climate change and to promote ecological transition.

What is the objective?

To guide prudential supervision and the necessary regulation, to improve analytical capacity, to study the implications for monetary policy and to promote the sustainability of the institution.

10.1 Main regulatory developments

Climate change and environmental sustainability are central to the agendas of major global, European and national regulatory bodies. In 2023, several initiatives were promoted, in the area of the financial sector, aimed at ensuring that supervisors, central banks and entities are adequately prepared to address these risks. Some of the most relevant ones are highlighted below.

a) International regulatory developments

In this area, it is worth mentioning the developments of the Network for Greening the Financial System (NGFS), the Basel Committee on Banking Supervision (BCBS) and the Financial Stability Board (FSB), of which the Banco de España is an active member.

The NGFS work programme,²⁷ of which the Banco de España has been a part since April 2018, **focused on improving the management of financial risks associated with climate and environmental change, as well as on facilitating the transition to a more sustainable economy.** In May, the NGFS released a [report on transition plans](#) that helped to generate a better understanding of this new tool. It also continued to update and improve the granularity of climate scenarios, and in March it published a [document on short-term scenarios](#). Finally, it took a very important step in studying

²⁷ Network of supervisors and central banks from all over the world. As of November 2023, it had 129 members and 21 observers.



The NGFS work programme continued to focus on improving the management of financial risks associated with climate and environmental change.

the financial risks associated with nature, such as the loss of biodiversity, with the development of a [possible conceptual framework on these risks](#).

For its part, the BCBS continued to develop the holistic approach to addressing financial risks derived from climate change in the three pillars of prudential banking regulations.²⁸ In November 2023, it published a consultative document on the disclosure of these risks in Pillar 3. This standard will help to improve the information available on climate change from internationally active banks, supplementing existing initiatives. In addition, as a result of the work to monitor the implementation of the [Principles for the Efficient Management and Supervision of Climate-Related Financial Risks](#) in June 2022, the BCBS highlighted the need for supervisors and banks to continue to strengthen the supervision and management of these risks, focusing on the availability and quality of data.

Finally, the FSB published its follow-up reports on the [climate change roadmap](#), on [the main advances in disclosure](#) and on how to incorporate these risk factors into financial sector [compensation schemes](#).

b) European regulatory developments

In the area of European regulation, the new legislative proposals of the European Commission stood out, as well as the initiatives of the European Banking Authority (EBA), a body in which the Banco de España is represented at the highest level.

²⁸ Pillar 1, or minimum capital requirements; Pillar 2, or supervisory review; and Pillar 3, or disclosure framework.

As part of its strategy on sustainable finance, the European Commission promoted several legislative initiatives. In June 2023, it published a proposal for a regulation on ESG ratings (criteria for measuring environmental, social and governance risks) which aims to improve their reliability, comparability and transparency. Also, in July, based on advice from the European Financial Reporting Advisory Group, the Commission adopted the first set of European Sustainability Reporting Standards, which set out the technical details of Directive (EU) 2022/2464 (CSRD).²⁹

Finally, in December 2023, discussions ended on the what was termed the **banking package**, which modifies the prudential regulations of credit institutions, by incorporating different sustainability elements, and which also includes the corresponding mandates to the EBA to carry out the necessary technical developments in the coming years.

Meanwhile, the EBA continued to comply with its sustainability roadmap in 2023. In October, it published a **report on the role of environmental and social risks in the prudential framework**. It proposes very specific changes to the current Pillar 1 standards that could be implemented in the short term and others of greater significance to be considered in the medium/long term, in coordination with international developments. In addition, the EBA prepared the response to several requests for advice from the European Commission. First, and in cooperation with the European securities (ESMA) and insurance (EIOPA) supervisory authorities, it published an **interim report on the concept of greenwashing**, which, among other elements, suggests a high-level definition of this practice. In addition, it analysed existing market practices on **green loans and mortgages** and suggested a definition of green loans based on the Taxonomy Regulations.³⁰

Also worth noting is the report on climate risks prepared by the ESRB, together with the Financial Stability Committee of the ECB. This report raises several strategic questions about: a) a surveillance framework, with a panel of indicators for monitoring climate risks, including concentration and exposure measures; b) a framework of macroprudential measures, both for the banking and non-banking sectors, with proposals on their activation, calibration and monitoring of their effectiveness, and c) a framework for analysing broader risks to financial stability derived from environmental degradation, closely linked to climate change.

²⁹ Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No. 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting.

³⁰ Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.

c) Domestic regulatory developments

At a national level, in April 2023, the **Draft Royal Decree was submitted for public consultation, regulating the content of the report on the estimation of the financial impact of risks associated with climate change**, which banks, among other entities, will have to disclose in accordance with the Law on Climate Change and Energy Transition.

In addition, in May 2023, the Ministry of Economic Affairs, Trade and Enterprise, together with the Institute of Accounting and Auditing, submitted for public consultation the Draft Law regulating the corporate reporting framework on environmental, social and governance issues, which transposes the above-mentioned CSRD into the national legal system.



For more information on [environmental sustainability](#), see the Banco de España website.

10.2 Sustainability at the Banco de España

The Banco de España integrates specific actions to promote sustainability and environmental responsibility. The main actions carried out in this area during 2023 are summarised below.

a) Financial stability, regulation and supervision

The Banco de España continued to work during 2023 on the early detection of possible threats to the financial system derived from climate change by identifying associated risks. Together with the CNMV and the Directorate General for Insurance and Pension Funds (DGSFP), within the framework of the AMCESFI, the first *biennial report on climate change risks to the financial system* was prepared. This study confirmed the need to undertake the transition to a sustainable economy in a gradual and predictable manner. It also stressed that transition measures should be accompanied by mechanisms to mitigate impacts on the reallocation of resources between sectors and economic agents. The institution further continued the development and practical application of these methodologies (stress tests), both for risks linked to the energy transition and for damage arising from extreme physical events. It also made headway in the construction and analysis of granular databases of exposures to these risks.

In addition, **during 2023, the ECB carried out an evaluation of the measures adopted by banks to solve the deficiencies identified after the thematic review carried out in 2022, on practices related to climate and environmental risks, and the degree of alignment with the supervisory guide published in 2020.**³¹

As a result of this evaluation, the ECB imposed binding qualitative requirements on those entities that continued to have significant deficiencies in identifying these risks. This review process will continue during 2024 and 2025, as the ECB requires that institutions comply fully with the content of this guide by the end of 2024. In addition, the ECB continued to carry out on-site inspections on climate and environmental risks at several SIs, a process that began in the second half of 2022.

In addition, the ECB analysed **information on risks associated with environmental, social and governance (ESG) factors that, for the first time, were published in a standardised way by European credit institutions**³² in the first half of 2023. This action was carried out within the framework of prudential disclosure, or Pillar 3, and in accordance with the templates and instructions set out in EU regulations. It also involved the disclosure of qualitative and quantitative information on the ESG risks faced by entities. Four Spanish entities participated in the ECB's outreach exercise.

The Banco de España continues to evaluate the progress of the LSIs in incorporating risks derived from climate change and environmental deterioration into their internal procedures. In 2023, following the supervisory actions initiated in recent years, information was assessed and collected on the progress of the entities and their degree of alignment with supervisory expectations. As a result, recommendations were issued within the framework of the supervisory review and evaluation process (SREP) that urge entities to continue to make progress in identifying, evaluating, monitoring and mitigating these risks, and that remind them of the importance of understanding the impact of climate and environmental risks on the business environment in which they operate.

b) Actions in the area of monetary policy and the Banco de España's own investment portfolio

In 2019, the Banco de España included the principle of sustainability and responsibility as one of the pillars of the investment policy in its own portfolios, complying with NGFS recommendations. It also participated in the joint work of the Eurosystem, with regard to the incorporation of climate considerations into the

³¹ 186 entities were analysed in the thematic review: 107 significant institutions (including the 10 Spanish institutions) and 79 less significant institutions (including four Spanish institutions).

³² Under current regulations, only European credit institutions that are categorised as large in accordance with Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and that hold securities admitted to trading on a regulated market in a member State are subject to these disclosure requirements. In the future, these requirements will be extended to all entities, taking into account the proportionality principle.

monetary policy framework, and in strengthening the integration of sustainability and responsibility criteria in the management of own portfolios or not related to monetary policy. In particular, the Banco de España continued to increase its thematic portfolio for sustainable and responsible investment, through direct investment in green bonds denominated both in euros and in other currencies.

The institution also participated in the work of the Eurosystem to advance fulfilment of its disclosure commitment, as included the common position agreed in 2021 by the Eurosystem's national central banks. In this context, the [first report on the climate aspects of their investment portfolios](#) was published , using a common framework based on the recommendations of the [Task Force on Climate-related Financial Disclosures \(TCFD\)](#) and which will be published annually.

c) Research

[High on the Banco de España's analytical priority and 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 as can be seen in the 2023 update. As was already the case in the Annual Report 2021, [chapter 4 of the Annual Report 2022](#) included the recent analysis on the challenges of the ecological and energy transition.

d) Corporate sustainability

The Banco de España's Corporate Sustainability Policy reflects the institution's commitment to the environment. This commitment is also part of SP 2024, through a series of initiatives aimed at promoting sustainability and social responsibility.

Thus, in 2023, the Banco de España began to calculate the **carbon footprint of the activities it carries out** and that generated by its buildings, in accordance with the ISO 14064 standard. Specifically, studies were carried out on the following categories of emissions:

- Direct emissions: a) fixed, produced by all types of fuel consumed in fixed installations; b) mobile, generated as a result of the consumption of fuel by transport for the distribution of cash, and c) fugitive, originating from refrigerant equipment and firefighting systems.
- Indirect emissions, caused by imported energy and derived from electricity consumption.

- Indirect emissions, caused by staff travel, mainly due to Eurosystem activities and meetings.

In addition, in accordance with the Banco de España Corporate Sustainability Policy, during 2023, a comprehensive inspection was carried out, from an environmental perspective, of all the institution's sites and, as in previous years, a programme of conferences and volunteer activities was developed, with the aim of raising staff awareness about caring for the environment.

In addition, throughout 2023, numerous measures were promoted to reduce the environmental impact in the **field of cash**, such as the following:

- Installation of an automatic system for packaging banknotes in cardboard boxes instead of plastic bags in the Madrid banknote processing area.
- Renewal of the armoured vehicle fleet to reduce the environmental impact: three Euro 4 technology vehicles were replaced by others with the new Euro 6 technology.
- Reuse of plastic bags from high-income operations by returning the bags to cash-in-transit companies.
- Participation in various Eurosystem R&D projects to improve the environmental footprint of cash.



The carbon footprint of all the buildings and sites of the Banco de España was estimated for the first time.

- Improvement of the environmental footprint of the Banco de España's share of euro banknote production, thanks to the use of 100% sustainable cotton in the manufacture of paper for printing banknotes.

Sustainability is therefore an integral part of Banco de España's corporate strategy and process development. In addition, in order to ensure accountability in this area, once the study is completed the results will be published on the institutional website.



For more information on [corporate sustainability](#), see the Banco de España website.

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

PARTICIPATION IN INTERNATIONAL ORGANISATIONS



What does it consist of?

The Banco de España is part of the European institutional framework and is represented in the main international monetary institutions, such as the International Monetary Fund or the Bank for International Settlements.

Why is it important?

The Spanish economy is fully integrated into the world economy and especially into the euro area. Therefore, in carrying out its functions and in the analyses it performs, the Banco de España must take into account the international environment in which the Spanish economy operates.

What does the Banco de España do?

Participate in numerous working groups and committees, as well as in the discussions and decisions that take place in the field of global financial architecture, contributing its experience.

What is the objective?

To continue to actively participate in the decision-making of the most relevant institutions and forums at European level and beyond, and to promote the transfer and exchange of knowledge, experiences and best practice.

11.1 The Eurosystem and the institutions of Economic and Monetary Union

Throughout 2023, as in previous years, the Banco de España played an active role in the activities of the ESCB. The Governor attended the regular meetings of the Governing Council and the General Council of the ECB, at which monetary policy decisions and decisions relating to the functioning of the Eurosystem are taken. Moreover, the Deputy Governor participated in the meetings of the SSM Supervisory Board, which discusses, plans and implements the ECB's supervisory tasks, where draft decisions pertaining to the prudential supervision of credit institutions are submitted to the Governing Council for its approval.

In addition, the Banco de España continued to collaborate intensively in the work of the different committees established in the ESCB —among others, that of Monetary Policy, Market Operations, Market Infrastructure and Payments, Financial Stability, Legal, Statistics, Banknote or Risk Management— and in the working groups that answer to those committees. Among the issues addressed by the committees and discussed and approved by the Governing Council of the ECB in 2023, **those related to the rapid and intense tightening of monetary policy should be highlighted.** In this regard, the Governing Council adopted consecutive decisions to raise official interest rates until September, when inflation began to show signs of containment, and, along the same lines, measures related to the reduction of its balance sheet. It is also worth mentioning the approval of the launch of the first part of the preparation

phase of the digital euro project in November 2023, after the end of the two-year research phase.

Also noteworthy is the opening, at the initiative of the ECB, **of the House of the Euro (Ho€)** in Brussels, with the aim of increasing cooperation between central banks in the euro area, as well as strengthening their presence in the sphere of EU institutions. The Ho€ brings together, in a single workspace, representatives of the ECB and some of the main Eurosystem central banks, such as the Banco de España, the Bundesbank, the Banque de France and the Bank of Italy, as well as those of Ireland, Malta and Slovenia.

The Banco de España's participation in various working groups and committees in 2023 is also worth mentioning. As in previous years, the Banco de España was represented at the two informal meetings of the Council for Economic and Financial Affairs of the EU held in February and September, the last one in Santiago de Compostela, on 15 and 16 September, under the Spanish Presidency of the Council of the EU, having played an active role in preparing it together with the Ministry of Economic Affairs, Trade and Enterprise. It also took part in the meetings of the Economic and Financial Committee (EFC) and the Economic Policy Committee. In fact, as part of the Spanish Presidency of the Council, the EFC meeting was held in Madrid on 2 and 3 October 2023.

These forums addressed, among other issues, the actions taken in support of Ukraine, the sanctions against Russia and Belarus or the various proposals to use frozen Russian assets in the reconstruction of Ukraine. On the other hand, **very significant progress was made on the EU's economic governance framework, a fundamental element for the functioning of fiscal policy in the new context of geopolitical risks, climate change and digitalisation** facing the EU.



The Governing Council of the ECB took decisions to raise official interest rates until September, when inflation began to show signs of containment.

In addition, in the area of financial services, the work to finalise the implementation of the Basel III reforms, the revision of the Regulation of Central Securities Depositories³³ and several proceedings related to the union of capital markets were significant. Negotiations also continued on the prevention of money laundering and on strengthening the Bank Crisis Management and Deposit Insurance (CMDI) framework to provide bank resolution authorities with more effective tools to protect depositors and taxpayers in banking crisis situations. Moreover, initiatives to reindustrialise the EU and guarantee its open strategic autonomy were intensified with the Green Deal Industrial Plan proposed by the European Commission and the signing of new trade agreements. Finally, under the EU's commitment to reduce its net greenhouse gas emissions by at least 55% by 2030 compared to 1990 values and achieve climate neutrality by 2050, the last pending legislative procedures of the “Objective 55” package of measures were approved.



For more information on the [institution's activities at a European level](#), see the Banco de España website.

11.2 European Banking Authority

The Banco de España is the Spanish representative at the EBA³⁴ and participates in its various working groups and decision-making committees, being represented on the Board of Supervisors, as well as on the Board of Directors, by the Director General of Financial Stability, Regulation and Resolution. In all of its strategic priorities for 2023, activities related to digital finance and environmental sustainability gained particular relevance. In the first case, the efforts of the EBA focused on the numerous regulatory developments derived from the Digital Operational Resilience Regulation³⁵ (DORA) and the Markets in Crypto-Asset Regulation³⁶ (MiCA), as well as on preparations to face the structural changes that both regulations introduce to their supervisory function.³⁷

33 Regulation (EU) No. 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No. 236/2012.

34 The EBA is an independent EU authority that plays a key role in safeguarding the integrity and soundness of the EU banking sector to support financial stability.

35 Regulation (EU) 2022/2554 of the European Parliament and of the Council of 14 December 2022 on digital operational resilience for the financial sector and amending Regulations (EC) No. 1060/2009, (EU) No. 648/2012, (EU) No. 600/2014, (EU) No. 909/2014 and (EU) 2016/1011.

36 Regulation (EU) 2023/1114 of the European Parliament and of the Council of 31 May 2023 on markets in crypto-assets, and amending Regulations (EU) No. 1093/2010 and (EU) No. 1095/2010 and Directives 2013/36/EU and (EU) 2019/1937.

37 In accordance with the DORA and MiCA regulations, the EBA must contribute to the effective oversight of technological service providers to the financial sector, as well as issuers of asset-reference tokens and issuers of electronic money tokens.



The EBA oversees the integrity, efficiency and proper functioning of the banking sector.

On the other hand, the EBA continued its work to ensure an effective and coherent level of prudential regulation and supervision. In this area, it prioritised the implementation of Basel III, starting to work on some of the mandates provided for in the banking package, focusing on market risk, credit risk, operational risk, supervisory reporting and Pillar 3. In addition, in order to promote transparent and effective supervision, in conjunction with the other two European supervisory authorities, ESMA and EIOPA, it developed a [framework of supervisory independence, which will serve as a reference for assessing the independence of supervisory authorities in Europe.](#)

In addition, the EBA continued its work to implement a data infrastructure at a European level that improves both its analytical capacity and the information available from third parties. In 2023, it launched what is called the [Pillar 3 Data Hub](#) and, in collaboration with the ECB, it is currently developing an integrated statistical, prudential and resolution reporting system.

Finally, within the framework of its general objective of preserving financial stability in the EU and ensuring the integrity, efficiency and proper functioning of the banking sector, the EBA continuously monitors its risks and vulnerabilities. In 2023, it coordinated and published the results of stress tests carried out on a total of 70 banks in 16 European countries, and concluded that the banking sector as a whole has sufficient capacity to withstand a sharp contraction in economic activity. Coinciding with this publication, and as a result of the banking turmoil in March, it also released the main findings of an ad hoc analysis of unrealised losses in credit institutions' fixed income portfolios, and indicated that these were contained.



For more information about the [EBA](#), see the Banco de España website.

11.3 European Systemic Risk Board

The European Systemic Risk Board (ESRB) is an EU body with responsibilities for macroprudential oversight of the financial system and for the prevention and mitigation of systemic risk.³⁸ The ESRB brings together representatives of central banks, national financial supervisory authorities from all EU Member States and various community bodies. The General Board is its highest governing body and the Banco de España participates in it together with representatives of the CNMV and the DGSFP.

Notably, in 2023 the Advisory Technical Committee (ATC) of the ESRB was chaired by the Governor of the Banco de España, a position he has held since June 2019. The ATC is the ESRB structure responsible for preparing documents and discussions for the General Meeting. To this end, the ATC holds regular sessions (at least one per quarter) that bring together those responsible for financial stability and macroprudential policy from the member institutions of the ESRB. Meanwhile, as president of the ATC, Pablo Hernández de Cos gave a [speech](#) in May 2023 on the situation and challenges of the EU financial system, and in the month of November he participated in the [annual ESRB conference](#), leading a panel discussion on the banking turbulence of spring 2023.

In 2023, the ESRB published several thematic reports on cyber risks, financial innovation and the residential real estate market.³⁹ In particular, the works and publications of the ESRB were aimed at promoting the use of macroprudential instruments to promote cyberresilience and to analyse the implications of crypto-assets and decentralised finance for financial stability. The ESRB also carried out a relevant study on possible instruments to address risks related to investment funds with high exposure to corporate debt and real estate assets. It also worked on the preparation of a monitoring report on vulnerabilities in the residential real estate sector in European Economic Area (EEA) countries. Finally, it is worth noting the report on macroprudential frameworks for climate risk management.



For information on the [relevance of the ESRB for the Banco de España](#), see the institutional website.

³⁸ For an informative introduction to the tasks of the ESRB, see the article “[The first ten years of the European Systemic Risk Board \(2011-2021\)](#)”. Journal of Financial Stability - Banco de España, 42, pp. 129-164.

³⁹ Publications available in the [reports section](#) of the ESRB website.

11.4 Single Resolution Board

The Single Resolution Board (SRB) and the National Resolution Authorities (NRAs) form the Single Resolution Mechanism (SRM). Their 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.

2023 marked the end of a transitional period established for entities to progressively achieve the desired resolvability, complying with the necessary steps and initiatives reflected in the what was called the *Expectation for Banks (EfB)*. These include compliance with the final objective of the MREL requirement, which within the framework of the SRB was set for 1 January 2024.

In 2023, a strategic change in the activity of the SRB was set in train. After an initial few years dedicated to the more general phase of preparing resolution plans for each of the entities for which it is responsible, **another, more operational phase began in 2023, aimed at ensuring that each plan and planned resolution strategy can be effectively implemented in a real crisis scenario.** This change will involve subjecting resolution plans and strategies to greater testing tasks, simulated resolution events (dry runs), in-depth analysis of specific aspects of resolution (deep-dives) and on-site inspections, in line with (GL/2023/05) EBA testing guidelines.⁴⁰ In addition, this new orientation will result in a fresh multiannual work plan for the SRB, which will cover the 2024-2028 period.

In 2023, the implementation of SRB policies focused on the operationalisation of existing ones, as well as on the improvement and updating of some of them due to regulatory changes. It is worth noting the publication of the *Operational guidance for banks on the measurement and reporting of the liquidity situation in resolution*, which provides the necessary guidance to institutions to comply with principle 3.2 of the EfB: Measurement and reporting of the liquidity situation in resolution.

On the other hand, **during 2023, the SRB also contributed to defining external regulatory initiatives that directly affect its mandate**, including the revision of the regulatory framework relating to banking crisis management and deposit insurance (CMDI). The main objective of this proposed reform is to improve tools for managing crisis situations in small and medium-sized banks, as well as to review the European State aid framework for institutions in difficulty. The strengthening of the banking crisis framework will promote the consistency of its resolution policies in the broader European context and within international standards.

⁴⁰ Guidelines amending the EBA/GL/2022/01 Guidelines on improving resolvability for institutions and resolution authorities under articles 15 and 16 Directive 2014/59/EU (Resolvability Guidelines on) to introduce a new section on resolvability testing.



See the Banco de España website for more information on the institution's international role in the area of resolution.

11.5 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), on whose Plenary and Steering Committee include the Governor of the Banco de España sits.

During 2023, **the FSB continued to monitor the risks associated with the non-bank financial intermediation sector and worked on concrete initiatives to strengthen this sector**, including the review of recommendations on liquidity gaps in open-ended investment funds, the development of measures on margins in financial derivatives and the analysis of leverage in the sector.

The FSB also continued its work on analysing vulnerabilities associated with structural changes. In the area of financial innovation, its regulatory framework for crypto-assets was completed, based on the principle of “same activity, same risk, same regulatory treatment”, providing a solid basis for ensuring that activities related to crypto-assets and stablecoins are subject to coherent and comprehensive regulation. In addition, it developed a proposal for a comprehensive framework for managing risks associated with the services of external providers.

In terms of resolution, the FSB established a framework that defines and analyses a catalogue of financial resources and tools for resolving central counterparties. On the other hand, following the banking turmoil of early 2023, it published a report of lessons learned from the perspective of the international resolution framework.

b) Basel Committee on Banking Supervision

The Banco de España also forms part of the BCBS, which is currently chaired by the Governor. In 2023, the revision of the [Core Principles for Effective Banking Supervision](#) should be highlighted. Important advances were also made in the area of Pillar 3, with the publication of two advisory documents that constitute the first step in standardising the disclosure requirements for [exposures to crypto-assets](#) and financial risks related to climate change.

In the area of evaluating the reforms, the BCBS continued to promote the full, consistent and timely application of the Basel III standards, as well as monitoring their application status in all jurisdictions. In addition, it published a report on progress in implementing the [principles for aggregating risk data](#).

Finally, as a forum for cooperation in the area of banking supervision and the primary entity responsible for prudential regulation, the BCBS prepared a report that provides an [assessment of the causes of the banking turmoil of March 2023](#), regulatory and supervisory responses, and sets out some lessons from that perspective.

c) Bank for International Settlements

In 2023, Banco de España representatives participated in the three committees of the Bank for International Settlements (BIS) that analyse the evolution of the global economy and international financial markets: the Global Economy Meeting, which the Governor attends every two months; the Committee on the Global Financial System, which the Deputy Governor attends quarterly, and the Markets Committee, in which the Director General of Operations, Markets and Payment Systems participates. It is worth remarking that, in March 2023, the CGFS published the report [Central bank asset purchases in response to the Covid-19 crisis](#), which was developed by a working group chaired by the Deputy Governor. This report examines the experience of central banks that made asset purchases for the first time during the COVID-19 crisis, as well as those that expanded or reintroduced their purchasing



G-20 Summit held in New Delhi on 9 and 10 September 2023.

programmes. The report concludes that these purchasing programmes were successful in addressing disturbances in the transmission of monetary policy and providing additional stimulus to the economy.

Moreover, the Banco de España also participated in the BIS Committee on Payments and Market Infrastructures, in which the Associate Director General of Payments and Market Infrastructures and the Director of the Department of Payment Systems take part. This committee published several reports, including the report entitled *Considerations for the use of stablecoin arrangements in cross-border payments*, on the use of stable cryptocurrency agreements in cross-border payments, and the report prepared in collaboration with the International Organisation of Securities Commissions, *Report on current central counterparty practices to address non-default losses*, relating to the need for central counterparties to have adequate resources and tools to address losses they may incur other than defaults, given the growing importance of these entities in the financial system. In addition, work continued to comply with the G-20 road map on cross-border payments.



For more information on the [international activity in the supervisory field](#), see the Banco de España website.

11.6 The International Monetary Fund and the G20

In 2023, the Banco de España, in coordination with the Ministry of Economic Affairs, Trade and Enterprise, organised the meetings of 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. On this occasion, the meetings of the *Financial Sector Assessment Programme* were also held, within the framework of which a report is published addressing the situation of the financial system and which is carried out every five years. In addition, the institution participated in the spring meetings in Washington and in the annual meetings of the IMF, in Marrakesh.

In the area of Spain's participation in the resources of this international financial organisation, it is worth noting the one-year extension of Spain's bilateral loan to the IMF, for an amount of 6,401 million euros, until December 2024. Likewise, the IMF proposed an equiproportional increase of 50% in countries' quotas, which represents an increase in Spain's share from the current 9,535 million special drawing rights (SDRs) (about 11,846 million euros) to 14,303.3 million SDRs (about 17,770 million euros), keeping the percentage of the total at 2%. This share increase was approved in December 2023, although contingent on a decline or withdrawal of the NAB - New Arrangements to Borrow, or temporary IMF resources. This, together with the

disappearance of bilateral loans at the end of 2024, will make it possible to maintain the IMF's lending capacity.

Additionally, **the Banco de España collaborated with the Ministry of Economic Affairs, Trade and Enterprise** in the five groups of the G-20 “finance circuit”, in which Spain participates as a permanent guest: a) the Framework Working Group, on macroeconomic issues; b) the IFA Working Group, on international financial architecture; c) the Sustainable Finance Working Group, on the sustainability of development and the financial aspects of climate change; d) the Infrastructure Working Group, dedicated to infrastructure financing, and e) the Global Partnership for Financial Inclusion, on issues of financial inclusion. In 2023, under the Indian presidency of the G-20, the meetings were almost entirely face-to-face, as in the years before the COVID-19 crisis. Its activity focused on current issues, such as: a) energy and food insecurity; b) the macroeconomic impact of climate change and its mitigation from a distributive standpoint; c) the increased role of the multilateral development banks (MDBs) regarding climate change and pandemic management; d) channelling MDB and IMF resources to vulnerable countries and managing their debt; e) the harmonisation of international taxation and information on crypto-assets; f) the macro-financial consequences of central bank digital currencies; g) the regulation of unbacked crypto-assets, stablecoins and decentralised finance (DeFi); h) streamlining international payments; i) regulation of financial services; j) vulnerabilities to cyber risks; k) infrastructure financing, especially in relation to cities; and l) the effect of digitalisation on the financial inclusion of the general public and SMEs.

At the end of 2023, Brazil assumed the presidency of the G-20 and published the priorities of its programme, under the slogan “Building a just world and a sustainable planet”, focused on three axes: a) social inclusion and the fight against poverty; b) energy transitions and the promotion of sustainable development, and c) the reform of global governance.

INTERNATIONAL COOPERATION



What does it consist of?

It allows the channelling of external relations of the Banco de España and seeks the establishment and development of stable collaborative links with institutions with which it shares interests and objectives.

Why is it important?

It responds to the strategic priority objective of consolidating itself as a reference for central banking in Latin America. It also expands and reinforces the institutional projection of the Banco de España in other regions of the world. In addition, it enhances high-level institutional relationships, the creation of expert networks and participation in projects, which actively contributes to the modernisation of the organisation.

What does the Banco de España do?

In accordance with ESCB best practice, strengthen international relations through the organisation of multilateral activities and bilateral projects, and technical assistance, as well as through the negotiation and adoption of memorandums of understanding.

What is the objective?

Contribute to monetary and financial stability through the sharing of central banking criteria, best practice and methodologies.

Throughout 2023, the Banco de España continued to develop its institutional relations with Latin America, a preferential and strategic overseas region. In April, a memorandum of understanding was signed with the Central Bank of Paraguay, which will constitute the new framework for the joint development of cooperation actions and for strengthening institutional links between the two central banks through the creation and promotion of expert networks and the sharing of their best practices.

In addition, in 2023, the volume of activity was maintained at levels similar to those of previous years in the field of international cooperation, carrying out a total of 258 activities. Regarding the distribution of activity by region, the trend of previous years continued, in line with the strategic priorities of the Banco de España. This involved the promotion of **a large number of initiatives and projects in the Latin American region**, with more than 130 international cooperation actions. In this regard, collaborations with the central banks of Chile, Mexico, Guatemala and Costa Rica stand out.

In terms of international cooperation at a European level, carried out within the framework of the ESCB, the Banco de España – as a member of the International Cooperation Working Group under the International Relations Committee of the ECB – actively participates, together with 20 ESCB central banks, in the **II Regional Programme for the Western Balkans** (funded by the EU), aimed at strengthening

the competencies of central banks and banking supervisors in this region. The activities carried out in 2023 included: a) the Information Technology Department participating in a training event, together with the ECB and the central banks of Romania, France and Belgium, for the joint development of a bilateral measure aimed at the Central Bank of Bosnia and Herzegovina; b) the Internal Audit Department taking part in a multilateral activity coordinated with the central banks of Lithuania, France, Belgium, Slovenia and Italy, and aimed at all the beneficiaries of the programme, and c) the Legal Department, as part of the project's bilateral action plan, providing technical assistance to the Central Bank of Albania.

Also in the area of coordinated cooperation within the framework of the ESCB, the **preparatory contractual phase of the pilot project for Africa has ended**, the result of the collaboration of the Banco de España with the ECB and the central banks of Portugal, Germany, France, Belgium, Italy, Lithuania and Slovakia. The project is funded by the EU and its purpose is to implement a cooperation and technical assistance programme with several central banks in this continent, highlighting the priority it implies in the EU's strategy and its importance for overall financial stability. Within the framework of coordinated action of this programme, close cooperation will be maintained with three main recipients of this project: the Central Bank of Morocco (Bank Al-Maghrib), the Bank of Central African States and the Central Bank of Tunisia.

Furthermore, in the month of October 2023, the **third edition of *Fostering Women's Leadership in Central Banking***, which the Banco de España co-organises together with Bank Al-Maghrib, took place in Marrakech, within the framework of the annual meetings of the IMF. This initiative, the previous editions of which took place in Malaga in 2018 and in Marrakech in 2019, is an international cooperation forum focused on promoting and strengthening diversity and women's leadership in central banking. This special edition in 2023, aimed at governors and senior representatives of some of the main financial and economic institutions in America, Africa and Europe, and led by the governors of Banco de España and Bank Al-Maghrib, included special interventions by Nadia Calviño, current president of the European Investment Bank, and Gita Gopinath, the first deputy managing director of the IMF.



To learn more about [international cooperation activities](#) and the [II Regional Programme for the Western Balkans](#), see the Banco de España website.

13 REGULATORY CHANGES

REGULATORY CHANGES



What does it consist of?

The Banco de España performs its functions in accordance with the provisions of the Law of Autonomy and in the rest of the applicable legislation. In addition, it has the power to issue circulars and technical guidelines.

Why is it important?

The rules approved at a domestic and EU level have an impact on the functions and powers of the Banco de España. In turn, the circulars and technical guidelines approved by the institution supplement and implement state and European standards.

What does the Banco de España do?

Exercise the functions entrusted to it in line with the new regulations and updates approved at the national and international levels, and promote and approve the circulars and technical guides that complement them.

What is the objective?

Adapt the actions of the Banco de España to regulatory changes and approve circulars and technical guidelines when required by state and European regulations.

In 2023, exercising the regulatory power recognised by its Law of Autonomy⁴¹ and implemented in its Internal Regulations⁴² the Banco de España approved three circulars. Various state and EU regulations were also approved with an impact on the functions and powers with which the Banco de España is entrusted.

Schema 2.5 summarises the main regulatory developments in 2023.



The Banco de España website contains [legal information resources](#) related to the activities of the institution.

In 2023, the first regulation of crypto-assets in the EU came to light. This is known as the “MiCA Regulation”, which includes in its objective scope, essentially, all those crypto-assets that are not regulated by current legislation on financial services. Box 2.6 provides detailed information on this regulation.

Additionally, in 2023, the Whistleblower Protection Act was approved,⁴³ transposing Directive (EU) 2019/1937⁴⁴ into Spanish law. Its purpose is to protect those people

⁴¹ Law 13/1994, of 1 June 1994, of Autonomy of the Banco de España.

⁴² Internal Rules of the Banco de España, approved by the Banco de España's Governing Council Resolution of 28 March 2000.

⁴³ Law 2/2023, of 20 February 2023, regulating the protection of persons who report regulatory violations and the fight against corruption.

⁴⁴ Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law.

RULES APPROVED IN THE EXERCISE OF THE BANCO DE ESPAÑA'S EXTERNAL REGULATORY POWER

Banco de España **Circular 1/2023**, of 24 February 2023, for credit institutions, Spanish branches of credit institutions authorised in another Member State of the European Union and financial credit institutions, on the information to be sent to the Banco de España on covered bonds and other loan mobilisation instruments, and amending Circular 4/2017, of 27 November 2017, for credit institutions, on public and reserved financial reporting standards, and financial statement models, and Circular 4/2019, of 26 November 2019, for financial credit institutions, on public and reserved financial reporting standards, and financial statement models.

Banco de España **Circular 2/2023**, of 17 March 2023, amending Circular 1/2013, of 24 May 2013, on the Central Credit Register.

Banco de España **Circular 3/2023** of 22 December 2021, amending Circular 2/2016 of 2 February 2016, for credit institutions, on supervision and solvency, completing the transposition into Spanish legislation of Directive 2013/36/EU and Regulation (EU) No. 575/2013, and Circular 1/2022, of 24 January 2022, for EFCs, on liquidity, prudential regulations and reporting obligations.

REGULATIONS APPROVED AT THE STATE LEVEL, OF PARTICULAR RELEVANCE TO THE BANCO DE ESPAÑA

Law 6/2023, of 17 March 2023, on Securities Markets and Investment Services, several provisions of which address the actions of the Banco de España in this area, and amending Law 10/2014, of 26 June 2014, on the organisation, supervision and solvency of credit institutions, in particular to regulate the supervisory report and internal control body of the Banco de España and the sanctioning regime in relation to breaches of the Regulation (EU) of the European Parliament and the Council relating to markets in crypto-assets.

Law 2/2023, of 20 February 2023, regulating the protection of persons who report regulatory violations and the fight against corruption, which establishes the obligation of the Banco de España to have an internal reporting system in the terms established by the Law, and that the Advisory Committee on Whistleblower Protection must include, among others, a representative from the Banco de España.

Royal Decree-Law 5/2023, of 28 June 2023; on the transposition of European Union Directives on structural modifications of commercial companies and the work-life balance of parents and caregivers; and on the enforcement and fulfilment European Union law; which, among other issues, restores the period of one year available to the Banco de España to resolve sanctioning cases in a way that guarantees they are properly conducted.

Royal Decree 609/2023, of 11 July 2023, creating the Central Register of Beneficial Ownership and approving its Regulations, provides for the possibility of access by other supervisory bodies in the event of an agreement (including the Banco de España).

Royal Decree 813/2023, of 8 November 2023, on the legal regime of investment services firms and other entities that provide investment services, which includes the intervention of the Banco de España in various procedures relating to these entities

STANDARDS APPROVED AT THE LEVEL OF THE EUROPEAN UNION, WITH A SPECIAL IMPACT ON THE BANCO DE ESPAÑA

Decision (EU) 2023/1610 of the European Central Bank of 28 July 2023 establishing the historical archives of the European Central Bank and amending Decision ECB/2004/2.

Regulation (EU) 2023/1113 of the European Parliament and of the Council of 31 May 2023 on information accompanying transfers of funds and certain crypto-assets and amending Directive (EU) 2015/849.

Regulation (EU) 2023/1114 of the European Parliament and of the Council of 31 May 2023 on markets in crypto-assets, and amending Regulations (EU) No. 1093/2010 and (EU) No. 1095/2010 and Directives 2013/36/EU and (EU) 2019/1937.

Directive (EU) 2023/2225 of the European Parliament and of the Council of 18 October 2023 on credit agreements for consumers and repealing Directive 2008/48/EC.

Decision (EU) 2023/2530 of the European Central Bank of 28 September 2023 on the delegation of the power to adopt decisions not to object to intended macroprudential measures of national competent authorities or national designated authorities.

Decision (EU) 2023/2531 of the European Central Bank of 24 October 2023 nominating heads of work units to adopt delegated decisions not to object to intended macroprudential measures of national competent authorities or national designated authorities.

Commission Delegated Regulation (EU) 2023/2779 of 6 September 2023 supplementing Regulation (EU) No. 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards specifying the criteria for the identification of shadow banking entities referred to in Article 394(2) of Regulation (EU) No. 575/2013.

SOURCE: Banco de España.

who, in a work or professional context, detect serious or very serious criminal or administrative offences, and report them through regulated mechanisms.

In compliance with this law, in 2023, the Banco de España implemented two channels for secure and confidential reporting of possible breaches or irregularities of which

THE MiCA REGULATION

On 9 June 2023, **Regulation (EU) 2023/1114, on markets in crypto-assets**, was published, known as the “**MiCA Regulation**”. This regulation will apply as of 30 June 2024, in relation to the issuance of certain so-called “stable” crypto-assets and, as of 30 December 2024, in relation to all other crypto-asset issues and services.

The MiCA Regulation establishes the regulatory framework applicable to the issue, offer and admission to trading of crypto-assets, as well as the regime applicable to the provision of crypto-asset services. Financial instruments or other already-regulated products, unique and non-fungible crypto-assets, as well as the European Central Bank and the national central banks of the Member States of the European Union (EU), when acting in their capacity as monetary authorities, are excluded from its scope.

Crypto-assets that fall within the scope of the MiCA Regulation are classified into three categories: a) crypto-assets that, in order to maintain a stable value, are linked to the value of an official currency or electronic money token (EMT); b) crypto-assets, other than EMTs, that seek to maintain a stable value linked to another value or right, or to a combination of both, including one or more official currencies, called asset-referenced tokens (ART), and c) other crypto-assets, different to the foregoing ones, included within the scope of the Regulation. This standard also contains several provisions on the authorisation, supervision, operation, organisation and governance of the issuers of these crypto-assets, particularly ARTs and EMTs.

The MiCA Regulation also regulates the provision of **crypto-asset services in the EU**; specifically: a) the custody of crypto-assets; b) the operation of a trading platform; c) the exchange of crypto-assets for funds or other crypto-assets; d) the execution of orders related to crypto-assets; e) the placement of crypto-assets; f) the receipt and transmission of orders related to crypto-assets, and g) advice, portfolio management and the transfer of crypto-assets.

In accordance with the MiCA Regulation, the provision of crypto-asset services can be carried out both by entities already regulated by current legislation (credit institutions, investment services firms, electronic money institutions, etc.) and by entities that obtain the corresponding authorisation to provide those services. In relation to these providers, the Regulation regulates certain organisational aspects, information for customers, the safeguarding of their funds and others related to conflicts of interest or outsourcing.

The Banco de España is responsible for exercising the functions of supervision and inspection in the obligations provided for with regard to EMT issuers and ART issuers, as well as for sanctioning any non-compliance — unless the ART or the EMT is deemed significant, in which case the European Banking Authority will have various supervisory powers. For its part, the Spanish National Securities Market Commission is responsible for overseeing the provision of crypto-asset services.

a person is aware and that are related either to acts committed within the organisation – internal channel – or to violations of regulatory and disciplinary regulations carried out by supervised entities – external channel –.

Box 2.7 explains these two channels in detail.

WHISTLEBLOWING CHANNELS

Internal channel: SIIBE

In June 2023, the **Banco de España's Internal Whistleblowing System (SIIBE)** was launched. The SIIBE was created in compliance with [Law 2/2023, of 20 February 2023, regulating the protection of individuals who report regulatory violations and the fight against corruption](#) - known as the “Whistleblowing Law” -, and integrates all of the Bank's internal whistleblowing channels (“internal whistleblowing channel”).

Through the internal whistleblowing channel, whistleblowers can confidentially report **irregularities attributable to the Banco de España** or its staff, of which they have become aware in the context of an employment or professional relationship with the Banco de España. These irregularities may consist of breaches of European Union law, administrative or criminal offences, harassment or discrimination, and breaches related to Banco de España's codes of conduct.

The internal whistleblowing channel establishes an adequate **framework of protection** for those who report any of the above-mentioned irregularities to the Banco de España in good faith. Thus, communications received through the internal whistleblowing channel are managed in a **secure and confidential manner**, even allowing **anonymous** complaints. To this end, a secure and exclusive **reporting mailbox** has been set up, accessible to any whistleblowers through the Banco de España's electronic office.

On the other hand, any form of retaliation against whistleblowers is prohibited, and the Banco de España must provide them with information and advice on existing

procedures and remedies in relation to improper acts. At the same time, respect for the presumption of innocence of the person being reported and their right to defence are guaranteed.

The content of the SIIBE policy approved by the institution was published on the Banco de España website.

You can obtain further information and/or access the Banco de España internal channel (SIIBE) via the institution's website.

External channel

The **external whistleblowing channel** makes it possible to confidentially report any violation of regulatory and disciplinary regulations committed by an **entity supervised by the Banco de España**. This channel can also be used if it is suspected that an entity is performing legally reserved activities or using the names of entities subject to the functions and competencies of the Banco de España without having obtained authorisation to do so or without being recorded in the corresponding registers.

The Banco de España's external channel **has been operating since 2021**. However, the Whistleblowing Law introduced some adjustments, such as the possibility of making **anonymous** communications if the whistleblower so wishes. In addition, there is a **secure and exclusive mailbox** that any whistleblower can access through the Banco de España's electronic office.

You can obtain further information and/or access the [Banco de España's external channel](#) via the institution's website.



3

INSTITUTIONAL SOCIAL RESPONSIBILITY



CONSERVATION AND DISSEMINATION OF HERITAGE

Completion of the project on the Archive
Photo by Banco de España, including 25,000
photographs



RESEARCH GRANTS

Ten grants for further studies and two
annual grants for economic history
research projects were awarded



BIBLIOGRAPHIC HERITAGE

Incorporation of 1,294 monographs to
the Library, one of the richest and most
extensive specialist economics
collections in Spain



GUIDED TOURS

During the 2023 academic year, more
than 17,400 people visited the
headquarters of the Banco de España in
Madrid and the buildings of the branch
offices



CORPORATE SUSTAINABILITY

The institution began to calculate the
carbon footprint generated at its sites



THE INSTITUTIONAL REPOSITORY

Increase in the number of accessible
documents by 59%, reaching 23,912

The Banco de España has a highly diverse collection made up of paintings, drawings, sculptures and photographs. It also has a large number of particularly valuable decorative and graphic artworks. The art collection bears testimony to the long history of the institution, its special role as a public bank and the leading figures who have served it since the Banco Nacional de San Carlos was founded in the 18th century.

The two main lines of action maintained on the historical-artistic heritage are its **conservation** and its **dissemination**.

The preservation of the artistic legacy constitutes one of the main responsibilities of the Banco de España, also facilitating its dissemination.

In 2023 – along with the usual preventive conservation actions, which are carried out in order to minimise potential risks – 30 **restorations** were undertaken on works of various types. Among them, we can highlight the work on the **painting** by [Asterio Mañanós](#) entitled *Visit of King Alfonso XIII and Queen Victoria Eugenia to the Banco de España on 28 May 1915*, which has recovered the character, magnificence and splendour of a work that documents an emblematic moment in the history of the Banco de España building.



The painting *Visit of King Alfonso XIII and Queen Victoria Eugenia to the Banco de España on 28 May 1915*, restored in 2023, was exhibited in the exposition dedicated to Eduardo de Adaro.

Also significant is the recovery of the plaster and wood **architectural decorations** of the old board room, some of which were consolidated and cleaned to be displayed in the exhibition “The Architecture of Eduardo de Adaro and the Banco de España. A changing world”. Likewise, pieces of great structural complexity, such as the old jewellery and safe-deposit boxes or the wooden model of the Cibeles offices were moved for this exhibition by specialists.



In [section 2](#) you can find more information about the exhibition “The Architecture of Eduardo de Adaro and the Banco de España. A changing world”.

In order to expand and acquire accurate knowledge of the Banco de España’s own collections, starting in 2017, a series of **conservation and cataloguing plans** were put in motion for the institution’s art collections. Along with the studies carried out on the collections of painting, sculpture, photography, drawings and clocks, the continuation and implementation of **conservation plans relating to textiles and graphic works** is worth mentioning.

In 2022, the scientific study of the Textile Collection began, which ranges from [carpets](#) and [tapestries](#) to works of contemporary art in which artists work with the materiality of fabrics. The study is expected to be completed in 2024. This research covers around 300 assets of varying degrees of quality and different origins.

Furthermore, in 2023, the Plan for the Conservation and Cataloguing of Graphic Artworks began, which will take two years. It affects a very heterogeneous collection composed of around 3,000 prints of different techniques, media, historical-artistic interest and periods, from the 17th century to the present day.

As mentioned above, the Banco de España also carries out a wide range of activities aimed at the **dissemination** of its historical and artistic heritage. In this regard, it is important to mention **publications, loans of works of art, scholarships and grants, as well as heritage visits**, both physical visits to buildings and collections and via the art collection portal.

In terms of publications, in 2023, the **monograph dedicated to the main architect of the nineteenth-century headquarters of the Banco de España, Eduardo de Adaro**, was completed.

The short-term loan of works of art for temporary exhibitions also represents an important way of disseminating the artistic heritage and constitutes a fundamental element in raising public awareness of the Banco de España’s cultural legacy.



Works by Joaquín Sorolla from the Banco de España's art collection: *Voltaire telling one of his stories* (left) and *In the tavern. Zarauz* (right).

In this regard, during 2023, the Banco de España made loans to **various national and international exhibitions**. One of the most significant is the loan of the work *In the tavern. Zarauz*, by Joaquín Sorolla, to the Cerralbo Museum in Madrid to inaugurate the “Works in passing. Contemporaries at the Palace” project.

Box 3.1 provides more information on the four works by Joaquín Sorolla that belong to the Banco de España Collection.

Within the framework of the **agreements signed with the Prado Museum and the Reina Sofía Museum**, in 2023 the Bank sponsored a total of four training scholarships. At the Prado Museum, aid was granted in the areas of studying Spanish Gothic painting and the conservation of drawings and prints. At the Reina Sofía Museum, a traineeship was awarded for the Publications Service and another for Area of Public Activities.

In addition, as part of the activities carried out by the Conservation Division for the **dissemination of heritage**, the organisation of **specialised heritage visits** to buildings and the Banco de España Collection for different professional sectors interested in studying and learning about the historical-artistic heritage was of particular relevance.

It is also worth noting that, for several years now, the Banco de España has been collaborating with the Official College of Architects of Madrid (COAM) in the celebration of Architecture Week, with Open House Madrid (an international architecture festival that opens up to visitors a hundred buildings that are usually difficult for the public to access) as well as with the Madrid City Council in the Madrid Otra Mirada programme.

The [Banco de España Art Collection Portal](#) also plays an important role in the dissemination of the institution's historical-artistic heritage, with a high number of

SOROLLA IN THE BANCO DE ESPAÑA COLLECTION

2023 marked the first centenary of the death of [Joaquín Sorolla y Bastida](#) (Valencia, 1863 - Cercedilla, Madrid, 1923), an artist who managed to create an unmistakable style of his own. The influence of Spanish painting of the Golden Age, with Velázquez always as the leading figure, coexists in this style with the exploration of key ground-breaking artistic trends of the time.

The Banco de España Collection has four paintings by this Valencian artist, dating from the first decade of the last century. These works bear witness to some of the main genres he cultivated throughout his career and highlight both the eclectic dimension of his offering, which can sometimes go unnoticed, and the undoubted mastery that characterises his entire production.

Portrait of José Echegaray (1905) is a very interesting example of his talent as a portrait artist, on which he focused during the last two decades of his career. This painting was commissioned by the Casino de Madrid and was painted a few months after Echegaray was awarded the Nobel Prize for Literature. On one side of the portrait you can see a top hat from which some papers or books are poking out, which Sorolla uses to highlight the “man of letters” aspect of this multifaceted character, who, in addition, was an eminent scientist

and came to be in charge of the Ministries of Public Works and Finance.

Another painting by Sorolla dates from the same year as the portrait of Echegaray: *Voltaire telling one of his stories*. This canvas was originally conceived to decorate the roof of the house of forestry engineer Calixto Rodríguez. This was one of his first forays into decorative painting, which, although not a central genre of his work, ended up becoming one of those that brought him the most fame and international prestige, especially for his project *Vision of Spain*, commissioned for the library of the Hispanic Society of America in New York.

The other two paintings by Joaquín Sorolla that are kept in the Banco de España’s collection are *En la Tasca. Zarauz* and *Antigua Puerta de la Catedral de Sevilla*, both dating from 1910. The first one belongs to the group of canvases he made during his summer stays on the Guipuzkoa coast and reflects the Valencian artist’s interest in portraying popular figures in moments of leisure and rest. The second is an oil painting in loose and direct lines, with impressionist echoes, depicting the Puerta del Nacimiento —also known as Puerta de San Miguel— of Seville cathedral. This was one of the works that Sorolla chose for the monographic exhibitions devoted to him in the United States in 1911.

visits. In line with the commitment to promote accessibility to the institution’s artistic collections, the implementation of the English version of this portal was completed in 2023.

2 TEMPORARY EXHIBITION “THE ARCHITECTURE OF EDUARDO DE ADARO AND THE BANCO DE ESPAÑA. A CHANGING WORLD”

On 23 October 2023, in the exhibition hall of the Banco de España headquarters in Madrid, the temporary exhibition “The Architecture of Eduardo de Adaro and the Banco de España. A changing world” was inaugurated.

With the aim of highlighting the **legacy of this architect**, the institution dedicated this first exhibition to him, underlining the **modernity of his work**. His designs sought to incorporate the latest technical advances in heating systems, lifts, telephones, electric lighting and security.

The exhibition examined the relationship between his project for the Cibeles headquarters of the Banco de España —the most outstanding of his productions and the one for which he would be recognised at the time— with other lesser-known or vanished constructions or projects that never materialised, in fields as diverse as prison, industrial, religious, residential or funerary architecture.

The exhibition brought together more than 140 works, from **paintings by Joaquín Sorolla, Carlos Luis de Ribera or Asterio Mañanós** to a selection of **photographs** showing works from the beginning of documentalism (Laurent et Cie), in the last quarter of the 19th century, together with those of other contemporary photographers who contributed to the renewal of this genre, such as **Candida Höfer, Javier Campano, Jorge Ribalta or Manolo Laguillo**.




Detail of the wooden model of the Cibeles headquarters, in the exhibition “The architecture of Eduardo de Adaro and the Banco de España. A changing world”.

In addition to these photographs, **drawings, plans and decorative pieces** were included in the exhibition, including two examples of the stained glass windows in Casa Mayer. In addition, **technological and functional objects** were exhibited, such as the innovative arc lamps that were installed in the Cibeles building and the elegant Victorian-style lavatory by Doulton, the operation of which was typical of the modern amenities of new buildings in European cities.


Thus, through the **analysis of the figure of Eduardo de Adaro** and his iconic architectural work, the exhibition invited visitors not only to delve into the valuable legacy of this architect, but also to **discover a fundamental chapter in the history of the Banco de España**, showing society not just a part of its artistic and documentary heritage, but also the **challenges and transformations that Spain experienced at the end of the 19th century and the beginning of the 20th**.

The pieces and objects in the exhibition were distributed into **five thematic sections**: “Origins of the New Banco de España Building”, “Security”, “The Money Palace”, “The Versatility of an Architect: Other Projects by Eduardo de Adaro” and “Epilogue”. Although most of these objects came from the Banco de España Collection and the Historical Archive, a significant number were obtained from loans by various private collectors and public institutions, such as the National Museum of Science and Technology, the Cerralbo Museum, the Villa Archive, the Royal Academy of Fine Arts of San Fernando, the History Museum or the General Military Archive in Segovia.



The video about the opening of the exhibition “The architecture of Eduardo de Adaro and the Banco de España. A changing world” provides more information on the exhibition.

PLAY ▶



The educational resources offered by the exhibition are also of particular interest. As in previous years, a programme was established with various types of **guided tours**: visits for the general public, visits for institution staff and visits for families. The latter, which took place on Saturdays, included workshops for children for the first time.

Several **publications** were also issued on the occasion of the exhibition, including the monograph on Eduardo de Adaro, mentioned earlier. Box 3.2 offers detailed information on this publication.

Moreover, a **brochure** was published, in print and digital format, aimed at both professionals and the general public. The digital versions meet accessibility requirements and may be downloaded, free of charge, on the [Banco de España Art Collection Portal](#).

The exhibition brochure, which was also published in English, contains the various parts of the exhibition, as well as notes and images dealing with the majority of the

MONOGRAPH ON EDUARDO DE ADARO, ARCHITECT OF THE BANCO DE ESPAÑA

“The architecture of Eduardo de Adaro and the Banco de España. A changing world” constitutes the first stage of a far-reaching project initiated in 2019 by the institution with the objective of recovering his legacy. In this context, Art History researcher and professor Esperanza Guillén prepared what constitutes the first and most complete monograph dedicated to the architect. It is a study that allows us to learn about his creative life story, and also to better understand key aspects of the social and economic reality of Spain in the transition from the 19th to the 20th century, when the country was undergoing a process of profound transformation.

More specifically, Guillén’s research resulted in findings of immense value for tracing the story behind of the creation of the Banco de España’s headquarters.

These findings include the documentation on the occupational accidents that occurred during the execution of the works, the identification of the types of hygienic facilities used (selected according to the hierarchy of the users), the location of new original sketches of the symbolist-style stained glass windows made by the Mayer House in Munich and the discovery of what, today, can be considered the first photograph of the building under construction.

The publication includes the commission of a series of photographs from Manolo Laguillo, one of the main exponents of the renewal of architectural and urban photography in Spain, *Adaro: a case study*, about his architectural heritage.

works. In addition, an **interactive version** in digital format, downloadable using a QR code, was made available to the public at the entrance to the hall.

The tour of the exhibition also included an 11-minute **documentary** prepared for the occasion, which, thanks to numerous visual resources, made it possible to follow the exciting creative career of Eduardo de Adaro.



The exhibition highlights the legacy of Eduardo de Adaro and the modernity of his work.



View of the clock at the Banco de España's headquarters.

In addition, given the impossibility of meeting the high demand for guided tours and in order to provide as much information as possible to visitors, an **audio guide service, in Spanish and English**, was created to accompany the visit to the exhibition.



The video about the preparation of the exhibition shows images of the assembly process.

PLAY ▶



Box 3.3 contains information about the tower clock of the Banco de España building, the construction of which was supervised by the institution's architects, José María de Aguilar and Eduardo de Adaro.



The section on the temporary exhibition "[The Architecture of Eduardo de Adaro and the Banco de España. A changing world](#)", on the Banco de España Art Collection Portal, offers more information about the exhibition.

DAVID GLASGOW: TURRET CLOCK AND BELLS

The process of selecting the clock for the turret of the new Banco de España building involved assessing five proposals from different firms. English watchmaker David Glasgow submitted the winning bid, which consisted of a precision three-bell striking clock. The final cost, which amounted to 386 British pounds, included all three bells, but excluded transport from London to Madrid, customs duties and assembly.

The Glasgow representative in Madrid, Ramón Garín, oversaw the installation and maintenance. Despite delays due to strikes, the assembly and delivery of the clock was completed in late 1890, meeting the specifications established by the Bank.

The initial request included requirements such as a two-second compensating pendulum and the ability to regulate the operation of the other clocks in the building. The institution’s architects, José María de Aguilar and Eduardo de Adaro, oversaw the construction of the clock.

The implementation of the electrical transmission connecting the other clocks in the building to the main one demonstrated a high degree of technological innovation. This project, marked by international collaboration and adaptation to adverse circumstances, underlined the importance of the clock as an emblematic and functional element in the institution’s heritage.

The Banco de España’s Historical Archive holds **a large collection of records of the institution’s activities dating back to its foundation as Banco Nacional de San Carlos. This collection occupies about 10,000 linear metres of shelves.** To increase awareness of the institution’s history among the public, each year studies and analyses are conducted on its documentary heritage.

In 2023, the main activities carried out in this area were the completion of the *Banco de España Photographic Archive Catalogue*, the project on the exchange of banknotes during the Civil War and the Dictatorship, the dissemination of the Historical Archive through the Institutional Repository, the new application for the Banknote Collection, the enlargement of the collection with banknotes from the exchange of banknotes denominated in pesetas, the restoration of documents and the exhibition for International Archives Day.

a) Banco de España Photographic Archive

2023 saw the conclusion of the project on the Banco de España Photographic Archive, which had been developed over the past few years. This project is soon to be completed with the publication of a printed catalogue and a website that will present the vast **photographic legacy preserved in the Historical Archive from 1874 to the present day.** Through more than **550 photographs selected** from an archive of 25,000, multiple aspects of the institution’s life over 150 years will be revealed, many of them hitherto unexplored. From portraits of staff and institutional events to a detailed tour of the 70 former territorial offices opened since 1874, this catalogue will reveal material that has never before been published.

Prestigious historians have collaborated in the preparation of each of the chapters of the catalogue — “The Banco de España and the City”, “The Faces of the Banco de España” and “The Banco de España and the Economy” — and their texts enrich the understanding of the published material: Pedro Navascués Palacio, academic of the Royal Academy of Fine Arts of San Fernando and professor of Art History at the Universidad Politécnica de Madrid (the Banco de España expresses its sadness at his recent, unexpected passing); Publio López Mondéjar, academic at the Royal Academy of Fine Arts of San Fernando, a pioneer in the field of the history of photography and Spanish photohistory since 1978, and María Ángeles Pons Brías, professor at the Universidad de Valencia specialising in monetary and financial history.

b) Descriptive and dissemination projects. The exchange of banknotes during the Civil War and the Dictatorship (1936-1960)

In 2023, a wide-ranging and relevant descriptive project was completed. This project, in line with the Law on Democratic Memory¹ and the Banco de España Strategic Plan 2024 initiative relating to institutional social responsibility, had as its central purpose the dissemination of the institution's valuable legacy in the numismatic field.

The project consisted of the **processing, organisation and description of the documentation generated by the Banco de España during the banknote exchange processes that emerged after the breakup of monetary unity during the Spanish Civil War.**

Started in 2020, the project faced considerable challenges, due to the complexity, fragility and volume of the documentation that needed to be processed. The descriptive work focused on identifying and describing more than 42,000 files of various kinds contained in 1,200 archive boxes. To give continuity to the project and facilitate access, digitalisation began in November 2023, led by a company that specialises in heritage documents.

c) The Historical Archive in the Institutional Repository

The Historical Archive continues to make headway in the important task of digitalising its document collection. The valuable Collection of Securities Certificates was digitalised and made available to the public in September 2023 through the Institutional Repository. In this process, 2,280 shares and bonds of companies have been described and digitalised, together with public debt securities, both Spanish and foreign, covering a period from 1840 to 1940.

In addition, in 2023, the minutes of the Operations Commission, an administrative body established in 1849 as one of the divisions of the Governing Council, were digitalised. This commission, made up of the governor, the deputy governor and three members, was of paramount importance in the management of the institution. Like other commissions, it was dissolved in 1962 following the nationalisation of the Banco de España.

Box 3.4 delves into the Collection of Securities Certificates that are kept in the Historical Archive.

¹ Law 20/2022, of 19 October 2022, on Democratic Memory.

Box 3.4

COLLECTION OF SECURITIES CERTIFICATES

The Banco de España Historical Archive holds among its documents a collection of securities certificates of enormous cultural, artistic and historical value. This documentary treasure trove includes more than 2,500 certificates, covering corporate and public debt issues from 1840 to 1940, both domestic and foreign. The collection constitutes an interesting representation of the business and financial upsurge, the flow of capital caused by Spanish industrialisation and the various forms of public funding during this period.

Some of the most significant certificates in the collection come from diverse sectors such as mining, steel, land and maritime transport, as well as chemical companies from various countries, such as Argentina, Austria, Brazil, Bulgaria, China, Cuba, France, Mexico, Portugal, Russia, the United Kingdom, Serbia and Turkey, each in its original language. There are shares and bonds of 19th century agricultural and transport monopolies, such as the General Tobacco Company of the Philippines or the Compagnie Générale de l'Orénoque de Venezuela, as well as other traditional industries, such as mining and textiles, exemplified by the mining company La Bética or La España Industrial, Sociedad Anónima Fabril y Mercantil. Certificates from

emerging industries from the 20th century are also preserved, such as oil, insurance, automotive (La Hispano-Suiza, Fábrica de Automóviles) and sports (Real Madrid Club de Fútbol).

As for public debt, most Spanish state, regional and municipal issues are included, together with numerous foreign issues, including a curious one from the Government of China dated 1913.

While the securities certificates themselves constituted documentary evidence, their design served as a means of publicising companies, places or activities. Through the use of colour in printed material, design and engraving, in addition to the aesthetic value, they sought to draw interest and attract potential buyers or shareholders. The graphic details, of great beauty, address the idea of industrial development and progress through images of technologies of the day, such as steamships, railways, mining and electrical installations, as well as emblematic elements related to mythology, family or territorial coats of arms, buildings and historical figures.

The Collection of Securities has been available in the Institutional Repository since 2023.



The [securities certificates](#) can be viewed in the Institutional Repository of the Banco de España.



Bearer shares included in the Banco de España Collection of Securities Certificates, made available to the public through the Institutional Repository.

d) New application for the Banknote Collection

During 2023, a **numismatic module** was implemented in the Banknotes and Technology application with the objective of managing the Banknote Collection of the Historical Archive, which covers from 1783 to the present day. The application, which had already been used by the institution to research and analyse paper money technology, represents a modernisation of the computer tools of the Historical Archive, replacing a previous numismatic application that had become obsolete. This new module provides greater flexibility and significantly expands the computer capabilities for managing the Collection of Banknotes held by the Archive.

e) Exchange of peseta banknotes

In 2023, the Historical Archive increased its **Banknote Collection** thanks to the contribution of the Cash Department, which delivered more than 26,500 banknotes from the exchange of banknotes denominated in pesetas, in addition to the 17,310 handed in the previous year. These banknotes cover 38 issues dating from 1936 to 1992 and include all existing denominations from 1 peseta to 10,000 pesetas. This contribution has enriched the collection with copies that were previously considered rare or non-existent.

f) Restoration of documents

On the occasion of the “The Architecture of Eduardo Adaro and the Banco de España. A changing world” exhibition in which more than 30 documents, plans and photographs from the Historical Archive were exhibited, and the **six photographs of the exterior and interior of the Banco de España building in Madrid taken by Jean Laurent’s** photographic establishment in 1891 were restored. These images, the first taken after the completion of the building, were discovered some years ago among the documentation sent to the Historical Archive by the Badajoz branch office in 1982. Despite being in relatively acceptable condition, some anomalies were detected that compromised their stability and limited their exposure: damage to the holder by rodents, cracks, stains, insect debris and fingerprints. The restoration, carried out by a company specialising in historical photographic material, focused on surface cleaning, consolidation of affected areas, reintegration with Japanese paper, smoothing and colour correction. These processes restored the stability necessary for the photographs to be handled and put on public display.

g) Exhibition for International Archives Day 2023

On 9 June 2023, the Historical Archive joined archival institutions and international organisations, such as the International Council on Archives, in **promoting the effective and efficient management of documents, archives and data, in all formats, and their preservation as evidentiary and cultural heritage**. With the motto #ArchivosUnidos, International Archives Week 2023 (#IAW2023) called for the construction of a global community, on the occasion of the 75th anniversary of the International Archives Council (#75añosICA) and the 50th anniversary of the Latin American Archives Association (#ALA50). Since 2019, and during that week, institutions around the world have been organising outreach activities on the role that archives play in society and the current use of documentary heritage.

The Historical Archive organised an **exhibition in its research room**, for which a sample of the Banco de España's documentary heritage dating from 1814 to 1962 was selected. The exhibition allowed us to reflect certain parallels between historical and current records.

In this exhibition, special emphasis was placed on the staff of the Banco de España through the personal **files** kept in the Archive. The record of a historical personality such as **José Lázaro Galdiano** stands out, someone who joined in 1877, at the age of 18, in the position of clerk at the Pamplona branch, although he resigned after ten years of service to embark on the *España Moderna* publishing adventure, a journal in which Pardo Bazán, Pérez Galdós, Clarín, Valera, Zorrilla, Campoamor, Menéndez Pelayo, Cánovas and Unamuno collaborated. But the central document of this exhibition paid homage to **Tomás Varela Iglesia**, an archivist, whose personal file reflects a 62-year career in the institution, including the Banco Nacional de San Carlos, the Banco Español de San Fernando and the Banco de España. He entered at the age of 14, in 1814, as an unpaid student —an intern— and died, still working, in 1876. The Banco de España preserves both his obituary and his original calligraphic samples in several languages, an aptitude that was highly valued at the time.



You can access the documentary collection of the [Historical Archive](#) through the institutional website.

Box 3.5 provides information on the documents from the Guadarrama Canal that are kept in the Historical Archive.

THE GUADARRAMA CANAL IN THE HISTORICAL ARCHIVE OF THE BANCO DE ESPAÑA

In one form or another, archives preserve the living memory of all those events experienced by societies and the institutions that generate them. The Banco de España Historical Archive is an example of proper preservation in the world of archives in general and of bank records in particular. It is an inexhaustible source of information on those events that occurred during its almost 240 years of existence, of which much remains to be disclosed.

Not many people know that among the papers in the Historical Archive there is comprehensive information on how the Banco de San Carlos promoted and financed the construction of a navigation channel, the Guadarrama Canal; this consisted of channelling the Guadarrama River from the mountains of the same name to the city of Madrid in order to connect it to the Manzanares River and thus increase its flow. The work was part of a much more ambitious project: the construction of a navigable canal that connected the capital of the Kingdom by river to the Atlantic Ocean through a route that crossed Madrid, Aranjuez, La Mancha and Sierra Morena through Despeñaperros pass, running parallel to the Guadalquivir River, bordering Córdoba and ending in Seville. The canal would connect the waters of four main rivers: the Guadarrama, the Manzanares, the Tagus and the Guadalquivir. In addition, it was to be 771 km long, covering a maximum height difference of 800 m, with a total of 36 dams, 6 of them of significant height, such as the monumental El Gasco dam, a starting dam for the Guadarrama River, projected to be 93 m high and with a crest length of 251 m, which would play a decisive role in the controversial history of the project. What is more, the project required excavating

15 km of mines, tunnels, and the construction of 169 locks along the different routes that were designed for the canal.

The purpose was to supply the Court and was part of a mentality that characterised the figures of the Enlightenment, from Jovellanos to Floridablanca: the creation of wealth through the activation of the economy and the improvement of communication channels, especially relevant to overcoming the enormous difficulties presented by the terrain of the Iberian peninsula.

The Guadarrama Canal was designed in 1785 by the French military engineer Carlos Lemaur, and construction began in 1786. However, only the first 25 kilometres of the route and the El Gasco dam, its regulating reservoir, were executed. The works were abandoned in 1799, after the ruin caused by the partial collapse of the unfinished El Gasco dam due to the accumulation of water following a severe storm in the month of May.

Recently, in the areas of Torrelodones, Galapagar and Las Rozas in Madrid, remains of materials from the El Gasco dam and the Guadarrama Canal were identified, as well as roads, buildings, quarries and other elements associated with them. Given the value of this infrastructure as a vestige of a historic large-scale engineering project, and thanks also to the archives kept by the Banco de España and the exhaustive research carried out by its staff, the Community of Madrid declared it an Asset of Cultural Interest in the Cultural Landscape category.

Since the founding of the Banco Nacional de San Carlos in 1782, the Banco de España has accumulated an important bibliographic heritage, making it **one of the richest and most extensive specialist economics collections in Spain**. This bibliographic collection is constantly updated and also allows the institution's staff to access up-to-date publications in their daily work.

To manage this collection and to provide the associated services, **the Banco de España organised a library**, which opened **to the public in 1980**. The Library also assists any person or institution that requires the use of accumulated collections.

In 2023, **its opening hours were extended**, from 30 to 34 hours a week, so that those interested could also use it two afternoons a week. It is possible that this time extension contributed to the increase recorded in the number of external users who came to the Library in 2023, almost doubling that of 2022. While 447 people came in that year, 868 people visited it in 2023, with an average of 72 visitors per month.

The number of **information enquiries received from citizens** last year remained at levels similar to the previous year, as is the case with enquiries from external institutions. 70% of the enquiries were about bibliographic information. Of the total number of inquiries, more than 85% were received and answered by email.

The Library, through the interlibrary loan service, **supplied a total of 49 documents to other libraries in 2023**, a figure similar to that of previous years. 65% of the documents sent through this service were sent to Spanish institutions, and 35% to foreign institutions.

A total of 1,294 monographs were added during the year, with those acquired in e-book format (44%) almost matching those in print (56%). It should be borne in mind that, in recent years, the acquisition of monographs has been gradually reduced, to give priority to the purchase or subscription of journals, which are the first to publish the advances and developments in all disciplines. Electronic information sources, in the form of databases or specialised portals, are also increasingly important.

Collection use patterns varied In 2023 depending on the document format. Loans of printed books and journals increased by 7% compared to the previous year. On the other hand, the use of electronic formats showed growth of 15%, both for e-books and articles in journals (3%). Article downloads exceed the number of e-book downloads and the number of loans of works on paper tenfold.

Within the bibliographic heritage, there is a part, the **Special Value Collection** (SVC), to which the Banco de España pays particular attention and care. This is a collection of more than 16,000 copies of manuscripts and printed matter, produced or published between the 14th and 19th centuries, of great interest for learning about the history of economics and law in Spain. The Library continuously monitors the market for antiquarian books to continue to enrich this fund. Thus, the institution also contributes to the maintenance of Spanish bibliographic heritage, because, by acquiring these books, they are guaranteed to be preserved and made available to the whole of society.

In 2023, nine copies were purchased for the SVC, among which, due to their age and value, it is worth highlighting the following:

- A **manuscript dated around 1409** and containing a copy of the **regulations for the wine trade in the city of Seville**. The regulation of the entry of wine into the city and its sale was one of the most important economic responsibilities of the municipality. These orders were compiled for the first time by order of the prince Don Fernando de Antequera (1379-1416), regent of John II. The manuscript purchased is one of the copies that were made at that time. It is a manuscript consisting of nine pages, with the writing in two colours on laid paper, in very good condition.
- A copy of the edition printed in **Cuenca in 1539 of the *Laws in the new gazette on the income from sales taxes and exemptions***. This work is a legislative compilation ordered by the Catholic Monarchs (Ferdinand and Isabella) in 1491 and deals mainly with *alcabalas*, which were indirect taxes levied on commercial transactions. The purchased copy was printed in Cuenca by Guillermo Reymon, a bookseller and printer of French origin; only two other copies of this edition are known to exist in Spanish libraries.
- A copy of one of the first treatises on salaries: the work of the Italian jurist Lanfranco Zacchia (1624-1685), entitled ***De seu operariorum mercede*** (Rome, 1679). Although coming from a more legal standpoint, it delves into economic issues, such as wage theory or its relationship with inflation. This is a copy of the third edition of the work, of which, as in the previous case, only two other copies are kept in Spanish libraries.

In June 2023, **digitalisation** work resumed on part of the bibliographic collection, thanks to a new contract that will allow this project to be extended until 2025. Over five months, 100,109 pages were digitalised, corresponding to the first years of the *Statistical Bulletin* (1960-1979), other Banco de España publications from the end of the 20th century and a selection of SVC works: a total of 601 volumes.



The SVC consists of more than 16,000 copies, of great interest for learning about the history of economics and law in Spain.

The [Institutional Repository](#) is the tool that provides secure and long-term access to all of the institution's publications, as well as to digitalised materials from the Banco de España's bibliographic and documentary heritage. In 2023, **the number of accessible documents increased by 59%**, to 23,912. The incorporation of retrospective publications also continued. Thus, a total of 348 issues of the *Statistical Bulletin*, published between 1979 and 2007, were included. A total of 264 issues of the Spanish version of the *Economic Bulletin* and the *Monthly Bulletin* of the European Central Bank were also added, since 2015 and since 1999, respectively.

In addition, over the past year, 1,315 new works, with more than 34,000 pages, were included in the **"Bibliographic Heritage" section of the Repository**. Among them, two versions of the same work stand out: the *Essai sur la nature du commerce en général*, by Richard Cantillon, in a 1756 edition, [and its handwritten translation into Spanish](#), which is the first known, dating from the end of the 18th century, belonging to the Count of Montarco. The third part, which was never printed at the time, of the [Restoration of Spanish factories and trade](#), by Bernardo de Ulloa, is also worth mentioning, embodied in a manuscript by the author dated 1746, six years after the publication of the first and second parts.

Meanwhile, use of the Institutional Repository increased by 19% compared to the previous year, with 680,765 documents downloaded. However, the change in the data collection system may have influenced that variation.

In 2023, collaboration resumed with the **Collective Catalogue of Spanish Bibliographic Heritage**, a project led by the Ministry of Culture that aims to identify

all copies of editions prior to 1959 in Spanish libraries and collections. Thus, in April of last year, a team of cataloguers sent by the ministry began to come to the Library to examine the copies of the Banco de España bibliographic collection firsthand. At the end of 2023, more than 19,500 copies were included in that catalogue.

Moreover, a collaboration agreement was signed with the **Dialnet Foundation**, at the Universidad de La Rioja, to participate in the maintenance of this platform, through the Library. Dialnet is one of the largest bibliographic portals in the world, focusing on Hispanic scientific literature and in which more than 150 libraries and institutions from 14 countries collaborate. By signing this agreement, the institution assumed responsibility for cataloguing and indexing its publications and other works on economics in the Dialnet database.

The bibliographic heritage is also projected through the **exhibitions and publications** organised by the institution and in those promoted by other institutions with which the Banco de España collaborates.

Several copies of the bibliographic heritage were included in the exhibition “The Architecture of Eduardo de Adaro and the Banco de España. A changing world”, on which extensive information is provided in section 2 of this chapter. In addition, the exhibition “Campomanes at the Banco de España Library” was organised, on which more information is provided in Box 3.6.

Meanwhile, two 18th century royal charters were included in separate exhibitions — “Madrid through dance”, organised by CentroCentro, and “Where Books Live”, organised by the Castilla-La Mancha Library —.

"CAMPOMANES AT THE BANCO DE ESPAÑA LIBRARY" EXHIBITION

Partial view of the exhibition "Campomanes at the Banco de España Library".

Between 10 October and 15 December 2023, this exhibition was open in the reading room of the Banco de España, organised on the occasion of the 300th anniversary of the birth of Pedro Rodríguez Campomanes, one of the most prominent figures of the Spanish Enlightenment.

The exhibition included 27 items from the Special Value Collection (including printed matter and manuscripts of the time, works written by or related to Campomanes) and was divided into three sections. The first section was dedicated to Campomanes' relationship with the Banco Nacional de San Carlos, in whose creation he played a prominent role. Two works from the Banco de España art collection were also included; specifically, a table clock

that decorated the first offices of the Banco Nacional de San Carlos and a bronze bust of Carlos III.

The second section focused on the importance of books in the personal and professional life of the jurist, through the exhibition of his historical works. His activity as a jurist in the service of the administration of the monarchy and his role as a driver of economic reforms were also addressed.

The third section was dedicated to what was termed the *Chronological collection of royal decrees, proclamations, decisions, etc. of the Count of Campomanes*, which housed his personal library and which is now part of the bibliographic heritage of the Banco de España. This unique legislative compilation, collected following Campomanes' instructions, is comprised of about a thousand documents enacted between 1759 and 1796. The collection consists of 26 volumes, each with its index of subjects to facilitate access to the various documents, plus an additional volume that brings together the indexes of all tomes in a single volume. This collection was digitalised by the Library and is available to anyone interested through the [Institutional Repository of the Banco de España](#).

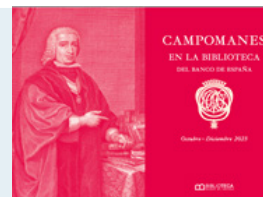
The exhibition received 333 visitors, including staff of the institution and citizens.

On the occasion of the exhibition, an [informative leaflet](#) and a detailed brochure of the exhibition were published.



For more information, watch the video of the exhibition "Campomanes at the Banco de España Library".

PLAY ▶



5 ACTIONS TO RAISE AWARENESS ABOUT THE BANCO DE ESPAÑA

In 2023, within the framework of the Banco de España's [Institutional Social Responsibility Plan 2023-2024](#), initiatives were undertaken to **bring the institution closer to society**.

Schema 3.1 summarises the main initiatives undertaken to raise awareness about the institution.

Schema 3.1

INITIATIVES TO RAISE AWARENESS ABOUT THE BANCO DE ESPAÑA



Open Government Week

- The Banco de España once again participated in **Open Government Week**.
- From 20 to 24 March 2023, activities took place at the branch offices in **Alicante, Barcelona, Badajoz, Bilbao, Málaga, Murcia, Seville, Santa Cruz de Tenerife, Valencia** and Zaragoza, as well as at the head offices in **Madrid**.
- This year, **32 workshops were organised**, both on site and remotely.
- **More than 1,000 people participated** in the Banco de España Open Government Week 2023, a figure which represents a highly positive trend, given that it is twice as many participants as the previous year.



Activities at branches

- **Institutional actions** were carried out at the head offices of the Banco de España: 173 representatives of different Public Administrations, universities and professional associations, as well as business and economic agents, visited the branch offices to learn more about the work they do.
- In addition, at four of them (**Barcelona, Malaga, Murcia and Seville**), **12 unique events were held**, including the following: "Data training cycle", "How to access CIRBE data", "Banks. Memory. Financial Archives Workshop", "40th anniversary of the Central Balance Sheet Data Office", "The sandbox and other financial innovation initiatives", as well as institutional events of international working groups.
- Open House sessions were also held, both in **Bilbao** and in **Seville**, which meant a notable increase in the visibility of the branch network and, therefore, of the institution.



Guided tours

- The Banco de España has a **programme of tours —guided and free—** that take place between the months of October and June, both at the head offices in **Madrid** and at the **branch offices**; in the **2023 academic year** they received more than **17,400 visitors**.
- Visits to the **Madrid** head offices, which are heritage visits, are carried out by volunteer guides, while those that take place at **territorial offices**, which are educational in nature, are carried out by the directors themselves or by the staff of the branches. Both can be arranged through the section available on the institutional website (Home > For citizens > [Guided tours](#)).
- Specialised heritage visits to the buildings and to the **Banco de España Collection** were organised for several **professional sectors** interested in studying and understanding the institution's historical-artistic heritage.
- Once again, the institution also collaborated with the COAM, in the celebration of **Architecture Week**; with the Madrid City Council, in the **Madrid Another Look** programme and, like the branches, from the institution's head offices in Madrid, with **Open House Madrid**.

SOURCE: Banco de España.


The Banco de España’s responsibilities include economic analysis and research. To this end the institution fosters and promotes economic research and internships. The activities conducted in 2023 in this area included the following:

- **Ten scholarships were awarded for the extension of studies** in Spain and abroad for the 2023-2024 academic year with the possibility of renewal thereof for the 2024-2025 academic year, within the framework of the annual call for these scholarships approved in December 2022.

In addition, a new call for applications for ten scholarships for the extension of studies in Spain and abroad was published for the academic year 2024-2025, with the possibility of renewal for a further year. These scholarships, which consist of financial aid, are annual in nature and are aimed at obtaining official postgraduate degrees in economics and finance, as well as technological innovation in these fields.

- Two annual grants were awarded to the two research projects selected within the framework of the call for the **Economic History Research Grants Programme** approved in December 2022.

A new call for applications was also published for this programme of grants, which is organised through collaboration agreements with internationally renowned universities and research centres, both in Spain and abroad. They have a duration of one year and envisage funding for two projects.



The institutional website offers more information about the [grants and scholarships organised by the Banco de España](#).

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7 CONTRIBUTIONS OF THE BENEFICENT-SOCIAL ASSISTANCE FUND

The Banco de España has a Beneficent-Social Assistance Fund (FABS), through which it can **allocate up to 1% of its net profits** to beneficent-social assistance contributions. The beneficiaries may be natural persons and, principally, legal entities of any kind and of a public or private nature. The procedure for awarding this type of grant is regulated and is governed by the following principles: the economic, social, cultural or cross-cutting usefulness of the projects; transparency; the academic, social or cultural relevance of the beneficiaries; and, in the case of aid for economic research, a competitive regime for the award. Thus, in the 2023 financial year:

- **0.3% of the net profit for the year** was allocated, in line with the contributions made in recent years.
- **Grants totalling 1,624,549.01 euros 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.












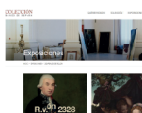















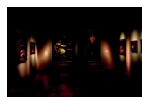
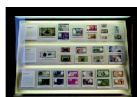

For further information on these grants, see the [Banco de España's Transparency Portal](#).

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

The institutional reports published since 2016 reflect the richness of the Banco de España's artistic, historical and bibliographic heritage. Schema 3.2 sets out some of the main contents of previous editions of the *Institutional Report*.

Schema 3.2

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

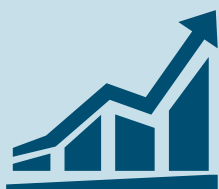
2022 INSTITUTIONAL REPORT							
	The banknote as a medium for images and ideas		Temporary exhibition "Flowers and fruit. Banco de España Collection"		"(Un)Common Values" temporary exhibition		"The Governing Council of the Banco de España"
2021 INSTITUTIONAL REPORT							
	Exhibition "2328 reales de vellón"		"Banco Nacional de San Carlos Shares"		"The Banknotes of Banco Nacional de San Carlos"		Marine Atlas by Pieter Goos, 17th century
2020 INSTITUTIONAL REPORT							
	Catalogue raisonné of the Banco de España Collection		"Heritage Portal"		"Benito Pérez Galdós at the Banco de España "		"The history of the peseta"
2019 INSTITUTIONAL REPORT							
	"The Banco de España's Madrid headquarters"		"First exhibition of the Special Value Collection"		"The Gold Vault"		<i>Reflections in a Golden Eye</i> (2018), by Carlos Aires
2018 INSTITUTIONAL REPORT							
	<i>Guide to the historical archives of banking in Spain</i>		Restoration photo series , by José Ribalta		Restoration of seventeen works from the Collection and other elements		<i>Pegasus</i> (1903), sketch for a banknote, by José Villegas
2017 INSTITUTIONAL REPORT							
	Exhibition "From Goya to the present day"		Museographic review and improvement of the Goya Room		Recovery of the photographic collection		Exhibition "Goya in the Banco de España's documents"
2016 INSTITUTIONAL REPORT							
	Exhibition "Economic issues and Cervantes"		Loans of works of art to other institutions		Sample of banknotes from the Numismatic Collection		First Preventive Conservation Plan

SOURCE: Banco de España.



4

FINANCIAL INFORMATION OF THE BANCO DE ESPAÑA



951 billion euros
Total assets

The Banco de España's total assets decreased in 2023 to 951 billion euros, as a result of the restrictive monetary policy stance adopted in mid-2022 due to the major increase in inflation



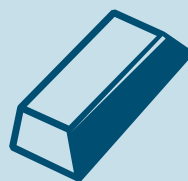
606 billion euros
Securities held for monetary policy purposes

Since 2015 the Banco de España has acquired a significant volume of securities in the framework of monetary policy decisions, which at the end of 2023 had reached a value of 606 billion euros



-5.8 billion euros
Result of monetary policy operations

The result of monetary policy operations in 2023 was -5.8 billion euros, compared to 4.2 billion euros obtained in 2022, due to the continuous increase in official interest rates, which have a faster impact on the cost of liabilities than on the return on assets



16.9 billion euros
Gold and gold receivables

Holdings of ounces of fine gold have remained stable over the last few years, although they have steadily increased in value, reaching a market price of €16.9 billion at the end of 2023



51.4 billion euros
Financial resources

Capital and reserves, general provisions and revaluation accounts, which comprise the Banco de España's financial resources, increased steadily over the period 2019-2022, but fell in 2023 due to the application of general provisions to cover losses



0 million euros
Earnings

The Banco de España did not report a profit in 2023. The purpose of a central bank is not to make a profit, but to discharge its mandate to maintain price stability

Chapters 1 and 2 of this Report describe the most important functions and activities of the Banco de España. This chapter aims to show how many 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 of the Banco de España 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.



The *Annual Accounts of the Banco de España* show a true and fair view of the institution’s wealth, financial and economic position.

1 The *Annual Accounts of the Banco de España* provide more detailed information on the composition of the balance sheet and profit and loss account and can be accessed on the institution’s website.

The Banco de España's balance sheet provides a true and fair view of its economic and financial situation. On the asset side, it contains its resources and, on the liability side, the sources of funding used.

The Banco de España's financial 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 national central banks and are included 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 those entities.

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. 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 and the allocation of euro banknotes among the euro area national central banks, according to their banknote allocation key,³ gives rise to intra-Eurosystem balances (in the case of the Banco de España, they are reflected on the asset side because the banknotes put into circulation are less than those that correspond to it under the allocation key).

The **treasury service** provided to the Treasury (and to other public institutions and bodies) is performed through accounts opened at the Banco de España recorded on the liability side of the balance sheet under euro-denominated liabilities to other euro area residents.

² TARGET is the platform owned and operated by the Eurosystem for processing large-value payments in euro in real time. It is used both by European Union central banks and commercial banks to make transactions, on their own behalf or on behalf of their customers.

³ The "banknote allocation key" is the result of applying 92% to the Eurosystem participation key —the remaining 8% is assigned to the ECB—. At end-2023, the Banco de España's banknote allocation key was 10.88%.

SIMPLIFIED BALANCE SHEET OF THE BANCO DE ESPAÑA AS AT 31.12.2023

Million euros

ASSETS	LIABILITIES
Gold and foreign currency-denominated assets 94,120	Banknotes in circulation 170,553
Euro-denominated own funds portfolio 26,819	Deposits held by credit institutions 257,756
Lending related to monetary policy 22,777	Intra-Eurosystem liabilities 391,269
Securities held for monetary policy purposes 605,536	Other liabilities 79,863
Intra-Eurosystem claims (banknotes) 184,850	Financial resources 51,445
Other assets 16,784	
TOTAL 950,886	TOTAL 950,886

SOURCE: Banco de España.

The Banco de España also manages its own euro-denominated **financial assets**, comprising debt securities and set out in the balance sheet.

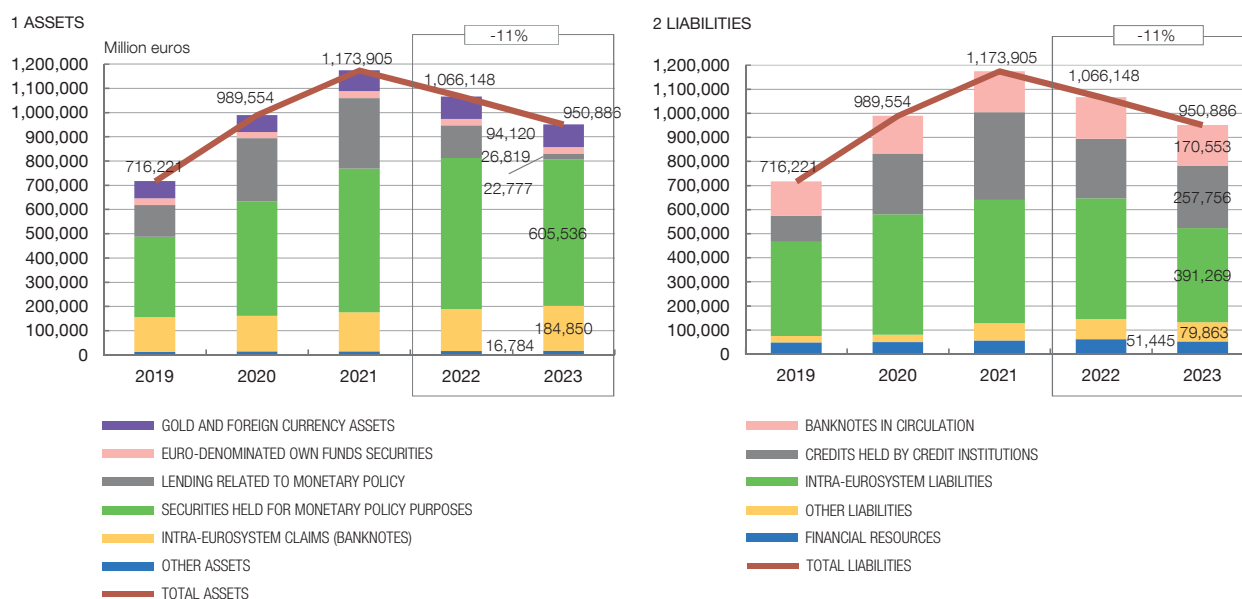
Schema 4.1 depicts the Banco de España's simplified balance sheet.

After a cycle of monetary policy adjustment that lasted more than a decade, in 2022 the ECB began a process of progressive normalisation of monetary policy. During the expansionary phase, the Banco de España's balance sheet, like that of the rest of the Eurosystem, often experienced significant annual growth. Specifically, large scale asset purchase programmes and the provision of abundant long-term liquidity to credit institutions resulted in annual increases of more than 20% between 2015 and 2017, which were more contained in 2018 and 2019. Subsequently, the outbreak of the pandemic and the ECB's implementation of additional measures to mitigate the effects of the economic crisis caused by it brought significant annual increases back to the balance sheet, close to 40% and 20% in 2020 and 2021, respectively.

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.

The expansionary trend was interrupted in 2022 when, in view of rising inflation, the ECB initiated a process of monetary policy normalisation, raising official interest rates and adjusting a number of other monetary policy parameters. Between July 2022 and September 2023, the ECB increased its reference rate from the 0% established in March 2016 to the 4.5% in effect at the end of 2023, through ten consecutive increases. As far as the balance sheet is concerned, normalisation is taking place gradually, in line with the design previously announced by the ECB. In 2022, the reduction in the Banco de España's balance sheet was 9%, and in 2023, it was 11%. A similar reduction also occurred in the Eurosystem's overall balance sheet.

In particular, on the Banco de España's balance sheet, the expansionary actions of the first phase were directly reflected in a significant increase in monetary policy loan items and monetary policy portfolios, on the asset side, and in deposit items from credit institutions and Intra-Eurosystem liabilities (TARGET), on the liability side. In the new restrictive monetary policy stance, the reductions largely concentrated on two of these items: monetary policy loans in assets and Intra-Eurosystem liabilities (TARGET) on the liability side. Chart 4.1 shows the evolution of the Banco de España's balance sheet over the last five years.

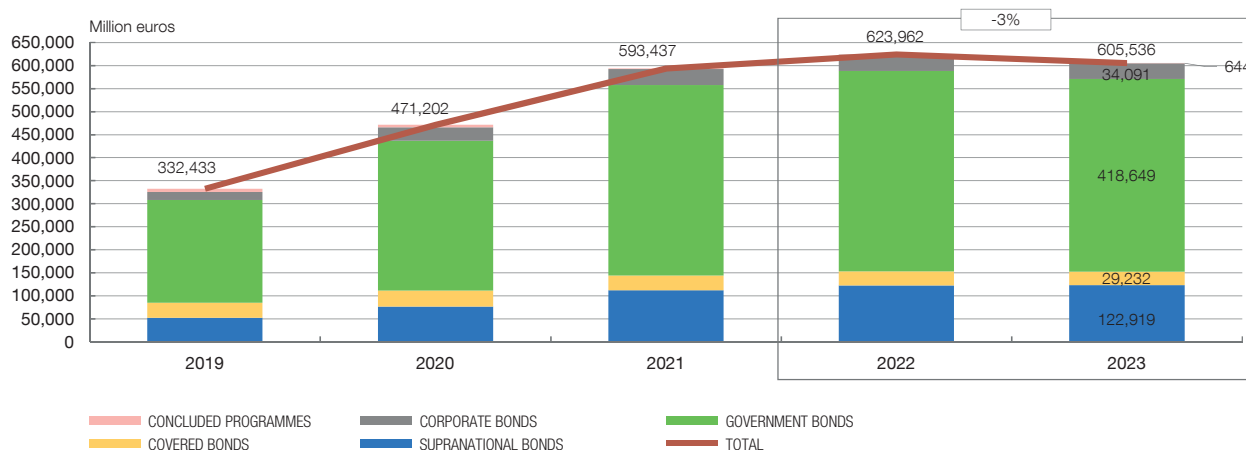
1.1 Assets

At the 2023 close, **the monetary policy portfolio accounted for more than half (64%) of the Banco de España's total assets**. The assets purchased by the Banco de España under the various Eurosystem asset purchase programmes, which form part of the non-standard monetary policy measures, are recognised under the corresponding balance sheet heading. These programmes were launched at various points in time since 2009. Each one was 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.

The **asset purchases** made as part of these monetary policy decisions are performed by the Eurosystem national central banks in accordance with the principle of decentralised implementation. Since 2015, the Banco de España has made sizeable purchases under these programmes and, at end-2023, its holdings totalled 605,536 million euros.⁴ These assets were essentially acquired under the APP, launched in 2014, and the PEPP, launched in 2020 in response to the pandemic. In 2022, the ECB Governing Council resolved to end net purchases of securities under both programmes, and to continue reinvestment of the principal of maturing securities in both cases, as part of a new monetary policy direction. As of June 2023, the reinvestments of the APP programme, which had already been partial since March of that year, ended. In the PEPP programme, total reinvestments were

Chart 4.2

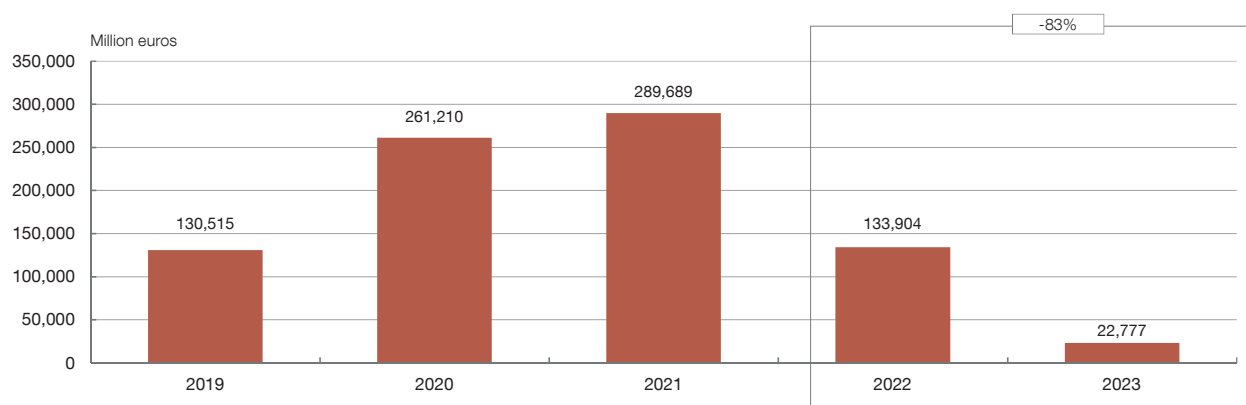
SECURITIES HELD FOR MONETARY POLICY PURPOSES



SOURCE: Banco de España.

⁴ Detailed information on the composition can be found in balance sheet explanatory note 7.a) of the *Annual Accounts of the Banco de España*.

Chart 4.3

LENDING RELATED TO MONETARY POLICY OPERATIONS

SOURCE: Banco de España.

maintained during 2023 and it was announced that, starting in July 2024, they would begin to be partial and that they would foreseeably cease completely by year end. All this meant that the decline in this item over the year was limited (-3%).

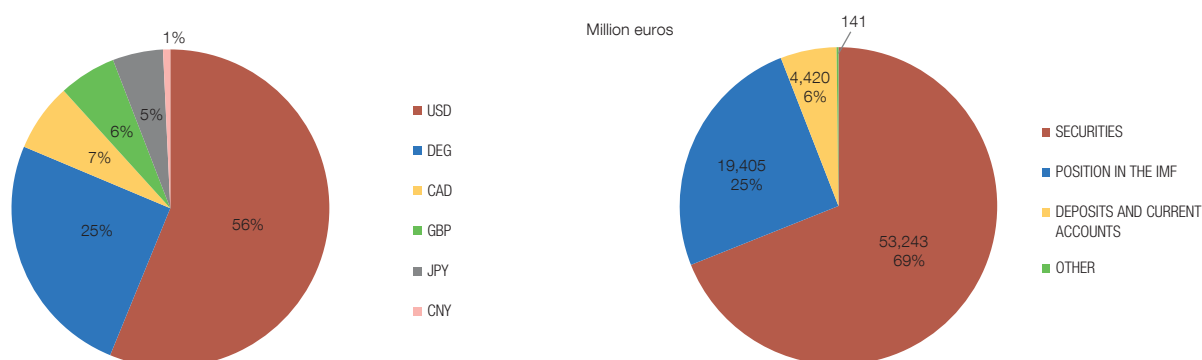
Monetary policy loans constituted just 2% of Banco de España's total assets at the end of 2023, as opposed to previous years in which they accounted for around 25% of total assets. The balance of 22,777 million euros at close 2023 is 6% of the Eurosystem total. In 2022, however, there was a considerable and continued decrease in their balance (155,785 million in 2022, -54%; 111,128 million in 2023, -83%) as a consequence of the maturity of several operations and, in particular, the early repayments made by institutions (see Chart 4.3).

At close 2023, the main part of the balance of this item (99%) corresponded to long-term loans granted to Spanish credit institutions, virtually all under the third TLTRO programme (TLTRO III). In addition, in 2023, the granting of loans resumed through the main financing operations, through which weekly financing is provided to credit institutions; these operations had become irrelevant in recent years, although their relative importance remains small.

The TLTRO III loans were awarded through quarterly auctions between September 2019 and December 2021, and provided funding to credit institutions in three-year periods. The loans were granted on attractive terms and conditions for the entities, in order to stimulate bank lending to the real economy. However, at the end of 2022, the Governing Council of the ECB decided, as part of the monetary policy measures taken to restore price stability over the medium term, to revise the remuneration thereon, rendering them less attractive to institutions. This allowed banks to carry out the above-mentioned early repayments (around 130,000 million in 2022 and

Chart 4.4

BREAKDOWN OF CLAIMS DENOMINATED IN FOREIGN CURRENCY, BY CURRENCY AND BY TYPE OF INSTRUMENT, AS AT 31 DECEMBER 2023



SOURCE: Banco de España.

33,000 million in 2023). The evolution of the interest rates applicable to these loans resulted in interest income of more than 2,100 million being generated for the Banco de España in 2023 (an average return of 3%), compared to expenses of close to 1,500 million recorded in 2022 (an average cost of -0.5%).



For more information on the asset purchase programmes and monetary policy operations, see Section 4 of [Chapter 2](#) of this Report.

Assets denominated in foreign currency mainly comprise assets denominated in US dollars, special drawing rights (SDRs), Canadian dollars, pounds sterling, Japanese yen, Australian dollars, 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. As regards their composition by type of instrument, claims denominated in foreign currency consist mainly of debt securities, mostly denominated in US dollars (see Chart 4.4).

The Banco de España's holdings of **gold and gold receivables** are also recorded on the asset side of its balance sheet. Between 2019 and 2023, the holdings of ounces of fine gold remained stable (9.054 million troy ounces), while the market price showed an upwards trend. The market value at end-2023 was 16,911 million euros.

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, 81% of which are issues made by Spanish residents and the

remaining 19% issues made by residents of other euro area countries. This heading, which has been quite stable in recent years, totalled 26,819 million euros at end-2023. These investments are managed in such a way that there is no interference with monetary policy operations.

1.2 Liabilities

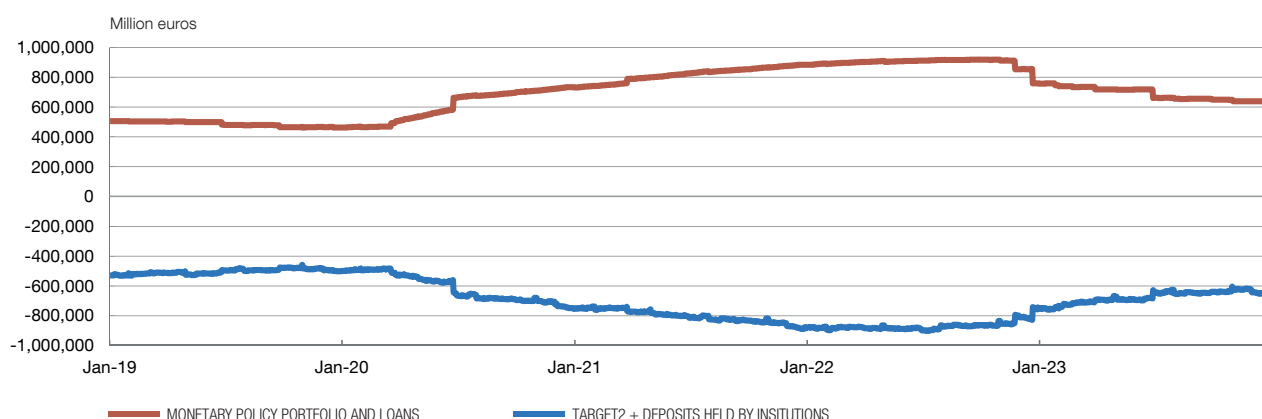
As already mentioned, on the liability side, the non-standard monetary policy measures have had an impact on the two balancing items: the balances of the **“Intra-Eurosystem liabilities (TARGET)”** and **deposits held by credit institutions**.

Chart 4.5 illustrates the overall change in the asset items in which these measures materialised and in the two aforementioned liability items, as well as the clear relationship between them.

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. Until 2016, a large portion of these deposits corresponded to the minimum reserve requirements for institutions. In the following years there was a steady increase in the level of these deposits, reflecting excess liquidity in the system. However, in late 2022 there was a notable drop off, mainly as a result of institutions’ repayments of monetary policy loans. In 2023, the level of deposits held by credit institutions was maintained and even increased slightly (+4%), standing at 257,756 million euros⁵ at the end of the year, 27% of total liabilities (see Chart 4.6).

Chart 4.5

MONETARY POLICY ASSETS AND LIABILITIES

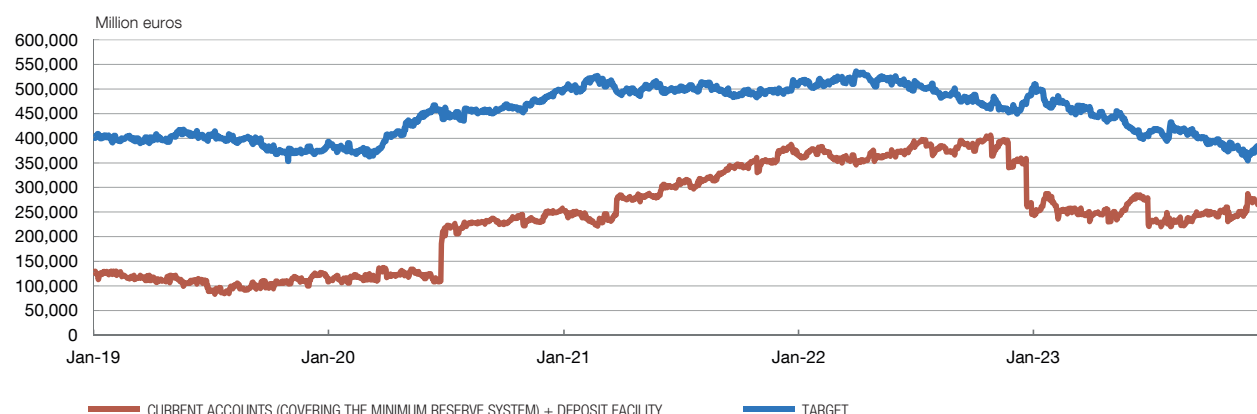


SOURCE: Banco de España.

5 For more information, see Note 15 to the balance sheet in the *Annual Accounts of the Banco de España*.

Chart 4.6

DEPOSITS HELD BY CREDIT INSTITUTIONS



SOURCE: Banco de España.

The balance of intra-Eurosystem liabilities basically reflects the net position of the Banco de España vis-à-vis the Eurosystem for transfers made through TARGET. Since 2015, the central banks' net TARGET balances have been linked to the monetary stimulus measures adopted by the ECB (primarily the implementation of the above-mentioned asset purchase programmes). Its balance had experienced a continuous increase in previous years, but since the end of 2022 there has been a decline; this decline was significantly accentuated throughout 2023 (-22%), reflecting the inflow of liquidity to Spain from abroad. At the end of the year, its balance stood at 391,269 million euros, 41% of total liabilities (see Chart 4.6).

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 key⁶. 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 related to the allocation of euro banknotes within the Eurosystem⁷. In the case of the Banco de España, this account is shown under intra-Eurosystem claims. This difference is recorded on the asset side of the balance sheet, since the Banco de España puts fewer banknotes into circulation than its share of total euro banknotes in circulation in accordance with the aforementioned allocation key.

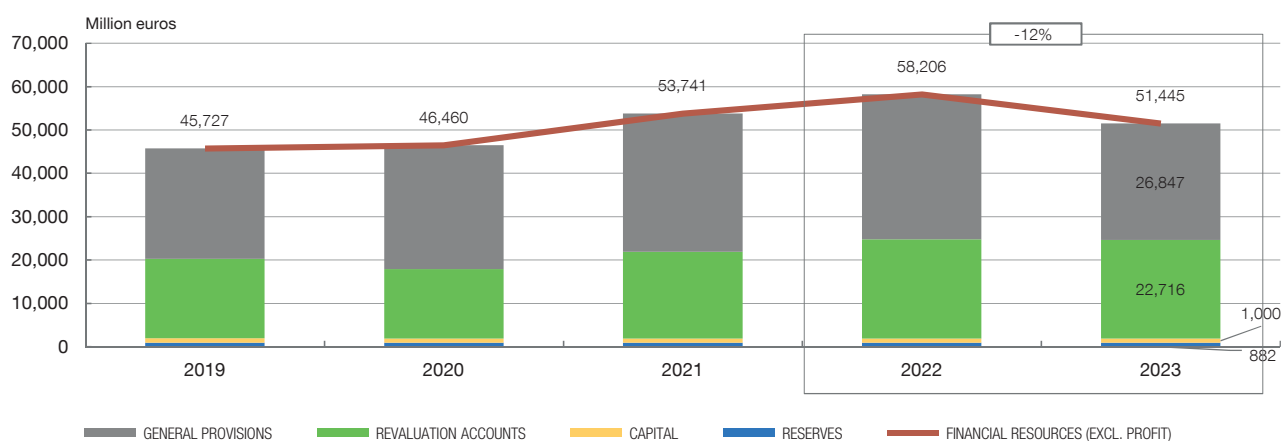
⁶ See the third footnote in this section.

⁷ For more information, see Note 14 to the balance sheet in the *Annual Accounts of the Banco de España*.

The Banco de España's financial resources consist of its capital and reserves, general provisions and revaluation accounts. Over the past few years and up to 2023, they experienced continuous growth. However, the existence of negative results in 2023 reversed this trend, as general provisions were used to cover the losses recorded (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 Eurosystem⁸. In previous years, there was a continuous increase in the provision for financial risk derived from the increased exposure derived from balance sheet growth — in particular, asset purchases made under the Eurosystem's monetary policy programmes — and within a prudent policy framework for managing those risks. In 2023, there was a decrease in the level of these provisions by 6,621 million euros, mainly due to the use of the provision against financial risks to offset losses materialised in the year; this aspect is addressed in greater detail in the following section.

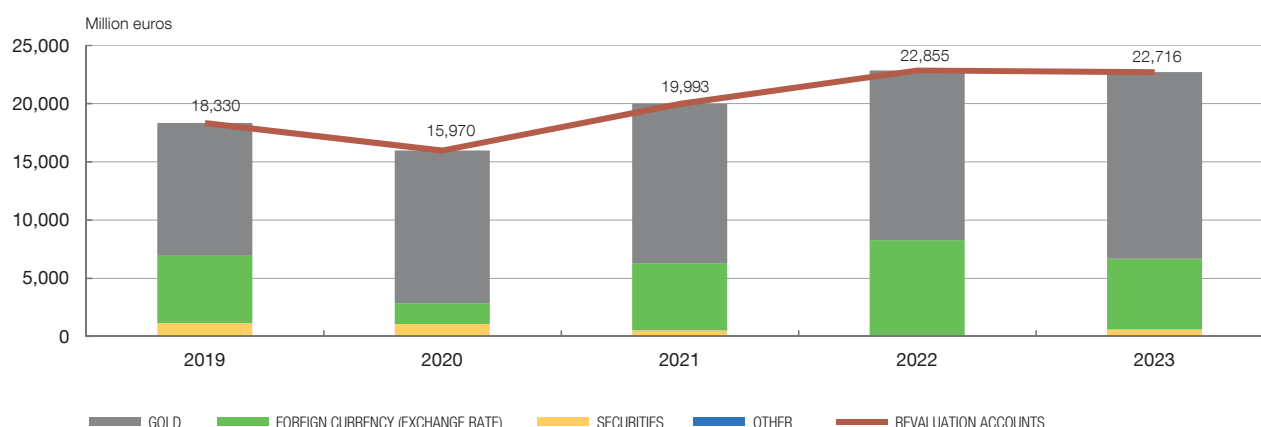
Chart 4.7

FINANCIAL RESOURCES (EXCLUDING PROFIT)

SOURCE: Banco de España.

⁸ For further information on risk management at the Banco de España, see section 3.6 of the Notes to the *Annual Accounts of the Banco de España*.

Chart 4.8

REVALUATION ACCOUNTS

SOURCE: Banco de España.

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 movement in prices or exchange rates. This strengthens the Banco de España's resilience to underlying risks. The balance on the revaluation accounts rose, 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).

Revaluation accounts maintained a stable balance in 2023 compared to 2022; there was a decline in foreign exchange accounts, mainly due to the slight depreciation of the dollar against the euro, which was partly offset by the increase in gold revaluation accounts.

Lastly, capital and reserves totalled almost 1,900 million euros at end-2023, remaining basically unchanged since 2006.

In the exercise of its functions, the Banco de España obtains income and incurs certain expenses. The Banco de España has, through its activities, historically and systematically obtained positive results.

Each year, the Banco de España's profit is transferred in full to the Treasury, such that the earnings from its activity benefit society as a whole.

In 2023, this trajectory was interrupted, in a context described below. 2022 was a year of transition from a scenario of negative interest rates to one of positive rates, with gradual rises that continued throughout 2023. The rapid increase in key interest rates occurring between June 2022 and September 2023 (450 basis points) had an immediate impact on the cost of the liabilities of all the national central banks, since most of them are on demand. However, on the asset side, there was no equivalent approach to the (higher) market rates, since they consisted largely of monetary policy securities acquired with low returns and long-term maturities. This scenario, in which what is known as “structural balance sheet risk” materialised, placed the Banco de España (and other national central banks) in a foreseeable loss-making situation in the short and medium term. Although in the Banco de España, unlike other central banks in the Eurosystem, these losses did not materialise in 2022, the continued increases in interest rates that occurred throughout 2023 generated significant losses, amounting to 6,612 million euros, before the application of provisions.

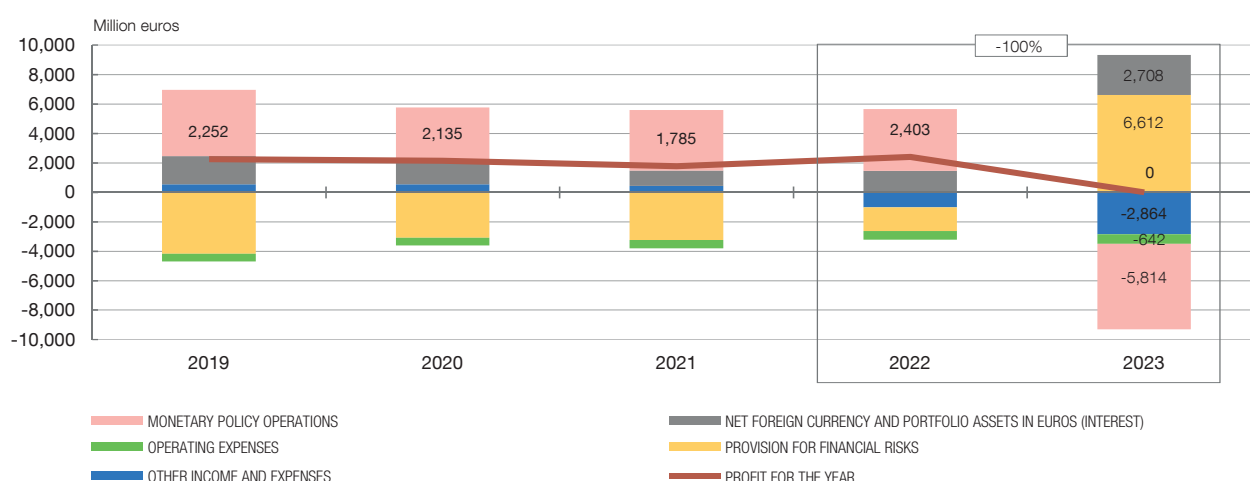
However, as indicated in the previous section, referring to financial resources, thanks to an adequate policy of provision and profit distribution carried out in previous years, the Banco de España currently has more than sufficient financial buffers to cover these losses. In particular, in 2023, the provision for financial risks was used to offset the above-mentioned losses, so that the final result for the year was zero.

It should be remembered that the appearance of losses in the income statements of Eurosystem central banks is an exceptional and transitory situation, a consequence of the monetary policy implemented to achieve the ultimate objective of the ECB, which is the maintenance of price stability in the euro area. This policy is designed regardless of the impact it may have on the financial results of national central banks, since whether or not they obtain an accounting profit does not affect their ability to execute monetary policy effectively.

In the medium term, the institution will return to obtaining positive margins. Moreover, the remaining balance in the provision for hedging financial risks remains high, meaning that the financial strength of the Banco de España is in no way compromised.

Chart 4.9

PROFIT OF THE BANCO DE ESPAÑA



SOURCE: Banco de España.

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.

As for the composition of the results, the earnings generated by **monetary policy operations** are of particular importance. These operations comprise the monetary policy portfolio, monetary policy loans, deposits held by credit institutions and intra-Eurosystem accounts, which include the redistribution of monetary income among the national central banks of the Eurosystem generated by these operations. Overall, they represented negative net results of 5,814 million in the 2023 financial year, compared to 4,188 million in the previous year; this evolution is reflected in Chart 4.10.

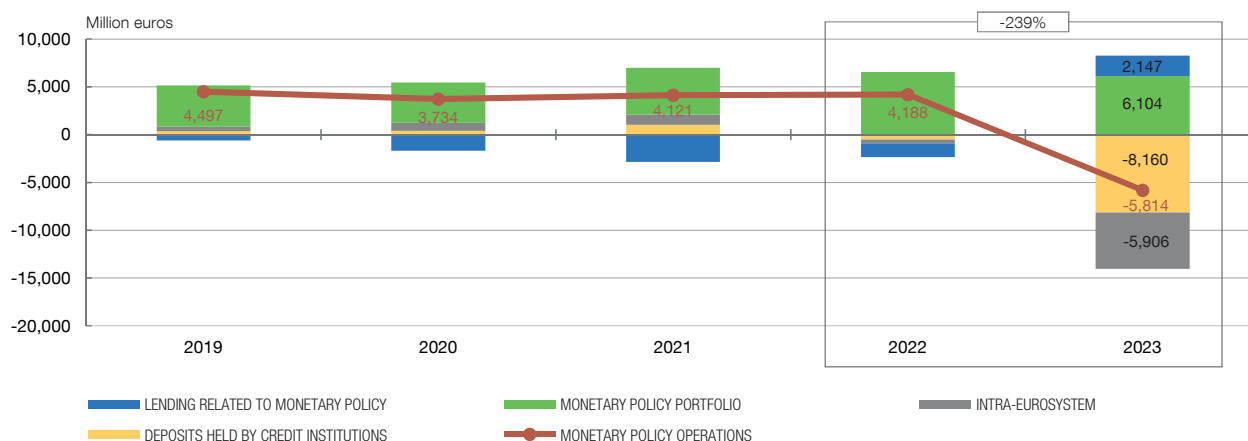
In 2023, interest from the monetary policy portfolio was 7% down on the previous year, (6,104 million euros for the year as a whole).

As regards monetary policy loans (mainly long-term loans granted to credit institutions), at end-2022 the Governing Council of the ECB agreed on an adjustment of their remuneration conditions to ensure consistency with the process of monetary policy normalisation. In addition to the rise in rates, this resulted in interest income of 2,147 million in 2023, compared to expenses of 1,454 million in 2022.

For its part, the remuneration of credit institutions' deposits is directly linked to official rates, so that its rapid and continuous increase led to a significant increase in expenses in this regard (8,160 million in 2023, compared to 530 million in 2022).

Chart 4.10

RESULT OF MONETARY POLICY OPERATIONS



SOURCE: Banco de España.

“Intra-Eurosystem accounts” includes the remuneration of claim accounts (basically for the adjustment of banknotes to the allocation key) and liability accounts (essentially for TARGET operations), as well as the redistribution of monetary income.

This redistribution refers to the mechanism put in place by the Eurosystem for the distribution of the income and expenses generated by all monetary policy assets and liabilities (specifically, those classified as income and risk-sharing), so that the total income and expenses obtained in the Eurosystem are distributed on an annual basis according to the respective ECB capital key, irrespective of the central bank that has them on its balance sheet. Intra-Eurosystem items as a whole resulted in a loss of 5,906 million euros. This loss for the Banco de España basically reflects the fact that the net expenses generated by its monetary policy assets and liabilities were higher than what corresponded to it, according to its subscribed capital key, in the overall net expenses of the Eurosystem.

In addition to the profit or loss on monetary policy operations, the following items are of particular interest in the composition and development of the profit and loss account.

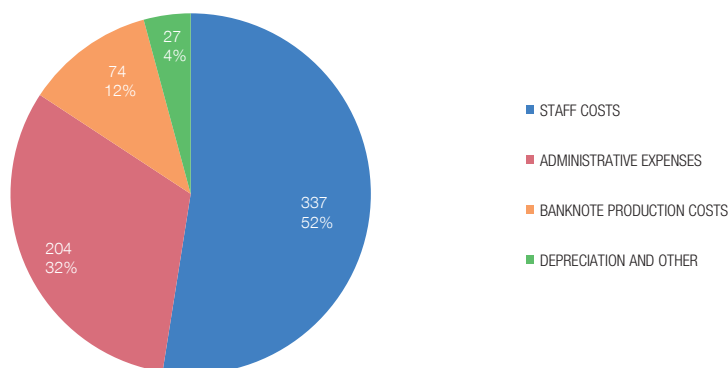
Income from the Bank’s **own investments** (net foreign currency assets and euro portfolio) amounted to 2,708 million euros, in excess of the 1,448 million obtained in 2022 as a result of the higher returns thereon.

The **operating expenses** incurred by the Banco de España to discharge its functions are recorded under operating expenses. This heading includes banknote production costs and depreciation of fixed assets (see Chart 4.11).

Chart 4.11

OPERATING EXPENSES OF THE BANCO DE ESPAÑA IN 2023

Million euros

**SOURCE:** Banco de España.

As indicated above, the Banco de España generated a negative preliminary result in the 2023 financial year. This resulted in the institution's Executive Commission approving the use of the provision for financial risks for the corresponding amount (6,612 million), meaning that Banco de España did not report a profit.



For more information on the balance sheet and profit and loss account, see the *Annual Accounts of the Banco de España* on the Banco de España's website.

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. Risk management is carried out through a continuous process of: a) identification and assessment; b) response; c) controlling and monitoring, and d) communication. For this purpose, effective policies, methodologies, processes and systems are used.

The institution'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 Autonomy⁹ or to the fulfilment of its objectives.

In 2023, the Bank's operational risk profile remained stable and even a slight improvement was noted. Of particular significance is the progress of mitigation plans that contribute to the strengthening of the control environment. The non-financial risks that generate the greatest concern are in line with the major challenges that must be faced in the current context.

Additionally, during the year **response structures and contingency plans** were created at the Banco de España, aimed at ensuring the continuity of its functions in the event of disruption or crisis, which increased its level of operational resilience.

With regard to the evolution of financial risks, mention should be made of the reduction in risk in monetary policy portfolios, as a result of divestment in purchasing programmes; despite this, total risk rose slightly due to the increase in interest rate risk in own portfolios. This increase in risk, together with the application of provisions to cover financial risk losses materialised in the income statement, led to a reduction in financial hedging.

Lastly, the Banco de España's in-house credit assessment system (ICAS BE¹⁰) continued to contribute to the positive evolution of the use of loans as collateral in monetary policy operations, and may favour a greater role for these assets in the future.

⁹ Law 13/1994, of 1 June 1994, on the Autonomy of the Banco de España.

¹⁰ For more details, see Sergio Gavilá and Lola Morales. (2023). "The role of loans and the ICAS BE in the Eurosystem's collateral framework in 2023". *Economic Bulletin*, 06, 2023/Q2, Banco de España.

Schema 4.2
RISK MANAGEMENT CYCLE



SOURCE: Banco de España.

ACRONYMS AND ABBREVIATIONS

ABSPP	Asset-backed Securities Purchase Programme
AMCESFI	Spanish Macroprudential Authority
AML/CTF	Anti-money laundering and counter terrorist financing
APP	Asset Purchase Programme
APR	Annual percentage rate
ART	Asset-referenced token
ATC	Advisory Technical Committee
BCBS	Basel Committee on Banking Supervision
BELab	Banco de España's Data Laboratory
BIS	Bank for International Settlements
bp	Basis points
BRRD/SRM	Banking Recovery and Resolution Directive
CBPP3	Covered Bonds Purchase Programme
CCD	Consumer Credit Directive
CCR	Central Credit Register of the Banco de España
CCyB	Countercyclical capital buffer
CEMFI	Centre for Monetary and Financial Studies
CEMLA	Centre for Latin American Monetary Studies
CGFS	Committee on the Global Financial System
CIR-CBI	Microdata on loans from the CCR and economic indicators from the Central Balance Sheet Data Office
CLM	Central liquidity management
CMDI	Crisis Management and Deposit Insurance
CNMV	Spanish National Securities Market Commission
COAM	Official College of Architects of Madrid
CPBCIM	Commission for the Prevention of Money Laundering and Monetary Infractions
CRD	Capital Requirements Directive
CRR	Capital Requirements Regulation
CSD	Customer Service Department
CSPP	Corporate Sector Purchase Programme
CSRD	Corporate Sustainability Reporting Directive
DeFi	Decentralised Finance
DeHú	E-mail enabled single point of notification
DGSFP	Directorate General of Insurance and Pension Funds
DORA	Digital Operational Resilience Act
EBA	European Banking Authority
EBAE	Banco de España Business Activity Survey
ECB	European Central Bank
ECMS	Eurosystem Collateral Management System
EEA	European Economic Area
EfB	Expectation for Banks
EFC	Economic and Financial Committee
EIOPA	European Insurance and Occupational Pensions Authority
ELMIs	Electronic money institutions
EMT	Electronic money token
EMU	Economic and Monetary Union
ESCB	European System of Central Banks
ESG	Environmental, Social and Governance
ESMA	European Securities and Markets Authority
ESRB	European Systemic Risk Board
EU	European Union
FABS	Banco de España Beneficent-Social Assistance Fund
FGE	State Public Prosecutor's Office
FLESB	Forward-Looking Exercise on Spanish Banks
FNMT-RCM	Spanish Mint
FSB	Financial Stability Board
FSC	Financial Stability Committee

GDP	Gross domestic product
Ho€	House of the Euro
ICAS	BE In-house credit assessment system
ICE	Foreign Portfolio Investment
ICO	Official Credit Institute
IFA	International Financial Architecture
IMBISA	Imprenta de Billetes, S.A.
IMF	International Monetary Fund
INE	Spanish National Statistics Institute
IRPH	Mortgage loan reference index
JSTs	Joint Supervisory Teams
LSIs	Less significant institutions
MAPS	Market Activities Processing System
MDBs	Multilateral development banks
MGCs	Mutual guarantee companies
MiCA	European Commission's Regulation of Markets in Crypto-assets
MREL	Minimum requirement for own funds and eligible liabilities
NCAs	National competent authorities
NGEU	Next Generation EU
NGFS	Network for Greening the Financial System
NRAAs	National resolution authorities
PEF	Financial Literacy Plan
PEPP	Pandemic Emergency Purchase Programme
PISA	Payment instruments, schemes and arrangements
PIs	Payment institutions
PSPP	Public Sector Purchase Programme
R&D	Research and development
RPA	Robotic process automation
RTGS	Real-time gross settlement
SDRs	Special drawing rights
Sepblac	Commission for the Prevention of Money Laundering and Monetary Offences
SIIs	Significant institutions
SIIBE	Banco de España's internal whistleblowing system
SLIs	Specialised lending institutions
SMEs	Small and Medium-Sized Enterprises
SNCE	National Electronic Clearing System
SP	Strategic Plan
SRB	Single Resolution Board
SREP	Supervisory Review and Evaluation Process
SRM	Single Resolution Mechanism
SSM	Single Supervisory Mechanism
STMP	Sistema de Tarjetas y Medios de Pago S.A.
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
TIPS	TARGET Instant Payment Settlement
TLTRO	Targeted Longer-Term Refinancing Operations
TLTRO-III	New Targeted Longer-Term Refinancing Operations
TPI	Transmission Protection Instrument

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