INTRODUCTION BY THE DEPUTY GOVERNOR

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The Banco de España has made openness to society and approachability one of its priorities. What progress would you highlight in this regard in 2025?

Engaging with the public is key to raising awareness of the services we provide at the Banco de España, explaining how our actions contribute to the general well-being and ensuring accountability as a public institution. The goal is to communicate our work and decisions clearly, enhancing trust and transparency in line with the Strategic Plan 2030.

In 2025 we made substantial progress in this direction. For example, we tailored our content and formats to new channels and audiences, boosting our digital and social media presence. We also improved the user experience, with a more modern and intuitive electronic services website. In addition, through the Open Doors programme, in just three months nearly 8,000 people have discovered our historical and artistic heritage. At regional level, in Valencia we launched a pilot programme on financial basics.

In line with the goal of bringing the institution closer to the public, we launched the "Close to you" campaign at the Banco de España metro station, across the branch office network and on our website. This year we will go one step further to explain what we do for society and to publicise the *Institutional Report*.

Improving the public's financial education is essential and the Banco de España has set out to boost it. Are you pleased with the progress made? How can we make a qualitative leap in this area?

Financial education is crucial because understanding basic economic and personal finance concepts enables the public to make informed decisions and to plan for the future. It also helps reduce the risk of exclusion and improve consumer protection.

In 2025 we organised more training workshops, made progress in creating specific content and actively participated in defining the national financial education strategy, through various research projects.

However, the qualitative leap will come in the coming years. Last year we underwent an independent evaluation to identify areas for improvement and we are already working on an action plan that will enable us to engage with the public more effectively, reaching audiences of all ages and educational levels.

How did the Banco de España's technological transformation progress during 2025? Are new technologies, such as artificial intelligence (AI), changing how the institution works?

We are making a significant effort to refresh the Bank and transform it technologically.

We are adapting our organisational culture and working methods to continue offering society the best service in a changing environment shaped by new technologies.

For example, we applied new, more dynamic and efficient working methods and integrated the use of AI to improve productivity: in 2025, almost half of the workforce had access to generative AI.

Boosting the Banco de España's international influence, especially in the Eurosystem, is another major objective. How did this materialise last year?

Our intention is undoubtedly to play a leading role in the decisions taken in the Eurosystem that directly affect society as a whole, from monetary policy to banking supervision.

In addition, the Banco de España participates in the working groups and decision-making bodies of international committees that set the standards and criteria subsequently applied in Spain. We want to exert significant influence in order to fulfil our mandate to safeguard financial stability.

To give some examples, in 2025 we worked with the European Banking Authority on developing standards to implement Basel III, promoting a simpler and more efficient framework, and on advancing projects on consumer protection. We also worked on the application of the AI Act to the financial system.

Which aspects of the Banco de España's activity over the last 12 months would you highlight in relation to banking supervision and financial stability?

Microprudential supervision, in other words, the ongoing supervision of credit institutions to ensure that they are sound and solvent, is one of our core tasks. In 2025 we participated in the European Banking Authority's EU-wide stress test, which is carried out every two years on European banks to assess their resilience to adverse scenarios. The 2025 edition involved six Spanish groups, which achieved positive results.

We found the Spanish banking system to remain in a sound position, with ample liquidity above minimum requirements, strong profitability by historical standards and capital ratios comfortably above regulatory thresholds.

Meanwhile, with regard to financial stability or macroprudential supervision, the financial system as a whole has sufficient aggregate solvency to cope with the various adverse assumptions and scenarios considered.

Beyond this work, we conducted a series of actions in response to the extraordinary events that have taken place, such as the October 2024 flash floods and the blackout on 28 April.

In addition, we are working to improve institutions' governance and are supervising the integration of climate-related risk into their risk management frameworks. Progress has been made in this area, but there is still room for improvement.

The Banco de España has taken an active stance on advancing towards more sustainable finance. What progress is being made to reduce the financial system's carbon footprint?

At the Banco de España we have continued developing initiatives to strengthen and make headway with our commitment to sustainability. For instance, in 2025 the Environmental, Social and Governance Office began operating, coordinating all the Bank's activities in these areas.

With regard to financial stability, we have refined our analysis of the local effects of natural disasters on economic growth and credit quality, and we are studying how to incorporate these estimates into stress tests.

As part of the Eurosystem, we supervise banks' inclusion of climate-related risks in their day-to-day management.

We have also continued promoting a more sustainable use of cash, by designing banknotes with natural fibres and ecological inks and, internally, we are working to reduce our carbon footprint.

What stage has the digital euro project reached and what will it offer the public once it becomes a reality?

The project, which aims to create the digital version of the physical money we carry around in our wallets, has continued to move forward over the last 12 months, while awaiting the adoption of the related legislation at European level. Following the end of the preparation phase, on 30 October the European Central Bank moved to the next phase, in which a pilot exercise is planned for 2027 to test it in a controlled environment.

At the Banco de España we are actively collaborating on the development of the technological platform on which it will run.

The digital euro will complement cash and will be a free electronic means of payment accepted in any euro area country, just like today's banknotes and coins. The idea is to have a system that enables digital payments to be made without depending on private payment solution providers outside the Eurosystem.