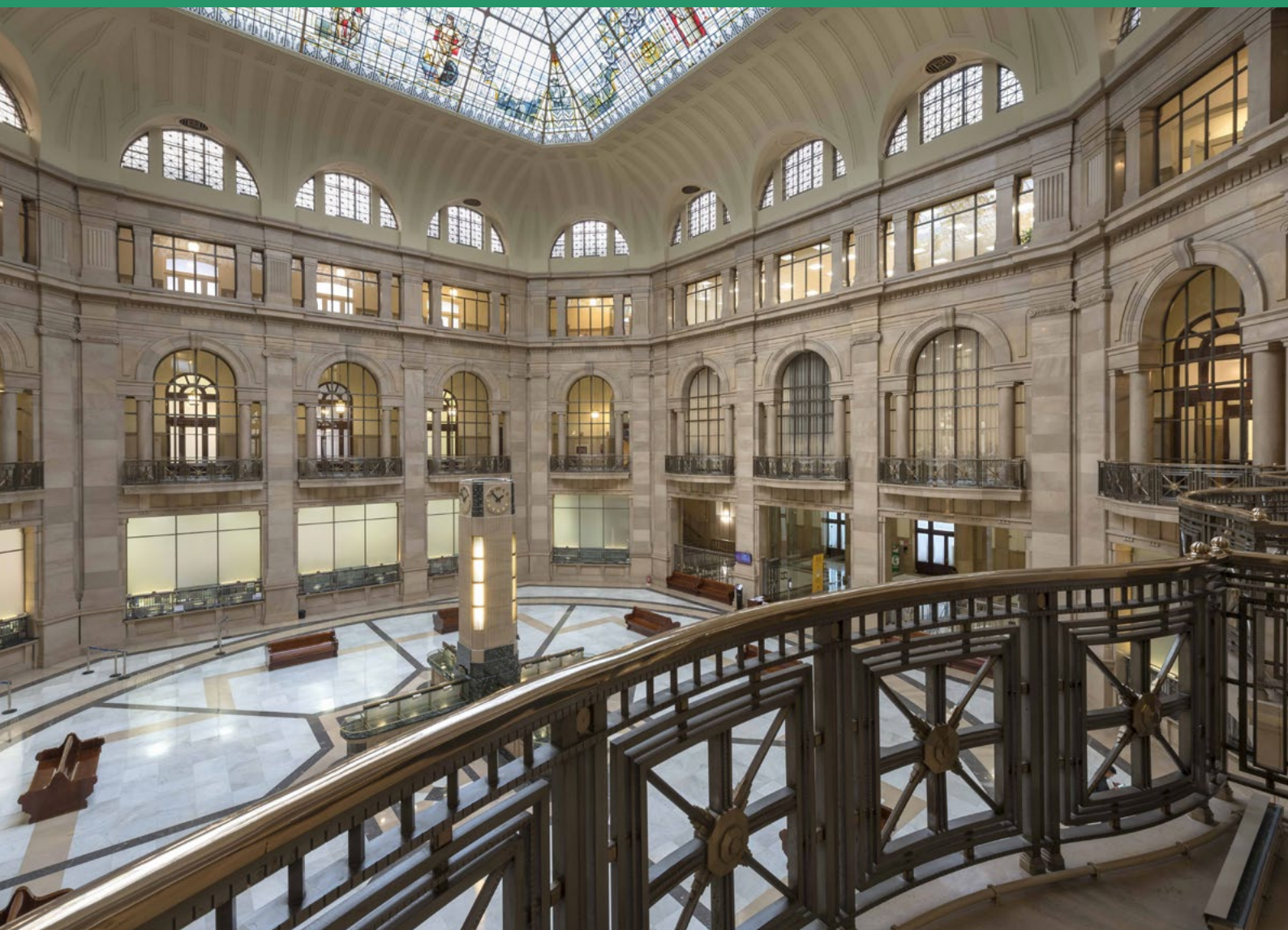


Magazine

INTERNATIONAL COOPERATION

Issue 5 / 2024



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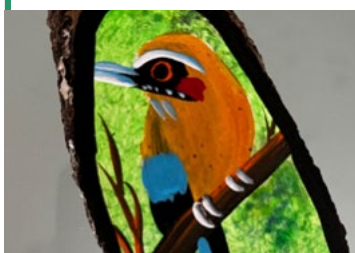
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Detail of the magnet, a hand-painted reproduction of a turquoise-browed motmot, the national bird of El Salvador, given to Banco de España experts.

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JOSÉ MANUEL MARQUÉS

Director of the Department of Financial Innovation and Market Infrastructure.
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José Manuel Marqués.

José Manuel, you are very much a regular at different international fora, be it as a guest or as a speaker at these meetings, so we would like to ask you a few questions:

What aspect of the international cooperation (IC) activities would you highlight?

The fact that it is an opportunity to extend the ambit of the public service that we perform at the Banco de España. There are many concerns and challenges that we share as central banks, and in many cases, such as in relation to financial innovation, the only way to tackle them is through cooperation and the exchange of expertise.

What surprises you the most about the IC activities?

Without a doubt, what you learn from these activities is always rewarding, not only because you learn about initiatives or solutions that are different to those in your usual environment, but also because

it allows you to come at questions and solutions from a different angle.

From your own experience at the Banco de España, what do you think IC looks like in other areas? Do you think that internally people are aware of the scope and content of the Bank's cooperation activities?

I think that people often do know about these tasks, even if the motivation for them and the objectives may not be fully understood. We need to explain the importance of collaboration between central banks much more: that it's about facing future challenges in an increasingly global environment, and in this environment, I believe that IC is an essential pillar, also allowing us to strengthen ties with regions that are especially relevant to us, such as Latin America.

From your perspective in the Department of Financial Innovation, at a time when central banks are adapting to a new external environment, how do you think international cooperation can help in the institutional development of other countries and strengthen the Banco de España itself?

As I have said, the rapid and far-reaching changes we are seeing with the use of new technologies in the financial sector pose a major challenge for central banks. Our experience in this area can be tremendously useful for other countries, but this interaction is also very much in our interest too, since it helps us to assess brand-new tools such as the Sandbox critically, from a different standpoint. Moreover, this environment requires us to delve deeper into an essential element of our functions, namely the provision of market infrastructure services. In this regard, IC can be a fundamental tool not only for sharing our experience, but also for facilitating the

provision of services related to these infrastructures by other central banks, an area in which, by the way, the Banco de España plays an important role internationally.

After these years with so many events having a major economic impact on most countries: the pandemic, the war in Ukraine, the war in Israel, do you think that international cooperation should change its strategy and focus on certain issues that can alleviate these negative effects?

Rather than changing the IC strategy, I would say that we have to be aware of our capacity, and be able to combine the possibility of responding to unexpected events that may require IC actions with a more structured line, focused on regions such as Latin America, with which we have very close ties. I would say in terms of maintaining the main lines of our strategy, that it is necessary to be more selective in our specific actions so as to maximise their impact. It would also be necessary to improve the measurement of the effects that these initiatives end up having, with indicators that are as specific as possible.

On a more personal level, which of all the international cooperation activities in which you have participated has impacted you the most?

It is really difficult to choose one, but perhaps I would highlight those actions aimed at sharing experience in the field of financial innovation with specific central banks, such as Uruguay or Costa Rica. In those cases, I had the opportunity to interact with numerous departments in each institution, including the board of directors, and that provides you with a very comprehensive and rewarding vision.

How do you see the future of cooperation?

I think it will continue to be essential and will continue to be an increasingly important part of the Banco de España's work; the expanding scope and the increased resources required will, in all likelihood, require greater discussion when deciding how best

to implement the strategy that has been established and being more demanding when assessing its final outcome.

BIOGRAPHY

José Manuel Marqués is Director of the Department of Financial Innovation and Market Infrastructure at Banco de España. His main responsibilities include coordinating the Banco de España's contribution to TARGET Services infrastructures and to the treasury management system for central banks (MAPS). He also coordinates the analysis of the main innovative trends in the financial system. He joined the Banco de España in 1996 and has written several articles on financial markets. He chairs the working group on Green Finance of the BIS Innovation Network and represents the Banco de España in the High-Level Task Force on a digital euro (as a substitute representative) and in the CEMLA Fintech Forum. He has a degree in Economic and Business Sciences from the University of Zaragoza and an MSc in Economics from the Pompeu Fabra University.



COOPERATION, IN FIGURES

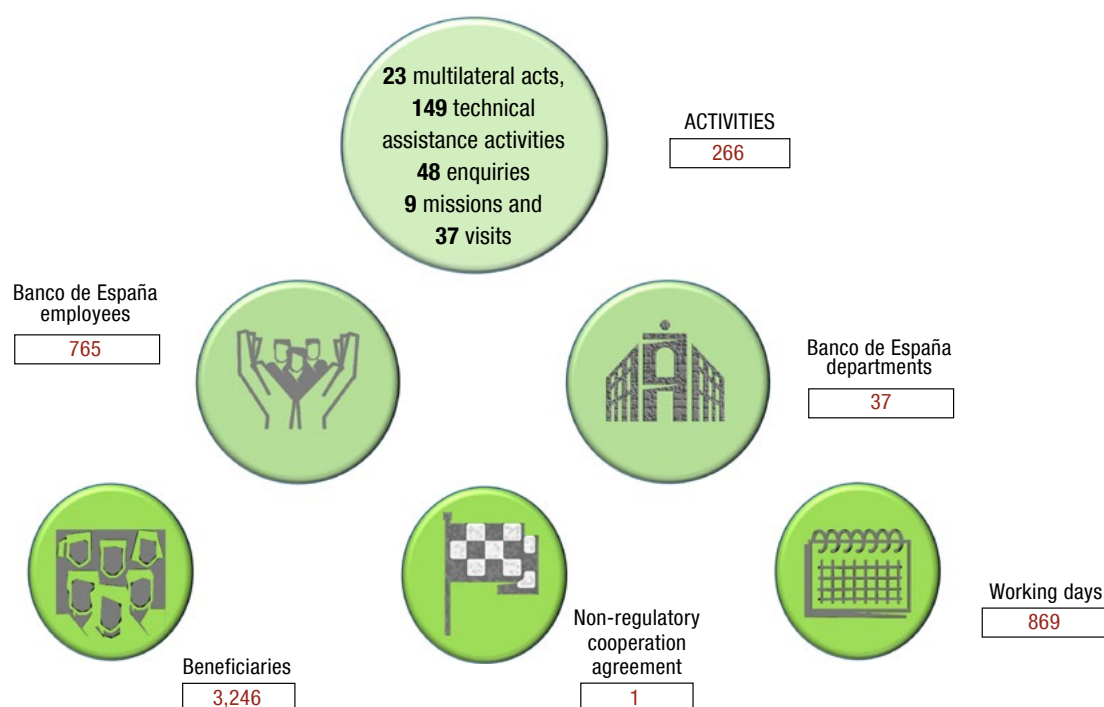
It is safe to say that activity has stabilised in 2023, with the number of activities carried out being similar to the figure for 2022, once again exceeding 250. Cooperation activity remains focused in line with its priorities and strategic orientations. The quantitative indicators, both in terms of number of activities and beneficiaries, reflect the institutional commitment in strategic geographical regions for the Banco de España, aimed at strengthening our international position as a benchmark Eurosystem central bank.

The number of beneficiaries registered this year is still much higher than pre-pandemic, due to the coexistence of online and in-person activities.

Latin America remained the main recipient region of cooperation activities in 2023. In April, a cooperation agreement was signed with the **Banco Central del Paraguay**, which serves to reinforce bilateral relations with the region (14 MoUs), in line with the priority of the 2020-2024 Strategic Plan of reinforcing the Banco de España's position as a benchmark central

bank in Latin America. In addition, collaboration with CEMLA, ASBA and SECMCA continues to be promoted. The Banco de España's interest in **Africa** was also reflected in the pilot project for the continent funded by the European Union, which was signed in December 2023, with implementation commencing in February 2024. It has also continued to participate actively in the 2nd ESCB Cooperation Programme in the **Western Balkans** (Albania, Bosnia and Herzegovina, Georgia, Kosovo, North Macedonia, Moldova, Montenegro and Serbia). Moreover, the technical assistance provided to other EU candidate countries, such as Ukraine and Türkiye has increased.

By **subject area**, interest in **support and cross-cutting areas** (Acquisitions and General Services; Human Resources and Organisation; Information Systems; Communication; Legal; Office of the Strategic Plan and Evaluations; Protocol, and SEPBLAC) has been noteworthy. As in the last two years, there has also been a significant volume of activity in the **Operational** field (Financial Innovation and Market Infrastructures; Operations; Payment Systems; Banknote Production Control; Issuance and Cash, Branches) and on the subjects of **Economics and Statistics**.



NATIONAL BANK OF ANGOLA Manuel Ortega and Alfredo Maldonado García-Verdugo. Central Balance Sheet Data Office

1 Background

In June 2023, in response to a request from the National Bank of Angola (NBA) for international cooperation to support the development of its Central Balance Sheet Data Office, a team of two officials from the Central Balance Sheet Data Office of the Department of Statistics (Manuel Ortega and Alfredo Maldonado), travelled to Luanda (Angola).

2 Technical cooperation visit to the NBA

The visit was structured in two phases: the first two days, where the Banco de España shared its experience and tried to identify areas for improvement in the NBA's Central Balance Sheet Data Office (at the latter's request), and a third day, in workshop format, with representatives of the Central Balance Sheet Data Office of the Banco de España and the NBA, together with Angolan companies from various area of activity, particularly the oil production sector, which the NBA wants its Central Balance Sheet Data Office to cover.

From the sessions between the two teams, strengths and areas for improvement were identified, in specialised meetings on a wide variety of topics, such as the business directory, accounting and statistical regulations, the need for the availability of microdata and standardised financial statement formats for a potential mass use of information, leading to the identification of the need for an appropriate technological infrastructure. Additionally, the Banco de España's experience was offered in mapping business accounting and national accounting for the preparation of national statistics, sustainability reporting, and the creation of a data laboratory. Moreover, organisational aspects of training, talent retention, potential branch support and the implementation of a programme to support interns were discussed. Deliberations often addressed the challenges and opportunities facing the nation, from



Manuel Ortega, head of the Banco de España Central Balance Sheet Data Office, responding to local media.

managing inflation to promoting sustainable growth and development. The Banco de España Central Balance Sheet Data Office offered the NBA its support with future automation programmes, data gathering activities, as well as data visualisation in different formats, and carrying out an exercise to increase the population total of non-financial corporations. But perhaps the most impressive aspect of the visit was witnessing the dedication of the NBA staff. Behind the scenes, this team of just under 30 experts, highly qualified and trained in foreign universities, ensures the functioning of Angola's national statistics.

At the end of the visit, a one-day workshop was organised, attended by the Governor, senior management and several representatives of the NBA Statistics Department, as well as major Angolan companies, especially from the oil sector. At the workshop, the Banco de España Central Balance Sheet Data Office presented its statistical products as part of its public service aimed at companies, universities and citizens, and underlined the importance of the collaboration of the country's companies with the NBA Central Balance Sheet Data Office, so that it can produce national statistics and statistics on products and services for companies. These statistics and products underpin the vital role that the NBA plays in shaping the country's economic destiny, from price stability to fostering economic growth. Finally, there was a session with different Angolan media outlets with teams from both the Banco de España's and the NBA's Central Balance Sheet Data Office.

MEMORANDA OF UNDERSTANDING SIGNED IN 2023

On 14 April 2023, within the framework of the International Monetary Fund and World Bank spring meetings in Washington, the Banco de España and the Banco Central del Paraguay signed a non-regulatory agreement on international cooperation.

This Memorandum of Understanding was signed by the Governor of the Banco de España, Pablo Hernández de Cos, and by the President and Director General of the Banco Central del Paraguay, Mr José Cantero Sienra and Mr Holger Insfrán Ibarrola, respectively.

The Banco de España has maintained collaborative relationships with the Banco Central del Paraguay for many years. In particular, several cooperation activities have recently been carried out in the areas of accounting, payment systems and banknotes. It was back in May 2022 when the two central banks started to decisively promote the signing of a Memorandum of Understanding in order to coordinate, intensify and provide greater continuity to relations between the two central banks.



Signing of the international cooperation agreement by the Governor of the Banco de España, Pablo Hernández de Cos, and the President of the Banco Central del Paraguay, José Cantero Sienra.

In this way, the MoU signed with the Banco Central del Paraguay constitutes a further step in strengthening institutional relations with Latin America, where the Banco de España has a total of fourteen cooperation agreements with institutions in the region, mainly central banks, through which it seeks to strengthen its institutional impact and consolidate its status as a benchmark for central banking in that continent.

WORK SESSIONS AT THE BANK OF ALBANIA

In the months of May, June and September 2023, the Legal Department had the good fortune of being able to work with the Legal Department of the Bank of Albania (BoA), within the framework of the Balkans Programme funded by the European Commission.

I say good fortune because it was a very rewarding experience for all of us who participated in it. Our Albanian colleagues were in a process of reflection on how to tackle the challenges they were facing, some of them derived from the increase in the number of enquiries received and the Department's significant involvement in the functioning of the central bank, as well as other, more general issues, derived from the future entry of Albania into the European Union. In short, they were looking for ways to modernise their way of working. Sharing our experience with them helped us, in turn, to reflect on the general challenges we face every day as a Legal Department, and the way in which we deal with them. It also allowed us to see the social and legal reality in Albania and the challenges they have to face, both through their eyes and from our perspective.

In the first phase, we welcomed representatives from that Department to Madrid. It involved all the divisions of our Legal Department, which, in general terms, mirrored (albeit on a larger scale) those existing in the BoA. In the second phase, Marcos Posada, Lucía Carrión and I had the opportunity to visit them in Tirana, discussing specific legal issues in meetings,



Participants from the Banco de España and the Bank of Albania at the headquarters in Madrid.



Banco de España team during one of the working sessions at the Bank of Albania.

to which colleagues in Madrid connected remotely. We were impressed by their hospitality, friendliness and, I'm not going to lie, their cuisine... We hope to organise another meeting with them in the future because, as I have said, it was very rewarding.

María Ortega

Division for Sanctioning Proceedings and
Collaboration with Jurisdictional Bodies.
Legal Department.

TRAINING EVENT WITH THE CENTRAL BANK OF LITHUANIA

From 9 to 11 May 2023, a training event on internal auditing took place in Vilnius (Lithuania) within the framework of the Programme for Strengthening the Central Bank Capacities in the Western Balkans with a view to the integration into the European System of

Central Banks (phase 2). The event, funded by the European Commission, was attended by internal auditors from the Central Banks of Lithuania, France, Italy, Belgium, Slovenia, Slovakia and Spain, and was aimed at addressing different challenges and current issues related to auditing.

On behalf of the Banco de España, Paco Oviedo and Miguel Alonso gave a presentation on the role of internal auditing in the new cloud service delivery model, in

which they analysed the risks and opportunities posed by this type of technology, as well as the practical challenges involved in implementing and auditing this kind of service in the field of central banking.

The experience was very rewarding for both of them, not only sharing their knowledge, but also benefitting from the exchange of views and opinions with colleagues from other countries on this topic, which aroused great interest. Beyond its practical use, this meeting demonstrated that collaboration between professionals from different central banks is an ideal instrument to strengthen internal cohesion, enrich the global perspective of each participant and facilitate the establishment of lasting professional ties.



Central Bank of Lithuania building.

TRAINING IN INFORMATION TECHNOLOGIES

In April 2023, as part of the Programme for Strengthening the Central Bank Capacities in the Western Balkans with a view to the integration to the European System of Central Banks, we had the opportunity to participate in a training event focused on Information Technology (IT) organised by the Bank of Bulgaria and aimed at central banks in Albania, Montenegro, Macedonia, Serbia, Kosovo and Bosnia and Herzegovina.

Over three days, several IT training sessions were given by representatives of the central banks of Bulgaria, Spain, France, Romania, Slovakia and the ECB, in which projects were presented on topics as diverse as project management, application maintenance, cybersecurity, system architecture and cloud services.

Our contribution aimed to share the Spanish experience in deploying Microsoft Teams, a cloud service, together with the necessary Microsoft 365 infrastructure. We focused on explaining what the motivations for the project were, what decisions we made, how the security scheme was defined and what our governance model is.

But we placed special emphasis on what lessons were learned, since we considered that this knowledge could



Lorena Cuadrado Gutiérrez, Cybersecurity Unit, and Juan Flores Gómez, Digital Workplace Unit.

be very useful to them if they decided to embark on a similar project.

The experience was very satisfying, since we were able to establish a point of contact with some central banks with which we had never worked, giving visibility to the Banco de España's IT project capabilities, for which many of the other participants expressed their gratitude. The Bank of Bulgaria's organisation was perfect, as was the hospitality. As an aside, we discovered that at the hotel where we were staying there was another Spanish representative sharing his knowledge: a Galician cook who was the head chef and made delicious dishes. Spaniards around the world!

FOSTERING WOMEN'S LEADERSHIP IN CENTRAL BANKING

On 12 October, a special edition of the Fostering Women's Leadership in Central Banking meeting was held in Marrakech, organised by Bank Al-Maghrib and the Banco de España within the exceptional framework of the IMF's annual meetings taking place in the Moroccan city.

This international meeting, of which there had already been two editions (in Malaga, in 2017, and in Marrakech, in 2018), was scheduled to be held in Madrid in 2020, but had to be cancelled at the last moment due to the outbreak of the pandemic. The preparations for that third meeting of this exceptional international cooperation initiative, pioneering in its objective of promoting and strengthening the diversity and leadership of women in central banking, had, in fact, expanded its scope to include a large part of Latin America and many central banks in Africa, led by the two co-organisers, the Banco de España and Bank-Al-Maghrib, respectively.



Moment of the intervention of the Governor, Pablo Hernández de Cos.

This special edition was held within the unique framework of the IMF annual meetings, at which a general statement was made on the Marrakesh Principles for Global Cooperation constituting a new call for reinforced collaboration and multilateralism. This edition also aimed to present and involve the



Round-table discussion.

central banks of Europe, Africa and America at the highest level, in order to undertake the transformative reforms necessary to advance gender equality in these institutions and to expand economic opportunities, enrich decision-making and take advantage of the talent and experience of all the members of these institutions. The meeting was designed with a technical perspective framed within the scope of the functions of central banks, which recognise and assume their role as a model for the financial sector in the pursuit of this public interest objective through the promotion of parity in leadership positions.

The Governors of the Banco de España and Bank-Al-Maghrib presented the initiative and the invitation to participate actively in achieving these equality objectives in the area of central banks and the economy, with the special intervention of the President of the IMF's Monetary and Financial Committee, Ms Nadia Calviño, and the first Deputy Managing Director of the IMF, Dr Gita Gopinath.

Among those in attendance, it is worth noting the presence and support for this cause of the majority of the governors from Latin America and Africa, together with important financial institutions in the international economy such as the US Federal Reserve, the World Bank and the BIS.

The active participation of all these institutions at the highest level represents major backing for this initiative, which, although it still has a way to go, showed at this meeting that it has the necessary recognition and support.

MULTILATERAL ACTIVITIES

First edition of the International Banknote Technology Workshop

From 23 to 27 October 2023, the first edition of the International Banknote Technology Workshop (TITBI) was held, bringing together 29 experts in the design and manufacture of banknotes, from 15 Latin American central banks and mints, the ECB,¹ IMBISA and FNMT.²

The sessions interspersed theoretical exhibitions with practical activities and visits to industrial facilities that, due to the strict conditions required to manufacture euro banknotes and their security elements, have restricted access. The participants had the opportunity to learn in situ about the production processes that are being carried out at the new IMBISA plant, at the FNMT paper mill in Burgos and at the SICPA security ink factory. The Workshop allowed experts to share experiences around common problems and to delve into the functions of central banks in the area of banknote design, origination and production, as well as quality management, innovation projects and aspects of sustainability.

For the International Secretariat and Support Unit, the organisation of the Workshop was not without its challenges, given the organisational complexity of the programme, but we were always able to count on the help of colleagues from the International Cooperation



Photo of the group of experts in document management and archives.

Unit, as well as the support of experts from the Cash Department, who led the sessions, together with representatives from the ECB and IMBISA.

From a more personal point of view, sharing activities and breaks with representatives of other central banks was rewarding for the entire team involved. Putting names to faces with colleagues from other institutions makes it easier to establish communication channels between professionals in the cash area, helping to provide continuity in the exchange of information and knowledge between institutions and reinforcing the position of the Banco de España as a leading central bank in Latin America and the Eurosystem.

Meeting of experts in central banking document management and archives

Meeting of experts held in Madrid, from 16 to 18 October 2023, organised jointly by CEMLA and the Banco de España. It was attended by 36 participants in 21 institutions from 17 countries in Latin America, the Caribbean and Europe.



Photo of the group of TITBI participants.

¹ Imprenta de Billetes S.A., a Banco de España entity.

² The Spanish Mint (Fábrica Nacional de Moneda y Timbre - Real Casa de la Moneda).

Topics included efficient and secure information management, archiving processes and services, examples of unique projects in the management of documents and archives, the challenges of digital transformation -artificial intelligence, robotisation- and preservation, the technological model of the Banco de España and its Electronic Administration services, among others.

The seminar, aimed at executives, experts, coordinators and managers of the document

management and archive areas of the corresponding institutions, served as an exchange of knowledge and best practice in this area through presentations from each of these countries, which were widely described as one of the positive aspects of the meeting. Attendees visited the Historical Archive, the Library and the building. During the visits, attendees were able to see the historical and artistic collection and the documentary and bibliographic heritage preserved in the institution.

The Banco de España is home to the most internationally relevant central banking non-financial risk working group

Since 2005, the International Operational Risk Working Group (IORWG) has been chaired and managed by the Banco de España (Operational Risk and Business Continuity Division), in coordination with the Philadelphia Federal Reserve.

After almost 20 years of work and dedication since its inception, its membership numbers are at truly impressive levels and constantly expanding: 122 institutions, including the **International Monetary Fund, the World Bank, the Bank for International Settlements and the European Central Bank**, as well as central banks and other monetary and supervisory authorities of more than a hundred countries on all continents. Its goal? **To be a centre of technical competence and a forum for discussion of the latest developments in non-financial risk management:** operational risk, cybersecurity, supplier risk, environmental and social risks, risk governance, resilience... and so many other challenges for central banks.

With the help of the co-chairs, and assisted by its secretariat (a task that also falls entirely to our institution), the IORWG is organised annually around a series of **groups of experts**, who research and analyse specific topics chosen by the community of members. The findings and conclusions reached are shared at a **conference held every year in a different part of the world**, from



Photo of the last IORWG annual conference, held from 9 to 11 May 2023, in Kenya. In the front row, from left to right: Carolyn Ngamau (Central Bank of Kenya), Robert Ross (Philadelphia Federal Reserve), Sheila Mbijjewe and Patrick Njoroge (Deputy Governor and Governor of the Central Bank of Kenya), Ana Rodríguez and Ruth Benito (Banco de España) and Beth Kithinji (Central Bank of Kenya).

the first, hosted in Madrid (in 2005) to, for example, Rio de Janeiro (2010), Jerusalem (2014), Singapore (2018) or the last one organised so far, in Kenya (2023). Members also have a website and an **online forum** to share their questions and interests in real time and on an ongoing basis.

The relevance and topicality of the results obtained within it, together with the large number, diversity and maturity of its members, make the IORWG the world's only point of reference in terms of best non-financial risk practices for **central banks**. **All of this is chaired, developed and promoted by the Operational Risk and Business Continuity Division of the Banco de España.**

2024 International Seminar on Central Banking (SIBC)

In 2023, the International Seminar on Central Banking (SIBC) organised by the Banco de España celebrated two decades of consolidation as a forum specialising in the different central banking functions. Over these twenty years, the programming of this seminar has been updated to reflect the profound transformations that the mandate and functions of central banks and banking supervisors have undergone in response to far-reaching changes in the global economic and financial environment.

This multilateral activity of international cooperation has taken root as a participatory, dynamic forum for the promotion of personal relationships and contacts between experts. It has established itself as a platform for the exchange of knowledge and best practice in the field of central banking, in which the new developments and the main challenges faced by our institutions have been addressed and the most advanced tools, techniques and processes have been presented. The geographical scope of the activity has been truly global, given the high and varied participation of representatives from very diverse regions. In this special edition, the figure of 373 participants was reached. These include the

attendance of representatives from Latin America, including 11 central banks, 7 financial regulatory agencies and 2 monetary institutions in the region. Also note the participation of experts and managers from the Alliance for Financial Inclusion (AFI) and representatives from up to 18 central banks in Central and Eastern Europe and Africa.

As in previous years, the SIBC has incorporated contributions from practically all areas of the Banco de España, in a coordinated effort to provide content with high added value. The 2023 edition reviewed the efforts made by our institutions in responding to the challenges that have emerged continuously in the last 20 years (pandemic and recovery plans, global inflation, wars and scenarios of geopolitical fragmentation, risks associated with climate change and sustainability, among others) that have required them to adapt to sometimes unpredictable scenarios. In addition, on one of the days of this edition, an analysis panel was organised on monetary policy management in Latin America, which included leading economists from the Organisation for Economic Cooperation and Development (OECD) and from different institutions in the region, such as the Latin American Development Bank (CAF), the Latin American Reserve Fund (FLAR) and the Executive Secretariat of the Central American Monetary Council (SECMCA).

5th Financial Stability Course

The 5th Financial Stability Course, co-organised by the Banco de España and the Centre for Latin American Monetary Studies (CEMLA), took place in Madrid, from 23 to 27 October 2023.

Most of the attendees were from institutions in the geographical area of Latin America and the Caribbean, although there were also representatives from Canada, the Philippines, Hungary, Italy and the European Central Bank.

The event had both a theoretical and practical approach, with several interactive sessions in which attendees were able to analyse and discuss stylised cases. An overview

was given of the fundamental aspects of financial stability analysis and monitoring, such as:

- Introduction to financial stability analysis and macroprudential regulation.
- Empirical methods for the analysis of financial stability.
- Financial stability monitoring, growth-at-risk models and stress tests.

A thematic session was also dedicated to climate-related risks relevant to financial stability, as well as another focusing on recent and emerging challenges to financial stability.

BILATERAL ACTIVITIES

Visit of the Government of Bangladesh and the World Bank

At the beginning of 2023, we had the opportunity to participate in the first visit to the Banco de España by a delegation from the Government and the Central Bank of Bangladesh, together with experts from the World Bank. The session was part of the series of visits organised by the latter institution to learn about the experience of several developed countries in implementing strategies to reduce troubled assets, strengthening debt recovery systems and creating vehicles to promote markets for impaired assets.

We, as part of the Directorate General for Supervision, are responsible for explaining the supervisory and regulatory measures implemented in recent years, in Spain and in the Eurosystem, to reduce the volume of troubled assets accumulated in banks as a result of the financial crisis of 2007 and subsequent years. These measures have clearly had a significant influence on achieving the current low levels of doubtful assets and on the improvement of the management structures of these assets in the financial system.

The Bangladeshi delegation was quite large and comprised senior figures from the country, members of the Central Bank, the Ministry of Finance and its Securities Commission, as well as representatives of the World Bank and the IFC (International Finance Corporation). However,



All the participants in the meeting on the Imperial Staircase of the Banco de España.

they were very participative, and in the conversations with them we realised that, despite the cultural or financial differences that may exist, the problems in managing and reducing troubled assets are the same, and they were going through a similar situation to the one we had in Spain in terms of the high volume of non-performing assets at their banks.

For our part, it was also rewarding to share experiences and reflections with people from a country so distant and different from ours.

Sonsoles Eirea

Department of Significant Institutions I.

Olga Blázquez

Risk Analysis Group.

Visit of the Central Bank of Montenegro

On 17 and 18 May 2023, the Financial Control Department was visited by four representatives from the Central Bank of Montenegro to share our experience within the Eurosystem in the areas of Costs and Accounting.

The session on the first day focused on the Eurosystem's cost methodology and its practical application at the Banco de España. Two experts presented the general framework of the methodology (basic principles, objectives and phases that must be followed to implement a cost model) and showed online the application developed



Representatives of the Central Bank of Montenegro and the Banco de España during the visit, in Plaza de Cibeles.

at the Banco de España, reviewing with real data the calculations that are prepared in the different phases of the model until the final result is reached, with the distribution of annual costs over all operational functions. To top it off, there was an interesting discussion focusing on the difficulties that each central bank has in correctly allocating indirect costs (or costs of support functions) to the corresponding operational functions.

In the second session, the team from the Financial Statements and Operations Unit (ESCB) addressed different aspects of accounting within the scope of the Eurosystem and the ESCB. First, the basic

rules and principles of the accounting framework and the main balance sheet items were discussed, paying special attention to the scheme for the redistribution of monetary income (that generated by the execution of the common monetary policy) among the Eurosystem's central banks. The session ended by reviewing the preparation of the different financial statements according to European guidelines. This visit was an opportunity to exchange experiences, and the Central Bank of Montenegro has valued it positively in terms of its knowledge and the adoption of better methodologies on its path to membership of European Union.

Visit of the Banco Central del Uruguay

Last October, a representative of the Banco Central del Uruguay from the area of Information Technology paid a visit to the Banco de España, with the purpose of strengthening cooperation and sharing experiences in the environment of digital transformation. Several areas of the Information Systems Department of the Banco de España participated actively in this series of meetings, including those on digitalisation and innovation, analytics and software quality. The sessions were also attended by experts from the areas of information architectures and technologies, who led discussions on the sectors of application modernisation and migration strategies to microservices and containerization. The digitalisation and innovation representatives led several sessions presenting the Banco de España's digital transformation programme, its organisation and the most noteworthy use cases. Crucial issues were addressed, such as automation and analytical capabilities through Digital Hubs or quality procedures and strategies and software testing to ensure the delivery of applications and digital products. In addition, a special space was dedicated to exploring advances in generative Artificial Intelligence, highlighting its impact on financial services innovation.

For five intensive days, detailed presentations and specific work sessions were held. In these meetings,



Rodrigo Morás, from the Database and Communications Unit of the Banco Central del Uruguay, at the main entrance of the Banco de España offices, calle Alcalá, 522.

participants had the opportunity to share experiences and benefit from different visions and tools used in similar environments. These fruitful interactions not only strengthen the ties between the two institutions, they are also laying the groundwork for future collaboration. This exchange of information and knowledge not only enriches the digital transformation strategies of both organisations, it also adds a personal and human touch to the experience through informal conversations, shared anecdotes and lessons learned. In the remote sessions that have followed this face-to-face visit, we have continued to share perspectives and discuss the future of digitalisation in central banks. This process of mutual learning and collaboration has been inspiring and motivating, and has reminded us of the importance of working together to face constantly evolving digital challenges.

Visit of the Banco Central de Honduras. Department of Financial Control

Last September, the Banco de España received a visit from two heads of the accounting area of the Banco Central de Honduras, interested in moving towards a digital accounting scheme similar to ours.

These sessions were the continuation of the technical assistance activity in the area of digitalisation of accounting documents that took place in 2022, within the framework of cooperation established by CEMLA, in which the Banco de Guatemala also took part. Given its satisfaction with this initial assistance, the Banco de Honduras wanted to elaborate on certain aspects related to accounting policies and processes applied at the Banco de España.

Training on these subjects was carried out over three days, in sessions given mainly by the Accounting



and Financial Statements Division, with the support of other members of Financial Control in relation to the organisational structure of the accounting and financial areas, and the Department's main functions. During these sessions, we had the opportunity to share experiences and learn from comparing the different applicable regulations and operational organisation, as well as to learn about the biggest challenges faced by our Honduran colleagues, currently immersed in a process of implementing International Financial Reporting Standards in their accounting system. In short, we can say that this international cooperation activity was hugely rewarding for both parties.

We take this opportunity to thank our colleagues from Honduras for their trust and to wish them success in the modernisation processes the Accounting Department is undertaking.

Visit of the Banco Central de Honduras. Department of Human Resources

The visit began with the participation of María Gutiérrez de Ojesto, head of the Office of Evaluation and Strategic Planning, who had the opportunity to share the work that the office does in the area of strategy and the evaluation programme, the best practices taken from our continuous learning process, and the way in which both functions - strategy and evaluations - complement each other and promote the achievement of the Banco de España's vision.

The participation of the Department of Human Resources began with the meeting held by the Director and the Deputy Director of the Department, Juan Manuel Delgado and Nieves Guil, respectively, who took the opportunity to describe the Banco de España's strategy in terms of people and to share the path of transformation that the human resources area is taking. In this regard, examples were set out relating to the



Development Unit Staff, belonging to the Training, Development and Internal Communication Division.

modernisation of the Bank's regulations, the updating of work processes and the technological advances that are being implemented.

The Training, Development and Internal Communication Division shared the talent and leadership model, structure, criteria and management of the training plan, as well as the offer of talent programmes that include management development,

Hypatia and mentoring, management coaching and agile HR, as well as competency assessment tools (PDI and 360°). The approach to managing diversity and international mobility was presented, and Internal Communication set out the main functions carried out by the area and how internal communication campaigns are structured and planned, sharing the Communication Plan 2024.

Meanwhile, the Selection Division shared the characteristics of the Banco de España's selection processes. Hiring requirements and the Bank's commitment to establishing measures that promote equality were discussed. Different initiatives were reviewed that are focused on updating procedures and developing improvements in selection processes.

The Remuneration and Social Benefits Division shared the Banco de España's remuneration structure,

showing an overview of payroll components, starting with the salary table, calculated components, fixed components created historically and components based on the work and personal characteristics of the institution's employees. A review was carried out of the Bank's value offering as a whole.

The Labour Relations Unit had the opportunity to discuss essential aspects of national labour relations, presenting Spanish legislation, reporting on the application of the disciplinary regime in the Banco de España, the Unit's procedures and how it seeks the most optimal solution for each specific case, as a cross-cutting unit that provides support and advice to other areas of human resources.

In short, the days were extremely productive for all parties and encouraged mutual learning in an area that is strategic for both organisations.

Visit of the Banco Central de Reserva de El Salvador

From 22 to 24 August 2023, the Banco de España received a visit from a representative of the Banco Central de Reserva de El Salvador. He was interested in learning about the work that the Banco de España does in various areas of the Payment Systems Department, such as its actions as the manager of a payment system (i.e. TARGET) and the actions aimed at ensuring that payment instruments and solutions —as well as the payment systems that channel the payment transactions that this implies— are ever more efficient and secure, actions that are carried out from a threefold perspective: as a supervisor, as a catalyst (promoting actions on the part of both the private and public sectors) and as a guardian (verifying that certain safety and efficiency standards/objectives are met). His interest also included the payment and fraud statistics that the Banco de España collects, and how it does so.

The experience was very positive, especially because of the visitor's unfailingly proactive attitude, despite



A souvenir given to the Banco de España experts: a magnet with a hand-painted reproduction of a turquoise-browed motmot, the national bird of El Salvador.

the jet lag, and because of his remarkable willingness to learn about all the aspects that had motivated his visit and aroused his interest, and that highlighted the work we do on a daily basis. It was also rewarding for the Banco de España experts who participated, since it was an opportunity to exchange views on the payment environment in his country (not unlike that of Spain and Europe) and the role of the central bank.

Visit of the Central Bank of Tunisia, from 9 to 11 May 2023

In May 2023, representatives of the Bank of Tunisia from the Statistics and Information Technology area paid a visit to the Banco de España, for the purpose of strengthening cooperation and learning about data management and the process of data collection and statistical production at the Banco de España from an organisational, functional and technological perspective. During this visit, different presentations were made, in which various departments played an active role: the Information Systems Department, the Financial Information and CCR Department and the Statistics Department.

From an organisational perspective, the internal organisation was addressed both from the IT side and from the business angle for data governance and management and the process of data collection and statistical production. Regarding the functional or business aspect, the steps being taken in Europe for the integration of statistical, supervisory and resolution reporting were presented, and, in particular, the details of the European Central Bank

project for the integration of statistical information into the European System of Central Banks (IReF) were addressed, as well as the current dissemination of information and the new routes that are being enabled (applications, dashboards, etc.). And with regard to the technological area, we looked at the present and the future of the environments and platforms that cover all phases of data management (reception, information processing, storage, management of master data, exploitation of information covered with different tools: business intelligence, advanced analytics..., as well as the dissemination of information). In addition, some time was dedicated to the management of Security and Backups as well as the Cloud from a data management standpoint.

Over three intensive days, detailed presentations and specific work sessions were held, in which knowledge and experiences were shared. This visit has strengthened the ties between the two institutions and has laid the foundations for future collaboration.

We would like to express special thanks to the International Cooperation Unit, whose help was fundamental in the successful organisation of this important initiative.



MALGORZATA LANGE, HEAD OF THE INTERNATIONAL RELATIONS UNIT

Banco Central de Chile

What points would you like to highlight as the most positive of the international cooperation activity?

I am a big believer in cooperation. Through cooperation, we experience the fruitfulness of a community of knowledge, values and practices. On a personal level, I appreciate the experience of convening and connecting people and professionals from different central banks, institutions and countries, with the aim of generating shared value, which can be the creation or delivery of knowledge, the exchange of best practices or shared reflections on a common challenge.

I find the underlying value of each collaborative activity particularly enticing. Cooperation, as one of the areas of international relations, is a necessary path and strategy in these challenging times. Its virtue lies in a constant exercise of coordination around common values for convergence and the achievement of shared objectives, enhancing strengths, learning and practices.

Central banks are predestined to engage in dialogue on an international scale simply because that is where our peers are. On the other hand, due to the nature of our institutions, the exercise of cooperation, devoid of competitive tensions, transforms it into a vast and very virtuous space. And this has also been true of our mutual relations, characterised by sincere, friendly dialogue at all levels.

What are the current and future challenges for the development of your activity?

The challenges emanate from the nature of the changing environment that exposes us to increasing uncertainties, risks, fragmentation and geopolitical turbulence. As facilitators, articulators, trailblazers and bridge builders, we have a lot of work to do to fulfil our mandate, adapting, innovating and redesigning strategies. How, as international relations teams, do



Malgorzata Lange, head of the International Relations Unit of the Banco Central de Chile.

we become more agile and attuned to institutional aims to reinforce and empower them? This challenge requires a strategy and a renewed method.

Here, as one of the many challenges, I would like to highlight the relevance of our role in facilitating the understanding of the environment, especially today, when the keys to decoding the international environment are stressed and being revisited.

Do you consider that international relations activities have benefits for the different areas involved and their staff as well as for the bank?

The benefits are obvious. When people and institutions collaborate, they are more than the sum of their parts, so an exponential systemic effect is generated that is fascinating to observe. Being able to contact a colleague on the other side of the world, to enquire, consult or exchange experiences, is invaluable. As an example, with the Banco de España, during 2022 and 2023, we had a great exchange and dialogue at different levels regarding strategic planning. This exercise connected people

and teams, generating cascades of relationships and bonds in areas as diverse as management, planning, and cultural and institutional change. This dialogue has been transformed into a conversation and an exchange, which goes on and on finding expression in different forms.

How do you think the IC of the Banco Central de Chile is perceived in the environment of other Latin American countries?

I would not presume to answer for our colleagues at other central banks in the Latin American region, but we are receiving signs and expressions of appreciation that are a source of immense pride and motivation. I can also indicate where our efforts are headed in terms of regional collaboration. At the Banco Central de Chile, we aim to be (and be recognised as) a benchmark and a cutting-edge bank, and when we can share with regional peers in terms of knowledge, practices or know-how, we want to be generous and we are happy to do so. We recently received

a visit from a colleague from a central bank in our region for an internship on aspects of monetary policy communications, and I know that for him it proved to be a very rewarding and professionally enriching experience; at least that is what he has transmitted to us in person and also communicated to the world on his social media.

How do you see the future of cooperation?

I would say that there is no future without cooperation. By this I mean to emphasise that cooperation, based on shared values, is the only possible way, first, to understand and, second, to address the great challenges that central banks face today and in the future.

As always, I envision cooperation at the service of the institution's mission and strategic objectives, and given the international context, volatility and new risks, I believe that international relations will be playing an even more strategically necessary role.

ACKNOWLEDGEMENTS



Margarita
Delgado Tejero.

The publication of this (fifth) edition of the *International Cooperation Magazine* comes at the end of my term as Deputy Governor. This is why, in my capacity as President of the International Cooperation Committee, I would like to share with you a brief assessment of the promotion and development of this activity in the last six years, which is key in the external relations of the Banco de España.

First, the involvement of the entire Bank through the preparation of three-year activity plans, updated each year, which have applied an efficient management approach, giving priority to those activities with the greatest importance and impact. The design of these plans, which followed the guidelines of the strategic plan, has also been done in coordination with our most significant counterparts, particularly central banks and institutions in Latin America.

Secondly, this phase has also been marked by the development of important international cooperation initiatives within the framework of the European System of Central Banks (ESCB), in whose Committees and Working Groups we have approved over the years:

- i) *the best practices* in the field of EU cooperation;
- ii) *the evaluation criteria* for this common activity;
- iii) *two institutional strengthening projects in the Western Balkans* involving a total of 20 ESCB central banks together with the European Central Bank (ECB), and
- iv) *the recent pilot project for Africa* in which eight ESCB central banks, with the ECB, are to provide technical

assistance within the framework of the EU's strategy on that continent.

Thirdly, from 2019 to date, a total of eleven Memoranda of Understanding have been negotiated and signed with institutions from different regions of the world, especially the nine cooperation agreements signed with central banks and financial institutions in Latin America. These were the Development Bank of Latin America and the Caribbean (CAF), the Latin American Reserve Fund (FLAR), the Central American Monetary Council (SECMCA), and the central banks of Colombia, Argentina, Uruguay, Ecuador, Bolivia and Paraguay. We should also highlight those signed with Tunisia and Türkiye, expanding the strategic geographical focus of cooperation.

Finally, and this magazine is a good example of this, communication and dissemination of the Banco de España's cooperation activity has been enhanced. This communication has been both internal, with the objective of facilitating knowledge of this activity inside the institution and of recognising the work and effort of the participants, and external, with the strategic objective of strengthening the Banco de España's international impact.

For all these reasons, conscious of the effort it has entailed for everyone, but also of the shared success it represents, I want to convey my recognition of your work and the desire that you continue to contribute to making the Banco de España a benchmark and role model in the field of international cooperation.

Margarita Delgado Tejero

Deputy Governor of the Banco de España and President of the International Cooperation Committee

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