



Chapter 1

Supervision and oversight at the Banco de España

Banco de España
Supervision Report 2024



Chapter 1

Takeaways

- The Banco de España has various supervisory powers over credit institutions and over other financial institutions or undertakings related to the financial system operating in Spain.
- It is responsible for the microprudential supervision of institutions, which aims to ensure their solvency and liquidity, as well as compliance with prudential regulations. The Banco de España performs this microprudential supervision function in two different areas: the supervision of credit institutions in the Single Supervisory Mechanism, under the responsibility of the European Central Bank, and the exclusive supervision of other institutions.
- It has the tools to carry out the functions entrusted to it in relation to macroprudential policy, which aims to safeguard financial stability through the prevention and mitigation of systemic risks and vulnerabilities.
- It is also responsible for the supervision of institutions' conduct, transparency of information and proper treatment of customers.
- It oversees payment systems and instruments and shares with the National Securities Market Commission (CNMV) the oversight of the financial market securities infrastructures.
- Also, it supervises the provision of payment services, as well as system operators, payment processors and other players involved in the payment chain, with a special emphasis on operational and security risk requirements.

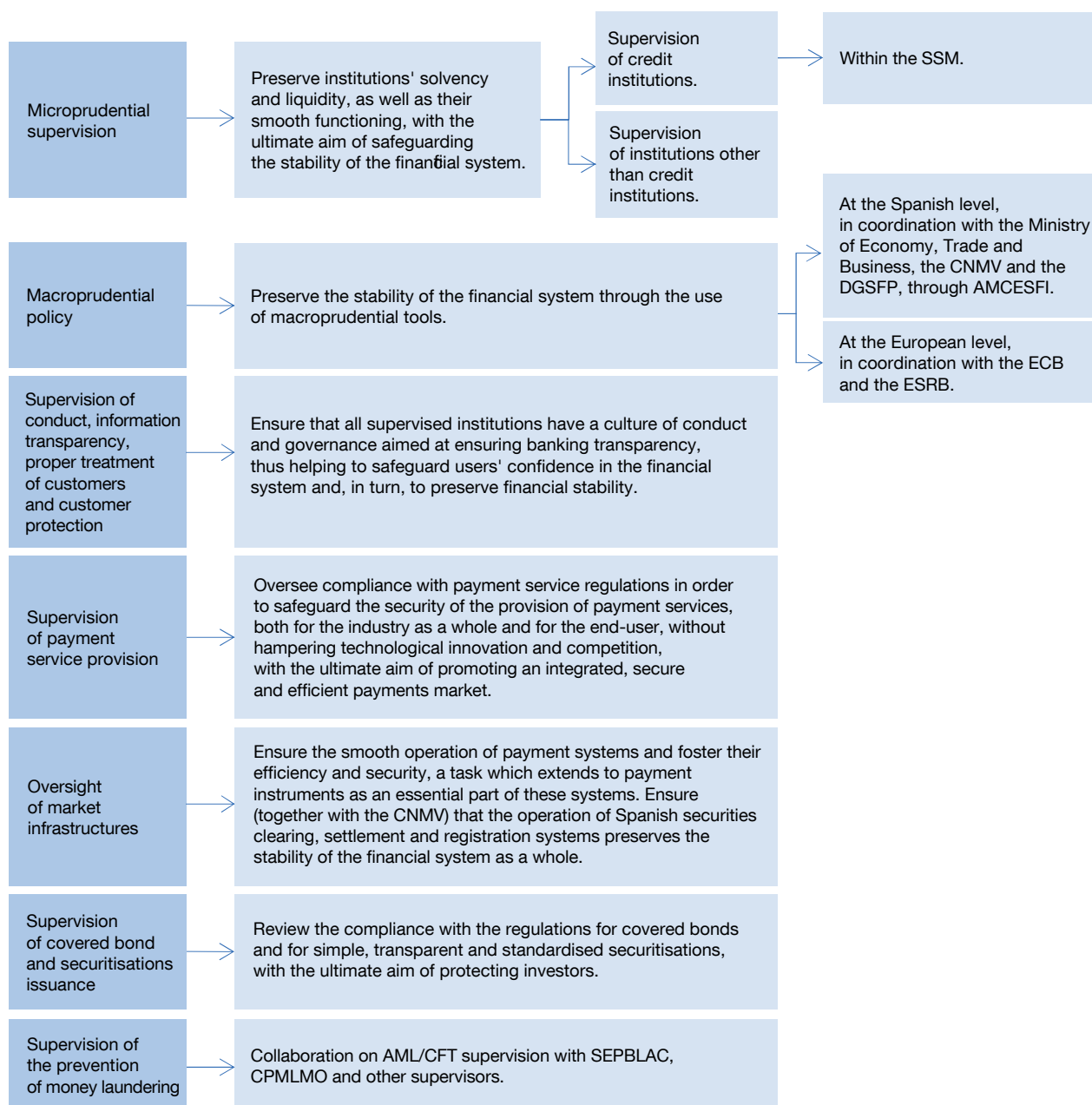
1 Supervisory and oversight functions of the Banco de España

The Banco de España has supervisory powers over credit institutions and over other financial institutions or undertakings related to the financial system operating in Spain. These supervisory and oversight functions are summarised in Figure 1.1.

- Microprudential supervision aims to ensure the solvency and liquidity of institutions, as well as compliance with prudential regulations.
 - The microprudential supervision of credit institutions is exercised within the framework of the Single Supervisory Mechanism (SSM), jointly by the European Central Bank (ECB) and the national competent authorities of each country, including the Banco de España. The SSM seeks to ensure consistent and standardised supervision among the participating countries. The SSM's objectives, governance, participants and supervisory model can be found at this [link](#).
 - Outside the scope of the SSM, the Banco de España is the supervisory authority of institutions other than credit institutions that provide services or perform activities related to the financial system. These institutions can be found at this [link](#).
- The objective of macroprudential policy is to safeguard financial stability through the prevention and mitigation of systemic risks and vulnerabilities (see [link](#)).
 - In the exercise of these functions, the Banco de España has macroprudential tools to prevent the accumulation and materialisation of systemic risks in the banking sector and to reduce the effects of their potential materialisation.
 - The Banco de España participates in the Spanish Macroprudential Authority Financial Stability Council (AMCESFI), together with the Ministry of Economy, Trade and Business, the National Securities Market Commission (CNMV) and the Directorate General of Insurance and Pension Funds (DGSFP). The AMCESFI aims to identify, prevent and mitigate the development of systemic risk factors and contribute to preserving the stability of the Spanish financial system as a whole.
- The Banco de España is also responsible for the supervision of institutions' conduct, transparency of information and proper treatment of customers. From a preventive supervision approach, and in addition to the verification of compliance with the rules, the objective is to strengthen institutions' culture towards a responsible banking model, as a way of guaranteeing an appropriate relationship between institutions and their customers. The functions in the area of conduct can be seen [here](#).
- The Banco de España is responsible for overseeing the proper functioning of payment systems in Spain and for supervising Iberpay (operator of the National Electronic Clearing

Figure 1.1

Supervisory and oversight functions of the Banco de España



SOURCE: Banco de España.

System). Also, it shares with the CNMV the oversight of financial market securities infrastructures. More information on the oversight of payment systems can be found at this [link](#). At the end of 2023, there was an increase in the Banco de España's supervisory powers, in the area of operational resilience, over payment system operators and other players involved in the payment chain.

- The supervision of the provision of payment services falls to the Banco de España, which ensures that payment service providers comply with their specific regulatory framework, placing special emphasis on operational and security risk requirements.
- Moreover, in recent years the Banco de España has assumed new supervisory functions regarding covered bond issues and simple, transparent and standardised securitisations, with the aim of increasing investor protection and strengthening its supervisory regime.
- The European regulation on markets in crypto-assets (known as MiCAR) introduced a specific regulation for this type of asset in Europe. In Spain, the CNMV is the competent authority for supervising compliance with the aforementioned regulation. Nevertheless, the Banco de España was entrusted with the supervision, inspection and sanctioning of the obligations set forth in MiCAR for the issuers of electronic money tokens (EMT) and asset-referenced tokens (ART), applicable as from June 2024.¹
- Lastly, the Banco de España collaborates closely with the Commission for the Prevention of Money Laundering and Monetary Offences (CPMLMO) and its Executive Service (SEPBLAC) in the supervision and inspection of compliance with the anti-money laundering and countering the financing of terrorism (AML/CFT) obligations. Powers in this area are limited to certain due diligence, internal control and reporting obligations of the institutions supervised by the Banco de España and are exercised as established by Spanish legislation and the cooperation and coordination agreement entered into with the CPMLMO.

¹ However, the European regulation reserves certain supervisory powers in this area for the European Banking Authority (EBA).

2 Organisation of supervision and oversight at the Banco de España

The supervisory function is an integral task that is carried out in a coordinated manner by various areas of the Banco de España, as detailed in Figure 1.2.



In 2024, an internal reorganisation took place that led to the creation of two new directorates general: the Directorate General Institutional and European Relations and Transparency and the Directorate General Strategy, People and Data, the latter based on the previous Directorate General Services. These changes have affected the allocation of certain supervisory powers among directorates general. Further information on these changes can be found in the [*Institutional Report 2024*](#).

Figure 1.2

Organisation of supervision and oversight at the Banco de España

DIRECTORATE GENERAL SUPERVISION	Significant Institutions I Department	<ul style="list-style-type: none"> Ongoing off-site supervision, through the JSTs, of: <ul style="list-style-type: none"> The three largest Spanish SIs and of the branches and subsidiaries in Spain of European SIs in the Significant Institutions I Department. The seven other Spanish SIs in the Significant Institutions II Department. Participation in the granting of credit institution start-up licences and in other administrative procedures relating to supervised institutions. Approval of management protocols and financial plans of banking foundations.
	Significant Institutions II Department	
	Department of LSIs and other Institutions outside the SSM	<ul style="list-style-type: none"> Planning and supervision (ongoing off-site and on-site inspections) of: <ul style="list-style-type: none"> Spanish LSIs. Other institutions outside the scope of the SSM: ICO, SLIs, Pls, account information service providers, ELMIs, currency-exchange bureaux, EMT and ART issuers, MGSs, reguarantee companies, appraisal companies and Sareb. Participation in the granting of institution start-up licences and in other administrative procedures relating to supervised institutions.
	Department of Inspections, Internal Models and AML	<ul style="list-style-type: none"> On-site inspections and internal model investigations of SIs within the SSM. Internal model investigations of LSIs. Planning, implementation and monitoring of AML/CFT supervisory actions.
	Horizontal Functions Department	<ul style="list-style-type: none"> Horizontal risk analysis.. Establishment of supervisory policy and development of supervisory methodology. Definition of bank accounting regulations and handling of related queries. Supervision of covered bond issues and simple, transparent and standardised securitisation issues. Coordination of DG.SUP participation in the stress tests of Spanish institutions. Market risk and structural liquidity and interest rate risk inspections. Development of supervisory support tools and application of new technologies to supervision (SupTech).
	Supervisory Strategy and IT Risk Department	<ul style="list-style-type: none"> Preparation and monitoring of annual supervision planning. Participation in the definition of SSM supervisory strategic planning and second line of defence. On-site IT risk inspections of SSM SIs and of LSIs. Assessment of Spanish regulatory sandbox projects and enhancement of the sector's cyber resilience. Promotion of technological innovation in the DG.SUP.
	Organisation and Quality Division (Corporate Functions)	<ul style="list-style-type: none"> Quality control of the supervisory process. Training of DG.SUP staff. Coordination of DG.SUP corporate functions and IT security.
DIRECTORATE GENERAL INSTITUTIONAL AND EUROPEAN RELATIONS AND TRANSPARENCY	Institutional Relations and European Coordination Department	<ul style="list-style-type: none"> Coordination, support and advice for the Banco de España's participation in Supervisory Board meetings and other SSM events.
DIRECTORATE GENERAL FINANCIAL STABILITY, REGULATION AND RESOLUTION	Financial Stability and Macprudential Policy Department	<ul style="list-style-type: none"> Analysis of financial system risks and vulnerabilities. Formulation of macroprudential policy proposals. Coordination with AMCESFI, the ESRB and the ECB's macroprudential function. Stress tests (FLESB).
	Regulation Department	<ul style="list-style-type: none"> Analysis, definition and monitoring of regulatory policies applicable to supervised institutions. Coordination with the EBA, FSB, BCBS and other international fora. Development and interpretation of prudential regulations.
DIRECTORATE GENERAL STRATEGY, PEOPLE AND DATA	Financial Reporting and CCR Department	<ul style="list-style-type: none"> Receipt, quality control and forwarding of supervisory information that credit institutions and other supervised institutions are required to submit to the ECB and to the Banco de España. Management of the Central Credit Register and of Anacredit. Calculation and validation of compliance with the minimum reserve ratio. Preparation of financial statistics. Preparation of regulations and circulars on regular reporting by institutions.
GENERAL SECRETARIAT	Authorisations and Registers Department	<ul style="list-style-type: none"> Handling of procedures for the granting and withdrawal of institutions' authorisation. Resolution of supervised institutions' senior officer suitability assessments proceedings and participation in SI senior officer suitability assessments. Maintenance of the Senior Officer Register, the Register of Institutions and the Register of Agents in Spain. Authorisation of amendments to articles of association and issuance of mandatory reports. Management of the single European passport.. Oversight of vetted access to activity and name reservation. Availability to the public of registers published on www.bde.es and on the EBA website.
	Legal Department	<ul style="list-style-type: none"> Handling of sanctioning proceedings. Internal advice relating to the Bank's powers, including its functions as central bank and member of the ESCB and as supervisor and member of the SSM.
DIRECTORATE GENERAL FINANCIAL CONDUCT AND BANKNOTES	Institutions' Conduct Department	<ul style="list-style-type: none"> Identification and analysis of risk to institutions' conduct, both individually and from a sectoral standpoint. Supervision of institutions' conduct and of compliance with information transparency and customer treatment regulations through ongoing off-site monitoring, inspections and other supervisory actions. Preparation of regulations and circulars on conduct, transparency, customer protection and proper treatment of customers.

SOURCE: Banco de España.

Figure 1.2

Organisation of supervision and oversight at the Banco de España (cont'd)

DIRECTORATE GENERAL OPERATIONS, MARKETS AND PAYMENT SYSTEMS	Payment Systems Department	<ul style="list-style-type: none"> • Ongoing off-site supervision and on-site inspections regarding compliance with regulations on payment services and EMT issuance at credit institutions, PIs, ELMIs and account information service providers. • Definition of supervisory policy regarding the provision of payment services. • Participation in the granting of authorisations and registration of payment service providers other than credit institutions. • Support for and oversight of financial market infrastructures and payment instruments. • Supervision of Iberpay as the management company of the SNCE. • Supervision of compliance with the obligations of the DORA Regulation by payment system operators, payment scheme operators, electronic payment arrangement operators, payment processors and other technological or technical service providers providing services in Spain.
	Financial Innovation and Market Infrastructures Department	<ul style="list-style-type: none"> • Coordination of the Banco de España's participation in the controlled testing space known as regulatory sandbox

SOURCE: Banco de España.

3 Supervisory and oversight staff

At 31 December 2024, the Banco de España had 939 employees performing supervisory and oversight functions, distributed by directorate general as shown in Chart 1.1. Of these, 51.8% are women and 48.2% are men, although the distribution varies by professional group, as shown in Chart 1.2.

Chart 1.1

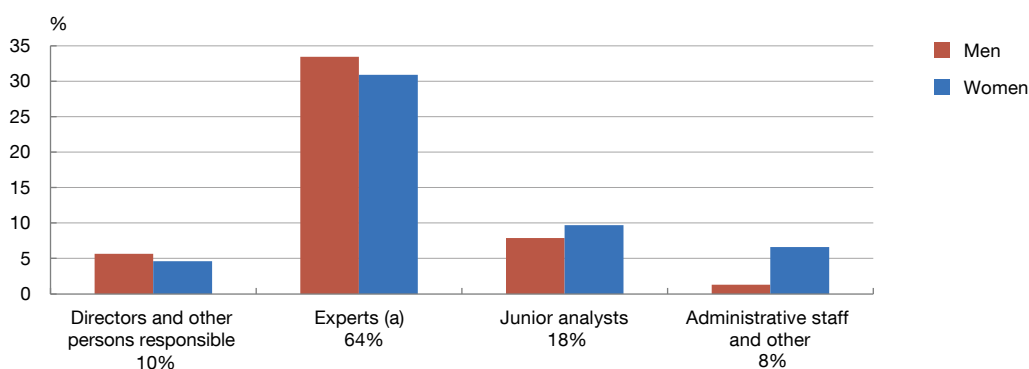
At 31 December 2024, the Banco de España had 939 employees performing supervisory and oversight functions, distributed in 7 directorates general



SOURCE: Banco de España.

Chart 1.2

The proportion of men and women is almost equal in three professional groups, notably including “Directors and other persons responsible” due to its significance. However, there are major disparities in “Administrative staff and other”



SOURCE: Banco de España.

a Also includes inspectors, economists, lawyers, inspection auditors and IT auditors.