

Box 3.1

THE PROCESS OF ACTIVATING THE COUNTERCYCLICAL CAPITAL BUFFER: A LONG WAY TO GO BEFORE FULL APPLICATION

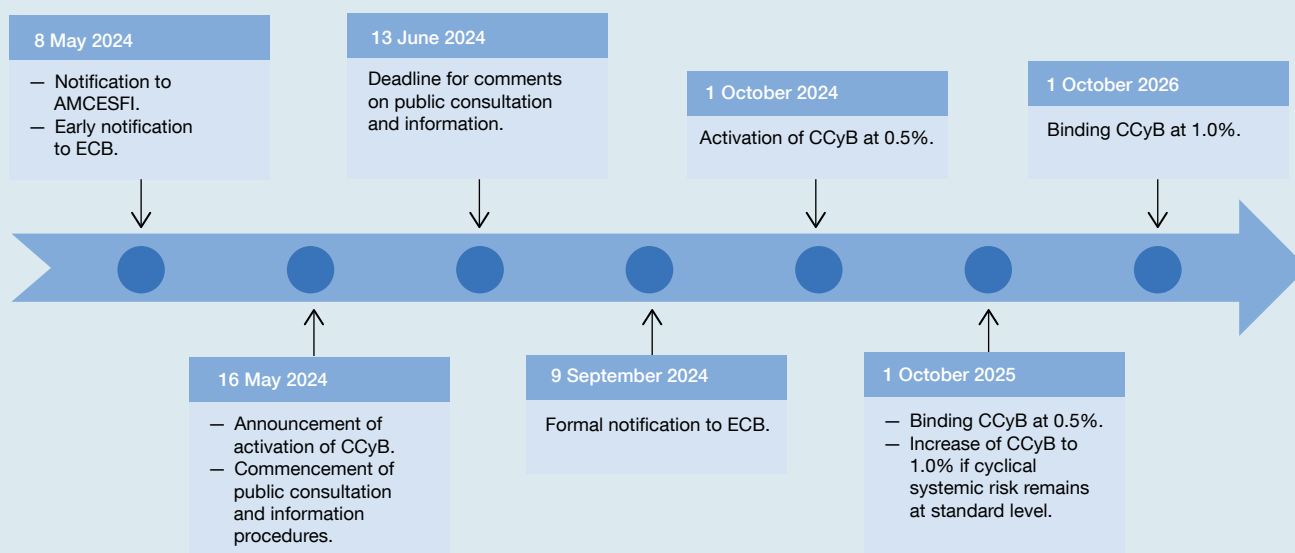
In 2024, the Banco de España set the countercyclical capital buffer (CCyB) at a level above 0% for the first time. This macroprudential measure has required a long and complex process, since, as well as complying with the specific banking regulations applicable to macroprudential buffers, the Banco de España is also subject to general regulations on administrative resolutions, in particular Law 39/2015, which regulates the common administrative procedures of public administrations. The decision was also based on a new methodological framework for setting the CCyB in Spain; accordingly, particular importance was attached to explaining and justifying the decisions taken and responding to comments from potentially affected individuals and institutions.

On 16 May 2024, the Banco de España presented its proposal, announcing the start of two public procedures.¹ On the one hand, a public consultation on the new methodology for setting the CCyB applicable to exposures located in Spain. On the other, public

information on the draft decision on the CCyB rate that would be in force from the fourth quarter of 2024 (see Figure 1). The Banco de España had previously notified the Spanish Macroprudential Authority (AMCESFI) and the European Central Bank of the decisions it intended to adopt, together with the analyses and methodologies used. A technical document analysing the cyclical systemic risks in Spain and the costs and benefits of reducing them through countercyclical bank capital requirements² was also published on that date, together with AMCESFI's favourable opinion on the Banco de España's proposals.³

All remarks and comments received were taken into consideration in the preparation of the final documents. In particular, the remarks received during the public consultation and information were analysed and assessed in detail and, subsequently, the Banco de España's assessment of each remark was published.⁴ Lastly, on 1 October 2024, the Banco de España published all the information relating to the definitive resolution on

Figure 1
Main milestones in the activation of the CCyB by the Banco de España



SOURCE: Banco de España.

- See the press release of 16 May 2024: <https://www.bde.es/f/webbe/GAP/Secciones/SalaPrensa/NotasInformativas/24/presbe2024-39.pdf>.
- Ángel Estrada et al. (2024). "Analysis of cyclical systemic risks in Spain and of their mitigation through countercyclical bank capital requirements". Occasional Papers, 2414, Banco de España. <https://repositorio.bde.es/handle/123456789/36573?mode=full>
- See the AMCESFI opinion: https://www.amcesfi.es/f/webwam/RCL/Publicaciones/archivos/Opinion_CCA_AMCESFI_ES.pdf.
- See the summary and assessment of the comments received: https://www.bde.es/f/webbe/INF/MenuVertical/EstabilidadFinanciera/Colchon_capital/Resumen_observaciones_recibidas_CCA_2024T4.pdf

Box 3.1

THE PROCESS OF ACTIVATING THE COUNTERCYCLICAL CAPITAL BUFFER: A LONG WAY TO GO BEFORE FULL APPLICATION (cont'd)

the level of the CCyB, which entered into force on the same date.⁵ Any subsequent change to the CCyB level would require a repeat of the same legal procedure described above. However, if the methodology for setting the buffer remains unchanged,⁶ it will not be necessary to resubmit it to public consultation.

The CCyB activation process took several months from the initial announcement to the formal decision, added to which was the time previously spent within the Banco de España on reviewing and applying the methodological

framework with a view to deciding on the appropriate level of the CCyB. Although this process could be shorter in future decisions, as it will be based on the new approved framework, the legal requirements will continue to impose a lengthy and laborious procedure. Simplification of this process by the legislator seems necessary to enable macroprudential policy to adapt more swiftly to a changing macro-financial environment and thus better fulfil its function.

5 See the final resolution on the CCyB in force since the fourth quarter of 2024: https://www.bde.es/f/webbe/INF/MenuHorizontal/AreasActuacion/politica_monetaria/Resolucion_CCA_2024T4.pdf.

6 See the document on the methodological framework for setting the CCyB: https://www.bde.es/f/webbe/INF/MenuVertical/EstabilidadFinanciera/Colchon_capital/Marco_revisado_octubre.pdf.