



Interview with the Deputy Governor

Soledad Núñez



One of the Banco de España's functions is to protect banking customers and, to do so, one of the tools at its disposal is the supervision of institutions' conduct. Why is this instrument important?

Conduct supervision is fundamental to verifying that the relationship between banks and their customers is correct, clear and balanced. When we talk about supervision, everyone naturally thinks about the Banco de España overseeing institutions' solvency, which is one of our main tasks, but we go much further. As well as institutions' financial strength, confidence in the banking business is also based on appropriate customer treatment. For this reason, we oversee institutions' behaviour in relation to their customers.

When an individual goes to an institution to request a financial product, they may feel that they have much less information than their counterparty and that their counterparty might take advantage of this. The Banco de España's capacity to investigate institutions' conduct and ascertain their relationship with customers is key to ensuring that they act honestly and transparently, to detecting potential misconduct and to protecting bank customers.

What does this tool bring to the bank-customer relationship?

In my opinion, it brings balance, since it is, in theory, an unequal relationship, and the Banco de España can ensure that financial institutions comply not only with current

regulations but also with what is considered to be good practice. Although everyone is aware of the possibility of filing complaints with the Banco de España, which is crucial for customer protection, this conduct supervision function goes much further and is of growing importance due to its preventive nature; I would venture to say that this trend will continue in the coming years.

In 2024, an evaluation of the Banco de España's conduct supervision was carried out by external experts. What were the main conclusions?

In this [evaluation](#), conducted by leading experts on the matter, it was recommended that we change our traditional approach; we should not only look at whether institutions comply with regulations, but go a step further and take into account all risks of potential harm to customers. I believe this change in approach will be key to having a more comprehensive and preventive view of banks' conduct. Also, we have been asked to innovate in terms of the tools we use. It is very important to have as many tools as possible for detecting non-compliance. And we also need to reflect on whether we should review our disciplinary framework.

What is the Banco de España going to do in response to the experts' recommendations?

We have drawn up an action plan as a response to all of these recommendations, which we hope will serve to better perform this function. Naturally, we are working to change our approach, with the focus on potential harm to customers, and we are updating our supervisory tools. We have also made internal changes to improve our procedures with a view to becoming more efficient.

We want to attract talent from areas not commonly encountered in the supervisory function, i.e., areas that complement the profiles of economists and financial and regulatory experts, to give us a more comprehensive viewpoint. Lastly, we want to be more proactive when it comes to communicating the results of conduct supervision and establishing alliances with other supervisors with which we can share experiences, so that we can learn from one another. I believe that the action plan is very comprehensive and that it will allow us to make major improvements, furthering the cultural transformation of conduct supervision.

You mentioned that conduct supervision is of growing importance. How do you see this function of the Banco de España in a few years' time?

I believe we are at a crucial point regarding this function, not only because the external evaluation carried out will allow us to improve its performance, but also because, in this area, the future creation of the Financial Customer Protection Authority will reorganise the legal framework for consumer protection. This regulation transfers the reactive function — complaint resolution — to a newly created institution focussing on this reactive function, while the Banco de España will strengthen the preventive function — conduct supervision. In other words, we will have more capacity to prevent misconduct by financial institutions, thereby avoiding possible complaints in the future. Also, this law gives us new tools that will be very useful in improving supervision; this is the case with mystery shopping, i.e., the possibility of "infiltrating" institutions to find out how they really treat customers, which can be very useful for the purpose of enhancing our oversight capacity.

All of this will contribute to the objective of strengthening public confidence in the integrity of supervised institutions.