Chapter 1

Supervision and oversight at the Banco de España

1 Supervisory and oversight functions of the Banco de España

The Banco de España is entrusted with the supervision of credit institutions and other financial entities or institutions linked to the financial system operating in Spain, given their importance for the economy.

This mandate plays a crucial role in mitigating the impact of banking crises, ensuring the sound operation of payment systems and improving the efficiency of the financial system. In doing so, the Banco de España safeguards the stability of the financial system and the wider economy, protecting savings and facilitating the flow of credit to households and businesses (Figure 1.1).

— Microprudential supervision seeks to preserve the solvency, liquidity and sound functioning of institutions, and ensure that they comply with prudential regulations, which establish the limits and requirements designed to make them more robust with a view to safeguarding financial stability. This task involves assessing individual institutions or groups of institutions.

  Under the framework of the Single Supervisory Mechanism (SSM), the European Central Bank (ECB) directly supervises significant credit institutions (SIs), based on their size and importance to the economy, with the active cooperation of the Banco de España. Small or medium-sized institutions, that is, less significant institutions (LSIs), are directly supervised by the Banco de España.

  The Banco de España also supervises other types of institutions that, although not credit institutions, provide services linked to the financial system, such as appraisal companies, currency-exchange bureaux, electronic money institutions or mortgage lenders.

— Macroprudential policy aims to safeguard the stability of the financial system as a whole, strengthening its resilience and reducing its vulnerabilities to mitigate the impact of systemic

Figure 1.1
Purpose of the Banco de España's supervisory and oversight functions

BANCO DE ESPAÑA

Microprudential supervision	Macroprudential policy	Supervision of conduct	Supervision of covered bond and securitisation issuance	Supervision and oversight of market infrastructures	Supervision of the provision of payment services	Sanctioning powers
Preserving institutions' solvency, liquidity and smooth functioning	Preserving financial system stability	Promoting responsible banking and ensuring fair and transparent treatment of customers	Protecting investors in covered bond issues and simple, transparent and standardised securitisations	Safeguarding the correct operation of payment systems	Promoting an integrated, secure and efficient payments market	Compliance with prudential and bank customer protection and transparency regulations

SOURCE: Banco de España.

risks. This requires an aggregate analysis of the banking sector, beyond institutions' individual solvency, as some cyclical or structural risks and imbalances may only become visible when viewed collectively.

The Banco de España uses macroprudential tools, such as measures relating to capital or credit standards, to improve the financial sector's resilience, limit spillover effects and prevent the build-up of risks.

To this end, the Banco de España participates in the Spanish macroprudential authority (AMCESFI, by its Spanish acronym), which seeks to identify, prevent and mitigate the emergence of systemic risk factors and thus help safeguard the stability of Spain's financial system.

— The supervision of institutions' conduct is key to ensuring that they treat customers in a fair and transparent manner. From a preventive standpoint, the Banco de España monitors compliance with transparency and customer protection regulations, thus strengthening institutions' corporate culture and promoting a responsible banking model to protect public trust in the banking system.

— In addition, the Bank oversees the sound functioning of payment systems in Spain, including the National Electronic Clearing System (SNCE, by its Spanish initials) operated by Iberpay, and monitors securities infrastructures jointly with the National Securities Market Commission (CNMV, by its Spanish initials).

  It also oversees operational resilience across payment system operators and other actors in the payment chain, guaranteeing the continuity of payment instruments such as transfers and card payments in the event of service disruptions or other unforeseen circumstances.

  The Bank supervises the provision of payment services, monitoring that payment service providers comply with their specific regulatory framework, particularly as regards operational and security risk requirements.

— It is also tasked with supervising covered bond issuance and compliance with the legal framework for simple, transparent and standardised securitisation, with a view to strengthening investor protection.

— Sanctioning powers are a key complement to supervision and are exercised, inter alia, to guarantee regulatory compliance and fair treatment of customers. Sanctioning proceedings are conducted in the area of prudential supervision, transparency and customer protection.

— Since June 2024, the Banco de España has been responsible for supervisory, inspection and sanctioning functions in relation to the obligations established for issuers of electronic money tokens (EMTs) and asset-referenced tokens (ARTs). ARTs are crypto-assets that maintain a stable value by referencing to one or several values or asset, such as a basket of currencies or commodities, while EMTs are pegged to the value of one official currency. The CNMV is entrusted with supervising compliance with the European regulation on markets in crypto-assets (MiCAR).

2 Participation in international banking regulation and supervision bodies

In 2025, the Banco de España contributed actively to the work of key international banking regulation and supervision bodies, seeking to influence debates and decisions with direct implications for Spain.

— At the international level, it participates in the Financial Stability Board (FSB), which is responsible for promoting global financial stability. One of its priorities is to assess the risks stemming from the non-bank financial intermediation sector, that is, the activities, infrastructures and financial institutions (insurance companies, investment funds, pension funds, etc.) that channel savings and financing outside the traditional banking sector.

  In addition, the Bank is a member of the Basel Committee on Banking Supervision (BCBS), which develops global standards for the prudential regulation of banks with a significant presence in several countries. Its work has focused, inter alia, on analysing digital innovation risks.

  It also takes part in other fora such as the International Financial Consumer Protection Organisation (FinCoNet), which fosters the sharing of experience, methodologies and best practices among financial conduct supervisors, and the Committee on Payments and Market Infrastructures (CPMI), which has continued working on the implementation of the G20 roadmap to enhance cross-border payments in terms of speed, transparency and access.

— At the European level, the Banco de España is a member of the European Banking Authority (EBA), which seeks to preserve financial stability in the European Union (EU), promote a transparent and fair market for consumers of financial products and services, and safeguard the integrity, efficiency and proper functioning of the banking sector.

  The Banco de España contributed in 2025, inter alia, to the development of standards arising from the latest review of the EU banking rules (the “banking package”), which includes amendments to the CRR III Regulation and the CRD VI Directive. The aim is to facilitate implementation of the Basel III regulations, updating the capital and supervisory requirements to ensure a more robust and resilient banking sector.

  In addition, proposals were made to simplify and improve the efficiency of the regulatory and supervisory framework, consumer protection initiatives were fostered and progress was made on implementing the artificial intelligence (AI) regulation within the financial system.

— The Banco de España also participates in the European Systemic Risk Board (ESRB), which is tasked with the macroprudential oversight of the EU financial system, and in the ECB’s Financial Stability Committee (FSC), which works to prevent and mitigate systemic risk in the euro area in coordination with other national authorities.

3 Organisation of supervision and oversight at the Banco de España

Supervision is a comprehensive task that is performed in a coordinated manner by various areas of the Banco de España. Over the past year, the organisational logic and set-up has been streamlined, with the reallocation of supervisory responsibilities among directorates general, for example, by including the supervision of payment institutions (PIs) and electronic money institutions (ELMIs) within the Directorate General Banking Supervision.

Figure 1.2
Organisation of supervision and oversight at the Banco de España

DIRECTORATE GENERAL	SCOPE OF BANCO DE ESPAÑA'S SUPERVISION AND OVERSIGHT FUNCTIONS
BANKING SUPERVISION	• Ongoing (off-site) supervision, on-site inspections and internal model investigations of credit institutions. Joint work with the European Central Bank (ECB) in the case of significant institutions (SIs). Supervision of institutions outside the scope of the Single Supervisory Mechanism (SSM). • Horizontal risk analyses. Inspections on market risk and structural liquidity and interest rate risk. • Preparation and monitoring of the annual supervisory planning and participation in both the SSM supervisory strategic planning and the second line of defence. • Formulation of supervisory policy and development of supervisory methodology. Supervision of covered bond issuance and simple, transparent and standardised securitisations (STS). • Supervision (off-site and on-site) to ensure that payment service providers and issuers of electronic money, EMTs and ARTs comply with regulations • Establishment of supervisory policy to guarantee secure and reliable payment services. Participation in licencing and registration for new operators.
INSTITUTIONAL AND EUROPEAN RELATIONS AND TRANSPARENCY	• Coordination, support and advice for the Banco de España's participation in Supervisory Board meetings and other SSM events.
FINANCIAL STABILITY, REGULATION AND RESOLUTION	• Analysis of financial system risks and vulnerabilities, drawing up macroprudential policy proposals and conduct of stress tests. • Coordination of the macroprudential function with the ECB and other organisations and fora, such as the Spanish macroprudential authority (AMCESFI), the European Banking Authority (EBA) and the Basel Committee on Banking Supervision (BCBS), inter alia.
STRATEGY, PEOPLE AND DATA	• Drawing up regulations and circulars on regular reporting by regulated institutions and management of databases with detailed information on their credit operations reported by obliged institutions (Central Credit Register -CCR- at the national level and AnaCredit at EU-level). • Minimum reserve ratio calculation and verification and collection of financial statistics.
FINANCIAL CONDUCT AND BANKNOTES	• Supervision of institutions' conduct and their compliance with regulations on transparency and fair treatment of customers. Identification and analysis of risks that could affect institutions' conduct, and drawing up the related regulations and circulars.
OPERATIONS, MARKETS AND PAYMENT SYSTEMS	• Promotion and oversight of the smooth functioning of financial market infrastructures and payment instruments. Supervision of Iberpay and oversight of payment chain actors' compliance with digital operational resilience requirements.
GENERAL SECRETARIAT	• Suitability assessments of senior officers at supervised institutions. Participation in the assessment in the case of SIs. Maintenance of the Register of Directors and Senior Officers, the Register of Institutions and the Register of Payment Institution Agents in Spain. • Handling the granting and withdrawal of licences for institutions to operate, oversight of vetted access to activity and name reservation, and performance of sanctioning proceedings.

SOURCE: Banco de España.

In addition, a cross-cutting approach has been encouraged through initiatives such as the creation of multidisciplinary groups to develop AI and apply it to supervisory tasks.

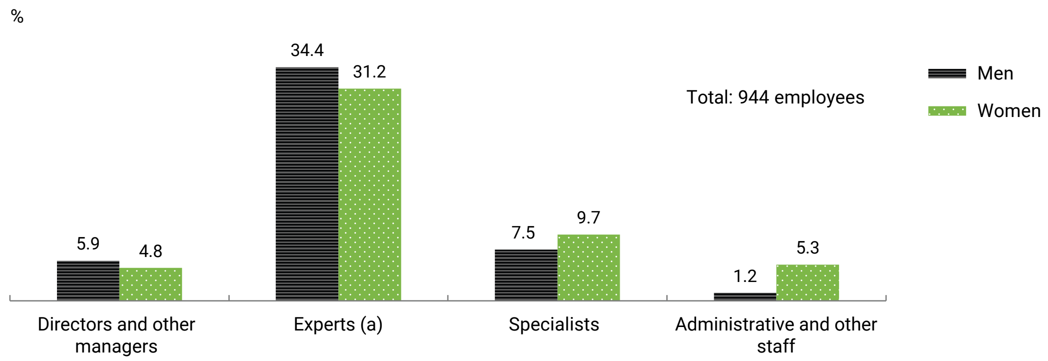
Figure 1.2 gives an overview of how the supervision and oversight functions are organised. For more detailed information, see the Banco de España's website.

4 Supervisory and oversight staff

At 31 December 2025, the Banco de España had 944 employees performing supervisory and oversight functions, slightly more than a year earlier. This represents close to one third of its total staff, reflecting the importance of this function for financial stability and the correct provision of banking services to the general public.

— The majority of these employees (59%) are from the Directorate General Banking Supervision, which is responsible for the bulk of these functions, followed by the Directorate General Financial Stability, Regulation and Resolution and the Directorate General Strategy, People and Data, each accounting for 13% of staff members.

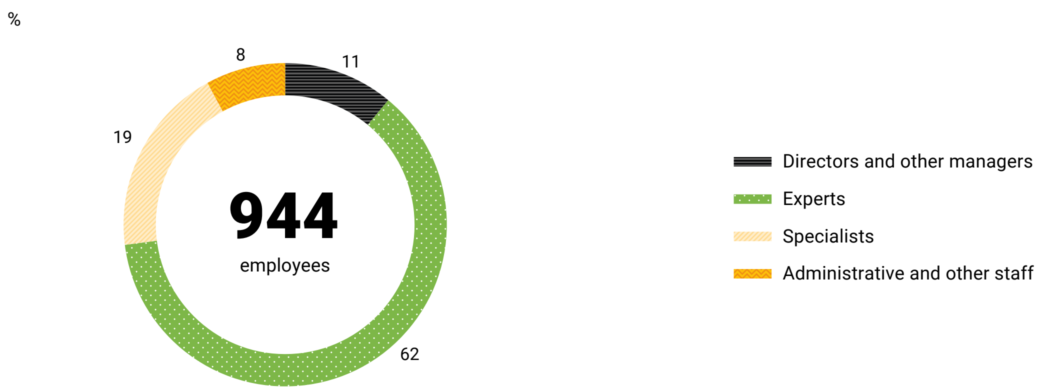
Chart 1.1
Supervisory and oversight staff, by gender and professional category. As at 31 December 2025



SOURCE: Banco de España.

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

Chart 1.2
Supervisory and oversight staff, by professional category. As at 31 December 2025



SOURCE: Banco de España.

In line with the gender split observed in 2024, 51% of these employees are women and 49% men. While overall gender balance is maintained, there are differences across professional categories, with greatest parity at the managerial level. The “Administrative staff and other” category shows a marked imbalance, with a higher representation of women, as does that of “Experts”, where men predominate. See Charts 1.1 and 1.2.