Message from the Deputy Governor

Soledad Núñez

Supervision that builds trust

Knowing your savings are safe, taking out a mortgage to buy a house, seamlessly paying by card or receiving an instant transfer all depend, among other factors, on a sound financial system, transparent and prudent banks and an efficient payments system.

One of the Banco de España's main tasks is to ensure a stable financial system and generate a climate of trust. Indeed, nearly one-third of our staff – 944 professionals – are engaged in these supervisory and oversight tasks, showing how important they are for both the banking sector and society at large.

Each year, the Banco de España publishes its *Supervision Report*, setting out the supervisory work carried out and its key outcomes. It is an exercise in accountability which explains how that work ensures the financial system functions smoothly, thereby helping build a climate of trust for savers and consumers.

The banking sector closed 2025 on a strong footing, with improved credit quality and, hence, a lower non-performing loans ratio (its lowest level since 2008), alongside record-high profitability (ROE of 14%) and strong capital ratios.

Despite this favourable starting position, the banking sector is facing a series of challenges that are already affecting its day-to-day management. Persisting macroeconomic uncertainties and geopolitical tensions call for caution, while digitalisation means cyber security and operational resilience must be bolstered. In addition, climate and non-climate-related environmental risks, such as water scarcity and the loss of biodiversity, should be increasingly integrated into decision-making and analysis. To tackle these challenges, sound macro data are required in order to integrate them into risk management and define credible roadmaps.

As a result, the supervisory priorities for the biggest credit institutions – the significant institutions – have been to strengthen their resilience to possible macro-financial shocks, enhance technology and climate risk management and assist the sector's digital transformation.

We have also adopted a proportionate approach to supervising less significant institutions that is more in keeping with their size and risk profile. While room for improvement was identified, overall, these institutions are in a solvent position.

Supervisory work has resulted in capital surcharges for significant and less significant institutions being reduced slightly, reflecting an improved risk profile and their positive performance.

The significant decrease in the number of recommendations and requirements sent to institutions compared with 2024 (down by approximately 30%) is another indication that supervisory action – underpinned by ongoing supervisory dialogue to anticipate risks and remedy weaknesses – is bearing fruit.

The stress tests conducted in 2025, at both European level (European Banking Authority and European Central Bank) and at the Banco de España, confirm that institutions remain resilient under adverse scenarios. At macroprudential level, the banking sector stress tests also reflect that overall it is solvent enough to withstand different adverse scenarios.

In addition to ensuring that institutions are financially sound and are not taking on too much risk, supervising their conduct plays a key role in making sure that customers are treated fairly.

Amid growing digitalisation, the emergence of new operators and rising fraud, preventive and cross-cutting actions to enhance the sector's practices, boost transparency and protect financial consumers were stepped up in 2025.

The Banco de España adopted 262 sanctioning measures to address the shortcomings and weaknesses identified and launched the ongoing specific monitoring of influencer-led advertising campaigns.

Conduct supervision does not only correct non-compliance; it also prevents practices that may be detrimental to financial consumers and lessens potential harm to customers. The result is more responsible banking that lives up to society's expectations.

Digitalisation has not just increased the opportunities for the sector, but also its risks. Institutions should be ready for cyber attacks and technological disruptions originating from any source. In this area, supervisory work has ensured that payment services, such as transfers and card payments, continue to operate securely even in stress events.

The *Supervision Report 2025* depicts a financial system that is well-placed to adapt to the current challenges, one that is the result of rigorous supervision that is tailored to a changing environment. We will continue to modernise the supervisory model by using advanced analytical tools and artificial intelligence and by reforming banking supervision to make it more streamlined and efficient.

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