

3 INSTITUTIONAL RESPONSIBILITY REPORT



Discounting of bills from remittances. Historical Archive of the Banco de España. 1930

In recent years, the Banco de España has undertaken a series of actions which, under the concept of “institutional responsibility”, complement the direct exercise of the tasks conferred on it by European and Spanish law. This institutional responsibility, as an element which contributes to improving society at large and benefits citizens in particular, is also being exercised by other European central banks, with an impact on social development in those countries.

These activities, which public institutions that play such a key role in the economy have traditionally engaged in, need to be adapted to society’s changing needs, by supporting new initiatives in this sphere that may be more appropriate in terms of progress and the development of society.

Among these activities, financial education or financial literacy undoubtedly play an important role, since they directly contribute to citizens, the great majority of whom have a business relationship with the banking system, being able to make more informed and rational decisions. In addition, there is a vital need to foster financial literacy among young people so that, during their years of study, they become familiar with the main financial concepts that form part of their education.

The Banco de España considers the financial assistance provided for economic research to be an essential aspect of its institutional responsibility, a vital contribution to the study of economic issues, which leads to higher levels of social development.

Moreover, also in the context of social enhancement, our institution has a strong tradition in specific patronage tasks relating to cultural and social activities to help maintain and foster certain actions performed by public or private institutions of reference which clearly benefit society. The Bank also fosters the maintenance and improvement of its undeniable cultural and artistic heritage, as a key reference to its past, present and future.

This chapter summarises some of the actions performed in the field of institutional responsibility from this perspective.

3.1 FINANCIAL EDUCATION

The Banco de España fosters financial education through various means, notably its website, which offers a great deal of information in several portals designed for such purpose, such as the aforementioned *Portal del Cliente Bancario*, the *Portal Educativo* or the portal called *Finanzas para todos* (Finance for all). These portals aim to cater for the educational and information needs of citizens, particularly of individuals who customarily have dealings with any of the institutions in the financial system or who hold products offered by them.

For years, the Banco de España has, in conjunction with the CNMV, set itself the primary objective of promoting financial literacy among citizens through the Financial Education Plan (FEP). In this context, one of the most visible initiatives was the aforementioned Finance for All portal, which received a total of 2,557,650 visits in 2017.

Other notable developments in 2017 were the launch of an innovative financial knowledge competition for secondary school and vocational training students and, in particular, the renewal of the cooperation agreement between the Banco de España and the CNMV to continue implementing the Plan over the next four years.

On October 2, coinciding with the third edition of Financial Education Day, which is held every year on the first Monday in October, the Governor of the Banco de España and the president of the CNMV renewed the aforementioned agreement, entered into for the development of the FEP over the next four years (2018-2021).

In 2017, an inter-school competition based on students' financial knowledge was held for the first time. The competition, which was open to schools that had signed up for the Financial Education Programme for Schools of the FEP, consisted of a game questions and answers on financial issues, and several elimination rounds: the first of these was held online and the others onsite at different branch offices of the Banco de España and at the



Financial Education Day (*Finance for All*), attended by the State Secretary for Economic Affairs, Industry and Competitiveness, the Governor of the Banco de España, the State Secretary for Education, Vocational Training and Universities, and the president of the CNMV (left). Group photo of the winners of the Financial Education Programme for Schools: Al-Satt Secondary School, Algete, Madrid (right).



School workshop on banknote counterfeiting, organised by the Cash and Issue Department.

Madrid head offices of the CNMV. The final was hosted at the Banco de España's Madrid head offices, as part of the main event of Financial Education Day, and the winning team was from Al-Satt Secondary School (in Algete, Madrid), with the Gustavo Adolfo Bécquer Secondary School (from Seville) coming second. The competition was well received by the educational community and is expected to be held every year, as this type of initiative contributes to the promotion of financial education among young people. It should be noted that this is one of the priorities of the FEP, in line with the OECD recommendation that the financial education of the population should start at school.

On another front, and in order to encourage cooperation with other general government sectors to promote awareness of the Plan and its Programme for Schools, in 2017, visits were arranged involving various consumer, financial and educational organisations in fifteen regions (Andalusia, Aragon, Asturias, the Balearic Islands, the Canary Islands,



A group of visitors looking at the Mayer stained-glass windows at the Banco de España's head offices.

Cantabria, Castile-La Mancha, Castile and Leon, Catalonia, Extremadura, La Rioja, Madrid, Murcia, the Basque Country and Valencia).

The Central Banking and Supervision Programme promotes awareness of price stability and of financial and payment systems.

The Banco de España's Central Banking and Supervision Programme is based on the belief that, in a modern and democratic society, the proper functioning of institutions requires citizens to become familiar with them. The purpose of the Programme is to promote awareness of price stability, financial and payment systems, and the cash cycle, to enable adults and young people to become familiar with the mission of a central bank and a supervisory authority.

Some of the initiatives of the Central Banking and Supervision Programme include most notably: the "Generation Euro" competition, where upper-level secondary and vocational training students propose a decision on interest rates to be adopted days later by the ECB's Governing Council; the events organised at the branch offices of the Banco de España to provide teachers with support for training students in different subjects relating to central banking and supervision and for various teaching activities on banknotes and coins. Lastly, the Central Banking and Supervision Programme also includes a project of guided tours for schools and universities at its Madrid head offices and the branch network, which received more than 12,400 visitors in the 2016-2017 school year. These visits, which aim to bring the Banco de España closer to citizens, can be requested through the *Portal Educativo* (portaleducativo.bde.es).

3.2 RESEARCH GRANTS AND SCHOLARSHIPS

As a centre fostering economic research and internships, the Banco de España periodically organises programmes to encourage the presence and participation of researchers at the Bank, the details of which are published on its website.

Different grants for economic research were awarded and the participation of researchers was encouraged.

As regards the Banco de España's Research Plan, over the course of 2017 the Executive Commission selected a total of six research projects on economics, based on the excellence of the applicant's research, on its quality, interest and complementarity and hired six researchers for periods ranging from four to eight months who were assigned to the Directorate General Economics, Statistics and Research, the Directorate General Financial Stability, Regulation and Resolution, and the Associate Directorate General International Affairs.

The Banco de España provides scholarships for further studies and master's degrees. It also has an Excellence in Education and Research Programme.

In 2017, the Banco de España granted five scholarships for further studies abroad and official master's degrees in Spain during the 2017-2018 academic year, and their renewal for another academic year (2018-2019). In addition, the granting of five additional scholarships for further studies during the 2018-2019 academic year, and the request for renewal in 2019-2020, was also approved. These are intended for university graduates and, exceptionally, students in the final year of their degree.

Also, the Banco de España promotes its Excellence in Education and Research Programme directed at Spanish universities and think tanks, which promotes excellence in teaching and research in subjects that are of interest to a central bank, in the areas of macroeconomics, monetary policy, finance, regulation and supervision of the financial system, international economics and economic history. In 2017 two grants were awarded within the framework of this programme for the 2017-2018 academic year, for research projects focusing on macroeconomics and monetary, financial and banking economics.

The screenshot shows the 'Portal Educativo' website. The main heading is 'Programa de prácticas académicas externas de estudiantes universitarios'. Below this, there is a detailed description of the program, including eligibility criteria and application procedures. A list of required documents is provided, such as 'Original y copia del DNI/pasaporte/NIE y número de afiliación a la Seguridad Social', 'Declaración de datos personales', 'Declaración jurada de antecedentes penales', 'Compromiso de cumplimiento de normas', and 'Formulario de presentación de documentación'. The page also includes a 'Volver' button and a footer with 'Acreditación | Aviso Legal | Política de cookies'.

Section on the work experience programme for university students in the Educational Portal (*Portal Educativo*).

The screenshot shows the 'Economic Research Portal' website. The main heading is 'ECONOMIC RESEARCH'. Below this, there is a 'Welcome to the Economic Research Portal at the Banco de España' section. The page includes a navigation menu with 'Home', 'Working Papers', 'Economic Bulletin', 'Research Update', 'Other Publications', 'Data and Resources for Research', 'Seminars', 'Conferences', 'Research staff (alphabetical)', 'Research staff (by department)', 'Job opportunities', and 'Links'. The main content area features a 'Welcome to the Economic Research Portal at the Banco de España' message, followed by 'News and highlights' and 'Publication Updates'. The footer includes 'Acreditación | Aviso Legal | Política de cookies'.

Economic Research Portal of the Banco de España.

The Banco de España contributes a maximum of €25,000 per research project. Also, an additional amount of €5,000 is awarded for publishing the results of the project in an academic journal of international renown.

3.3 INTERNATIONAL COOPERATION

The Banco de España maintains a close relationship with the IMF, the World Bank and the European Central Bank. It also forges agreements and/or strong cooperation ties with other institutions, mainly Latin American, including most notably the cooperation agreement in place with the Center for Latin American Monetary Studies (CEMLA) and the cooperation with the Association of Supervisors of Banks of the Americas (ASBA), the Latin American Reserve Fund (LRF), the Central American Monetary Council (CMC) and the Ibero-American Institute of Securities Markets (IIMV).

Along these lines, and to implement the International Non-Regulatory Cooperation Agreement with CEMLA, the drawing up of the Technical Assistance Programme to Strengthen the Accounting Regulatory Framework in Latin America was agreed. In 2017, the programme was implemented in Uruguay and Guatemala, soon to be joined by Ecuador and Colombia. Also within this framework, a new Fintech, project was embarked on, the contents of which will be adapted to the needs of the Latin American community.

As regards the International Non-Regulatory Cooperation Agreement entered into with Morocco's central bank, a number of cooperation activities were carried out, notably study visits to various departments, including the banknote printing works. Moreover, in 2017, new international cooperation agreements were entered into, with Cuba, on 23 February 2017, and with Chile, on 20 November 2017. In the case of Cuba, the Banco de España organised, in two sessions over two days, a summarised version of its most successful seminars, adapted to the needs of the Banco Central de Cuba. The first session centred on conjunctural analyses and the second on central bank governance.

As regards regular cooperation activities, 19 events were organised in 2017, including seminars, workshops, course and expert meetings, four of which took place in Latin American headquarters. In addition to the traditional ones (Payment Systems, Course on Cash Management, International Seminar on Financial Regulation, Supervision and Resolution, or the International Central Banking Seminar), the fifteenth edition of which



Joint World Bank-Banco de España Conference: «The future of globalisation and economic integration in Europe and Latin America: Implications for growth and social equality» (left). First meeting of Fintech experts, Europe Room (right).

were held in 2017, others were organised, such as the Seminar on Governance and Central Banking, the Seminar on Financial Stability or the Seminar on the Banco de España's Model for Collecting Data from Financial Institutions and Non-Financial Corporations. In addition, new seminars and courses were held, such as the Seminar on Remittances, Migration and Financial Inclusion and the Course on Household Finance Surveys. The Banco de España also hosted the first meeting of Fintech experts at its Madrid head offices. There were also more than fifty-six visits within Spain and missions abroad, maintaining a high level of cooperation through the enquiries received and responded.

Finally, as a member of the international cooperation working group created in the ECB's International Relations Committee (ICR), the Banco de España, together with five other central banks and the ECB, participated in an *ad hoc* working group to develop a set of principles and good practices for international cooperation in the ESCB.

3.4 BENEFICENT SOCIAL AND CULTURAL FUND

The Banco de España has a Beneficent Social Fund.

The Beneficent Social Fund (BSF) was created under Law 192/1964 of 24 December 1964, on the allocation of the Banco de España's annual profit, which provides that the Bank may allocate certain amounts to the BSF after deducting overhead costs and administrative and financial expenses from its gross profit.

Under the related regulations implementing the aforementioned law, the provision to the Banco de España's BSF may not exceed 1% of the Bank's net profit for each year. Contributions made with a charge to the BSF must be used for intellectual, cultural or social purposes, including most notably for economic research, financial education, social and humanitarian, and cultural, purposes.

In 2017, contributions were made to educational and cultural activities, social and humanitarian assistance and scientific and analytical collaborative projects.

Against this backdrop, over the course of 2017, the Executive Commission authorised financial assistance with a charge to the BSF for a total amount of €2,094,049. Such assistance is granted within the framework of different fields of action, such as: educational and cultural activities, social and humanitarian assistance, and academic and professional collaborations.

The Transparency Portal of the Banco de España includes information on the contributions authorised with a charge to the BSF, indicating the overall amount authorised by category. Some of the most significant subsidies authorised in 2017 are the following:

- Assistance classified under the “Educational and cultural activities” category, including most notably scholarships for further studies; contributions for the fulfilment of the founding purposes of Fundación Princesa de Asturias, Fundación Reina Sofía, Fundación Carolina and Fundación Isaac Albéniz; contributions for fulfilment of the goals of the Spanish Economic Association, and of the activities of the economic research chair “Banco de España – Enrique Fuentes Quintana” or sponsorship of the Teatro Real's social programme.
- Assistance classed as “social and humanitarian aid”, including for the Spanish Cancer Association and the Spanish Red Cross; aid which aims to meet the founding purposes of the Food Banks and the Foundation for Aid against Drug Addiction or to comply with the Spanish National Plan on Drugs; or contributions to the relief activities conducted by Caritas Spain, the Betesda Foundation or the Association of Retirees.
- Various “academic and professional collaborations” in programmes or events relating to economic or financial matters.

The Banco de España collaborates with the Museo del Prado and the Museo Nacional Centro de Arte Reina Sofía.

Finally, the Banco de España has entered into collaboration agreements with two national museums, the Museo del Prado and the Museo Nacional Centro de Arte Reina Sofía, which have made it possible to establish a fluid communication and advisory channel for different issues relating to the dissemination and preservation of the Bank's artistic heritage, facilitating diverse actions or opinions of a scientific nature and on the state of conservation in connection with different acquisition proposals, recommendations by restoration specialists, etc.

3.5 ARTISTIC, HISTORICAL AND BIBLIOGRAPHIC HERITAGE

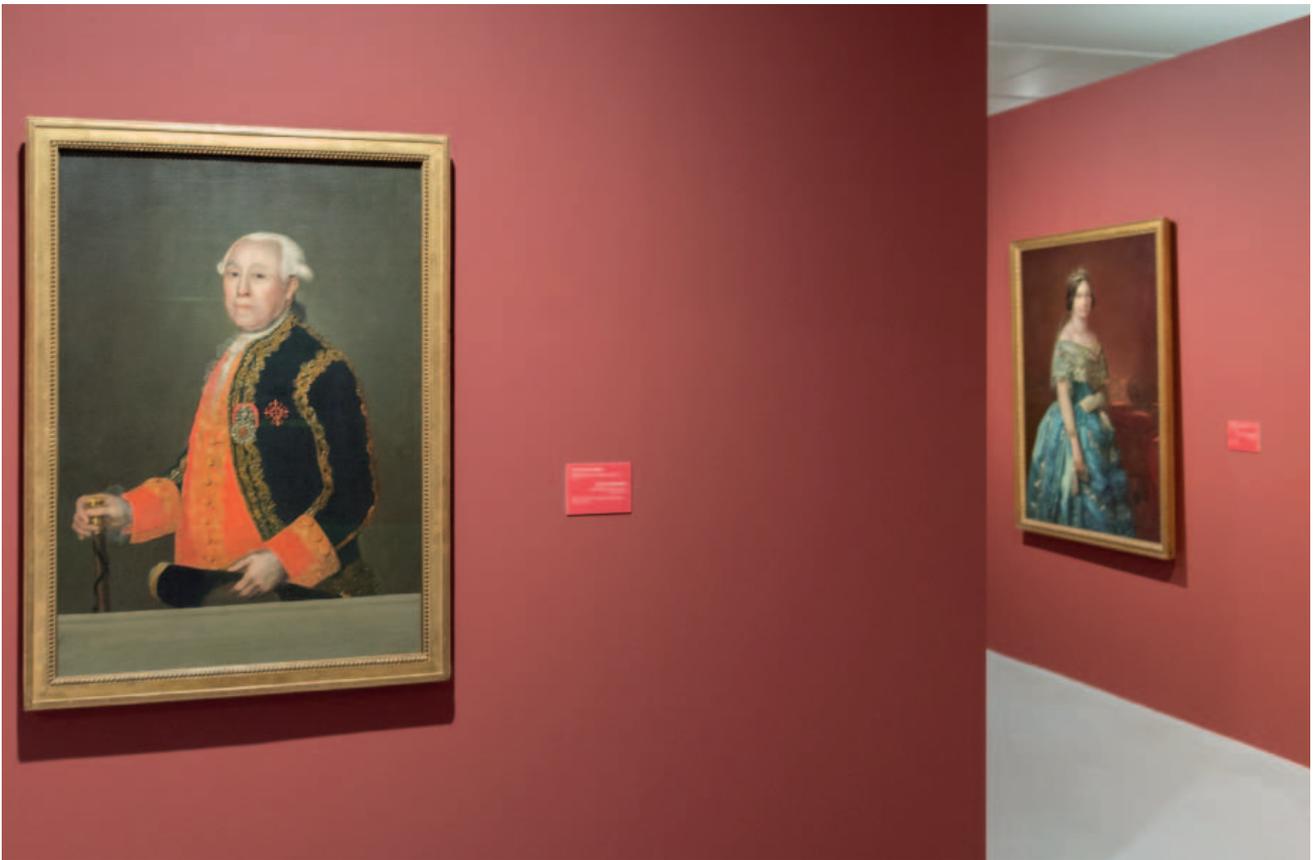
The Banco de España's heritage can be divided into three broad categories which are described below and share a common feature, that of forming part of a historical, artistic and cultural heritage which dates back to the institution's origins, with the foundation of the Banco de San Carlos in 1782. The conservation, maintenance and restoration of this heritage is one of the main areas of institutional action, as are the initiatives undertaken to facilitate access to our cultural heritage to the largest possible number of people. The development of new technologies and the dissemination of all this information on our website undoubtedly contributes to this goal.

3.5.1 Artistic heritage

Delivering on one of the main priorities affecting its art collection, that is, its conservation, the Banco de España launched the Plan for Preventive Conservation and Restoration in 2017, analysing approximately 700 works of art from its collection of paintings, sculptures and photographs. It also adopted and implemented a second plan relating to works on



The Goya Room, following refurbishment and museographic improvements.



Exhibition titled "De Goya a nuestros días. Miradas a la Colección Banco de España" (From Goya to the present day: a look at the Banco de España Collection), at the Mohammed VI Museum of Modern and Contemporary Art in Rabat, Morocco.

paper, which affected another 335 works of art. These initiatives have enabled the identification of the works of art that require restoration and the detection and assessment of the external adverse risks affecting collections, so that measures can be adopted to remedy them. In order to implement the actions derived from the Conservation Plan, an area was accommodated as a workshop, enabling the restoration, inside the Bank itself, of 13 works of art, which notably included the portrait of Echegaray, by Joaquín Sorolla, and that of Ferdinand VII, by Vicente López.

Also in 2017, the Bank refurbished and made museographic improvements to the Goya Room. The new lighting system, specifically designed for this space, together with the changes in the colour scheme and the removal of several decorative features, no doubt provide a better showcase for this magnificent collection of portraits, with the new background chosen to enhance the paintings and the elimination of the glare on the canvases caused by old lighting system. The new museographic features also ensure more effective conservation of the paintings.

In 2017, the Banco de España disseminated its artistic heritage in two ways: by lending works of art for various exhibitions in national museums and by organising a temporary exhibition of part of its collection in Morocco, under the title “De Goya a nuestros días. Miradas a la Colección Banco de España” (From Goya to the present day: a look at the Banco de España Collection), in the Mohammed VI Museum of Modern and Contemporary Art in Rabat. This exhibition allowed visitors to become acquainted with key works of art from the collection through a selection of around 100 paintings, which included royal portraits and portraits of Banco de España governors, and other paintings by Spanish and international artists covering the period from the 1950s to the present day. A complete catalogue was produced containing photographs of the works of art and explanatory texts to help understand the nature of the exhibition.

Moreover, eleven works of art (paintings, drawings, photographs and sculptures) was processed, were acquired to complete the Bank’s collection, under the criteria established in the internal regulations. For these acquisitions, the Bank received advice from experts from the national museums with which it has entered into collaboration agreements.

3.5.2 Historical Archive and numismatic collection

The various actions carried out in 2017 affecting the Historical Archive and the numismatic collection of the Banco de España can be divided into the following areas: treatment, conservation, dissemination of its documentary heritage, and documentation service.

The Historical Archive continued work on the recovery project for the Bank’s collection of more than 16,000 photographs.

Treatment actions in 2017 included the ongoing recovery project for the Banco de España’s photographic collection, which entailed identifying, cataloguing and appropriate presentation of more than 9,400 photographs which, added to the 6,600 treated in 2016, gave a total of 16,000 photographs. This work significantly enhances the Banco de España’s documentary heritage and improves our knowledge of the institution’s history. The recovery project is expected to continue in 2018, with treatment of an additional 7,000 photographs.

Also in 2017, various historical document conservation actions were carried out, including the restoration of 402 books from the period running from 1700 to 1962,



Bilbao branch office employees, 1936 (top left). Cashier from the Badajoz branch office, 1909 (top right). Visit to the Banco de España by Umberto II of Savoy, accompanied by Joaquín Benjumea Burín, in the late 1950s (bottom left). Tangiers agency employees, 1936 (bottom right).

most of which are accounting ledgers of the Banco de San Carlos (1782-1829), reflecting much of the work of the Banco de España’s first predecessor. The restoration work has recovered the physical and functional integrity of this important collection of documents, reversing the damage it had suffered and ensuring its future conservation.

“Goya in the documents of the Banco de España” exhibition.

Coinciding with the celebration of International Archives Day, on 9 June, the Banco de España organised an exhibition titled “Goya in the documents of the Banco de España”, which displayed documents bearing witness to the fact that Francisco de Goya painted the portraits of the first directors of the Banco de San Carlos and of King Carlos III dressed in hunting attire. Thanks to these documents, the then adviser Francisco Belda, later appointed Deputy Governor, was able to prove Goya’s authorship, called into question by critics and experts at the time, thereby showing that the careful management of historical documents, and keeping records of any actions affecting them, ensures that responsibilities are met and the institution’s memory preserved.

Project for the recovery of historical banking archives in Spain.

With respect to the recovery of cultural heritage, in 2017 the Banco de España continued to work on the project for the recovery of the historical archives of Spanish banks, focused on contributing to the conservation of banking archives in Spain, often in danger of being lost or destroyed because of the lack of awareness of their historical and heritage value. The project, in which archive professionals from banks and savings banks have participated, will conclude in early 2018, with the publication



Restoration of a book from the Archive.

of the *Guía de los archivos de la banca en España* (“Guide to the archives of Spanish banks”). The project has had a huge impact on the location and recovery of the historical archives of institutions that no longer exist and has strengthened professional and institutional relations between banks.

As regards the services provided by the Archive of the Banco de España and the availability of its resources, 137 queries were dealt with and various reports were prepared based on research by experts and specialists, which have resulted in the reconstruction of situations and events of the past, to help to explain or resolve current actions, such as refurbishment and restoration of buildings or legal claims. The Historical Archive was visited by 68 external researchers or users, whose work covered a wide range of subjects, notably the Bank’s buildings, employees and prominent figures associated with the institution, the financial system, monetary policy and civil engineering works, viewed from a historical perspective.

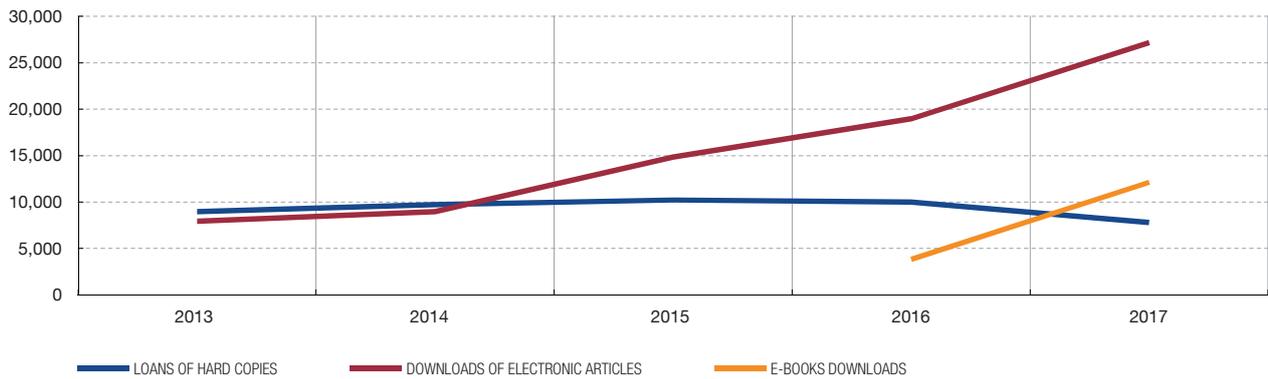
3.5.3 Bibliographic heritage

In 2017, the Library continued to enhance its lending and information services. It registered 217 new users of the bibliographic fund loan service and six new external researchers with permission to access the Special Value Collection. The number of publications consulted rose by 48%, despite the fact that the number of external readers who visited the Library fell, compared with 2016. This decrease in visits was the logical consequence of the reduced physical space available, owing to the refurbishment of the reading room.

Continuing with the initiative launched in the previous year, the Library increased its purchases of books in electronic format. As a result, its collection of e-books doubled and their use increased threefold (12,131 downloads). This, combined with the 43% increase in electric journal downloads (27,161), clearly shows the predominance of electronic formats as a source of the most up-to-date information. However, the collection of printed books was not neglected, with 1,378 new book purchases and a total of 7,799 loans of hard copies.

In 2017, the Library dealt with a total of 1,635 information requests, and lent 90 books to other libraries and institutions, through its interlibrary loan service.

LOANS VS DOWNLOADS



SOURCE: Banco de España.

As regards the Special Value Collection, an essential part of the Bank's bibliographic heritage, the full usability of 277 volumes was regained and their long term conservation ensured, as a result of the restoration project under way. Also, work continued on the digitalisation of part of this collection. A total of 576 volumes, containing more than 215,000 pages, were digitalised.

On the occasion of the III Seminar on Economic History hosted by the Banco de España, the Library organised an exhibition of economic history publications issued by the Bank, and the publication of a leaflet titled "The economic history in the Banco de España".



Speech delivered by Charles Goodhart, from the London School of Economics, at the III Seminar on Economic History (left). Leaflet titled *La historia económica en el Banco de España* ("The economic history in the Banco de España"), right.

3.6 OTHER ACTIVITIES

The Banco de España's procurement policy gives priority to environmental protection.

In the sphere of environmental protection, the Banco de España generally requires firms participating in tender procedures that are subject to environmental contingencies to provide evidence of compliance with certain related management rules and that they submit the certificates required under the applicable regulations, establishing for this purpose specific contractual clauses.

These requirements are part of a set of environmental prevention and management measures, notably including those relating to monitoring paper consumption and recycling, selective waste removal and management, monitoring energy and water consumption, measurement of CO₂, energy efficiency measures for buildings and promoting the use of renewable energies and cogeneration.

Also, the efficiency of energy control measures has become the object of periodic energy audits to assess energy consumption and efficiency of buildings and to propose energy-saving measures.

Our institution also has a computer equipment donation programme in place. In 2005 the Banco de España implemented a PC and laptop donation programme whereby it donates equipment (in perfect working order and fully depreciated) to different non-profit institutions, such as schools and NGOs, that request them. This programme facilitates the adequate use of the Bank's resources while helping to implement new technologies across all educational stages and among disadvantaged groups.

A total of 276 computers were donated to non-profit institutions.

Under this programme, in 2017 the Banco de España donated 276 computers to non-profit institutions. Of these, 88% were primary and secondary schools, universities and adult education centres, while around 12% related to several associations dedicated to the protection of persons without financial resources.

Finally, through the Sports and Cultural Club of Banco de España Employees, staff members participated in and carried out different sports activities, such as events and competitions, and cultural activities, particularly related to music and the theatre, which are amply supported by employees.