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SUPERVISION AND OVERSIGHT AT THE BANCO DE ESPAÑA



MICROPRUDENTIAL SUPERVISION

Ensure the solvency, liquidity and smooth functioning of credit institutions and other institutions in the financial system, as well as compliance with prudential regulations. This also contributes to the stability of the financial system



MACROPRUDENTIAL POLICY

Safeguard financial stability, through the use of macroprudential instruments, to prevent and mitigate systemic risks and vulnerabilities



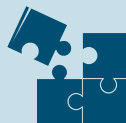
SUPERVISION OF CONDUCT, TRANSPARENCY AND CUSTOMER CARE

In addition to verifying effective compliance with the rules, further banks' cultural transformation towards a responsible banking model, to ensure an appropriate financial relationship with their customers



SUPERVISION OF THE PROVISION OF PAYMENT SERVICES

Safeguard security in the provision of payment services with the aim of promoting an integrated, secure and efficient payments market



OVERSIGHT OF MARKET INFRASTRUCTURES

Promote the smooth operation of payment systems and instruments and ensure that the functioning of securities clearing, settlement and registration systems preserves the stability of the financial system as a whole



OTHER SUPERVISORY FUNCTIONS

Ensure compliance with regulations on covered bonds and simple, transparent and standardised securitisation. Collaboration on AML/CFT supervision with CPMLMO and SEPBLAC and other supervisors

1.1 Supervisory and oversight functions of the Banco de España

The Banco de España has supervisory powers over credit institutions and over other financial institutions or undertakings related to the financial system operating in Spain. These supervisory and oversight functions are summarised in Figure 1.1.

Microprudential supervision aims to ensure the solvency and liquidity of credit institutions, as well as compliance with prudential regulations. Within the framework of the Single Supervisory Mechanism (SSM), the microprudential supervision of the banking sector is exercised jointly by the European Central Bank (ECB) and the national competent authorities of each country —including the Banco de España— to ensure consistent and standardised supervision among the participating countries. The SSM's objectives, governance, participants and supervisory model can be found at this [link](#).

Outside the scope of the SSM, the Banco de España is the supervisory authority of institutions other than credit institutions (see [link](#)) that provide services or perform activities related to the financial system.

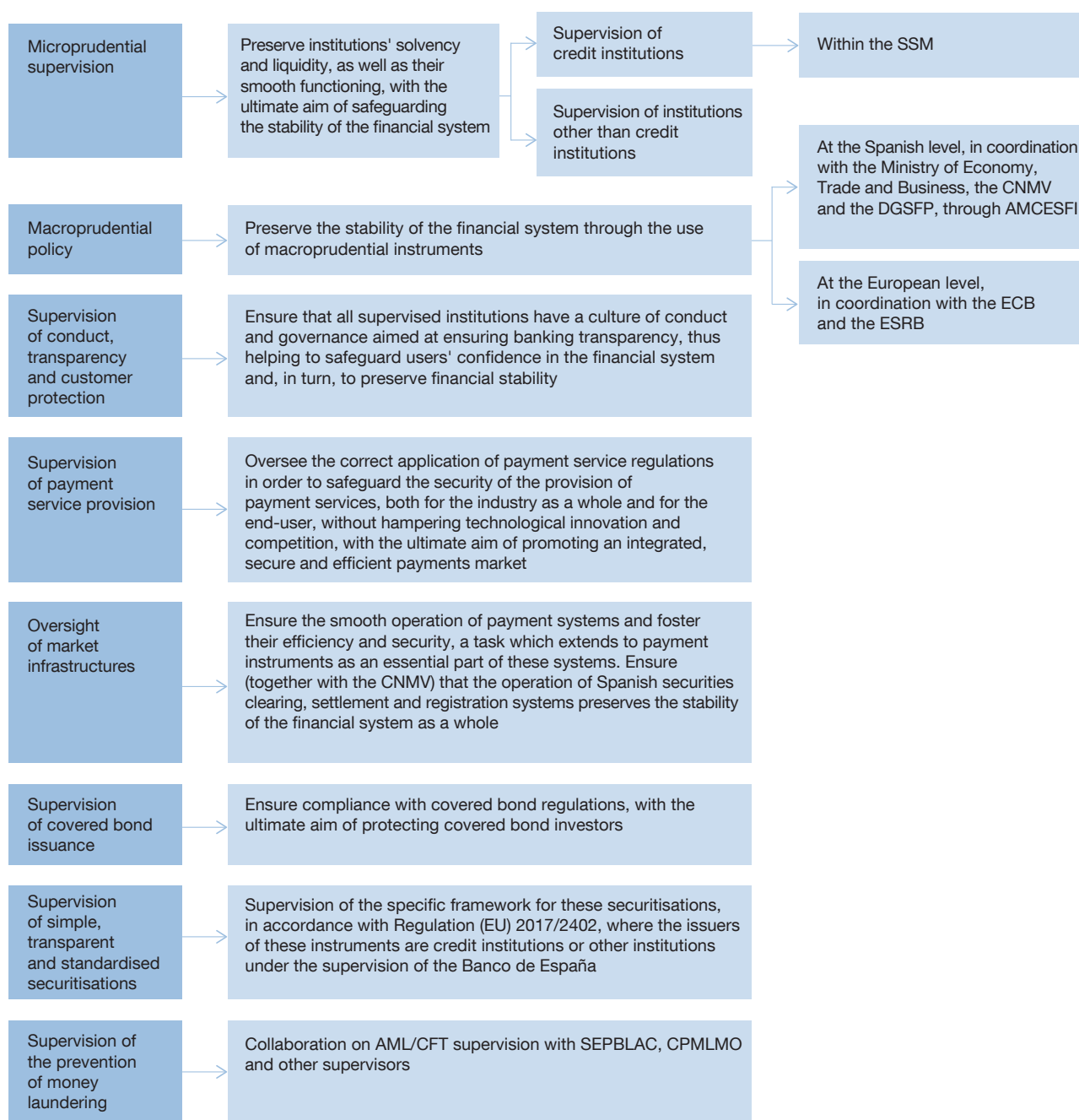
Macroprudential policy aims to safeguard financial stability through the prevention and mitigation of systemic risks and vulnerabilities (see [link](#)). In the exercise of these functions, the Banco de España has macroprudential tools to prevent the accumulation and materialisation of systemic risks in the banking sector and to reduce the effects of their potential materialisation.

The Banco de España participates, together with the Ministry of Economy, Trade and Business, the National Securities Market Commission (CNMV) and the Directorate General of Insurance and Pension Funds (DGSFP), in the Spanish Macroprudential Authority Financial Stability Council ([AMCESFI](#)), which aims to identify, prevent and mitigate the development of systemic risk factors and contribute to preserving the stability of the Spanish financial system as a whole.

The Banco de España is also responsible for the supervision of institutions' conduct, transparency of information and proper treatment of customers. From a preventive supervision approach, and beyond the verification of effective compliance with the rules, the objective is to further strengthen institutions' culture towards a responsible banking model, as a way of guaranteeing an appropriate financial relationship between institutions and their customers. The functions in the area of conduct can be seen [here](#).

Figure 1.1

SUPERVISORY AND OVERSIGHT FUNCTIONS OF THE BANCO DE ESPAÑA



SOURCE: Banco de España.

The Banco de España is responsible for overseeing payment systems and instruments, and shares with the CNMV the oversight of financial market infrastructures. More information on the oversight of payment systems can be found at this [link](#).

In relation to the supervision of the provision of payment services, there is a specific regulatory framework, the Second Payment Services Directive (PSD2). This framework

regulates payment services and payment service providers, placing special emphasis on operational and security risk requirements.

Moreover, as a result of the entry into force of Royal Decree-Law 24/2021,¹ the Banco de España is responsible for the supervision of covered bonds. This new regulation enhances investor protection and strengthens the supervisory regime for these instruments. In addition, the Banco de España must authorise covered bond programmes issued under it.

Also, in 2023 the Banco de España assumed the supervision of the specific framework for simple, transparent and standardised securitisations, provided for in Regulation (EU) 2017/2402, when the issuers of these instruments are credit institutions or other institutions under the supervision of the Banco de España, in accordance with Law 5/2015 of 27 April 2015 on the promotion of business financing, as amended by Law 6/2023 of 17 March 2023 on Securities Markets and Investment Services.

Lastly, the Banco de España collaborates closely with the Commission for the Prevention of Money Laundering and Monetary Offences (CPMLMO) and its Executive Service (SEPBLAC) in the supervision and inspection of compliance with the anti-money laundering and countering the financing of terrorism (AML/CFT) obligations of the institutions supervised by the Banco de España, as established by Spanish legislation and the cooperation and coordination agreement entered into with the CPMLMO.

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

The supervisory function is performed by the Banco de España's different directorates general and departments, as detailed in Figure 1.2.

¹ Royal Decree-Law 24/2021 of 2 November 2021 on the transposition of European Union directives on covered bonds, cross-border distribution of collective investment undertakings, open data and re-use of public sector information, exercise of copyright and related rights applicable to certain online transmissions and retransmissions of radio and television programmes, temporary exemptions for certain imports and supplies, for consumers and for the promotion of clean and energy-efficient road transport vehicles.

Figure 1.2

ORGANISATION OF BANKING SUPERVISION AND OVERSIGHT AT THE BANCO DE ESPAÑA

DIRECTORATE GENERAL BANKING SUPERVISION	Significant Institutions Department I	<ul style="list-style-type: none"> – Ongoing off-site supervision of the three largest Spanish SIs and of the branches and subsidiaries in Spain of European SIs, through the JSTs – Participation in the granting of credit institution start-up licences and in other administrative procedures relating to supervised institutions – Approval of management protocols and financial plans of banking foundations
	Significant Institutions Department II	<ul style="list-style-type: none"> – Ongoing off-site supervision of the seven other Spanish SIs through the JSTs – Participation in the granting of credit institution start-up licences and in other administrative procedures relating to supervised institutions – Approval of management protocols and financial plans of banking foundations
	Department of LSIs and other Institutions outside the SSM	<ul style="list-style-type: none"> – Supervisory action planning for LSIs and the other institutions under its supervision – Ongoing off-site supervision and on-site inspections of: <ul style="list-style-type: none"> • Spanish LSIs • Other institutions outside the scope of the SSM: ICO, SLIs, Pls, account information service providers, ELMs, MGSs, reguarantee companies, currency-exchange bureaux, appraisal companies and Sareb – Participation in the granting of institution start-up licences and in other administrative procedures relating to supervised institutions
	Department of Inspections, Internal Models and AML	<ul style="list-style-type: none"> – On-site inspections and internal model investigations of SIs within the SSM – Internal model investigations of LSIs – Preparation of technical studies and reports for departments of the Banco de España – Planning, implementation and monitoring of AML/CFT supervisory actions
	Horizontal Functions Department	<ul style="list-style-type: none"> – Horizontal analysis of risks (such as credit risk, business risk, operational risk, liquidity risk, etc.) – Establishment of supervisory policy and development of supervisory methodology – Definition of bank accounting regulations and handling of related queries – Supervision of covered bond issues and of simple, transparent and standardised securitisations – Coordination of DG.SUP participation in the stress tests of Spanish institutions – Market risk and structural liquidity and interest rate risk inspections – Preparation of technical studies and reports for Banco de España services and external agents – Development of supervisory support tools to exploit the information available at the Banco de España
	SSM Coordination and Supervisory Strategy Department	<ul style="list-style-type: none"> – Preparation and monitoring of annual supervision planning – Definition of SSM supervisory strategic planning and second line of defence – Coordination, support and advice for the Banco de España's participation in Supervisory Board meetings and other SSM events – On-site IT risk inspections of SSM SIs and of LSIs – Assessment of Spanish regulatory sandbox projects and enhancement of the sector's cyber resilience – Promotion of technological innovation in the DG.SUP
	Organisation and Quality Division (Corporate Functions)	<ul style="list-style-type: none"> – Quality control in the supervisory process – Training of DG.SUP staff – Coordination of DG.SUP corporate functions and IT security
DIRECTORATE GENERAL FINANCIAL STABILITY, REGULATION AND RESOLUTION	Financial Stability and Macroprudential Policy Department	<ul style="list-style-type: none"> – Analysis of financial system risks and vulnerabilities – Formulation of macroprudential policy proposals – Coordination with AMCESFI, the ESRB and the ECB's macroprudential function – Stress tests (FLESB)
	Financial Reporting and CCR Department	<ul style="list-style-type: none"> – Receipt, quality control and forwarding of supervisory information that credit institutions and other supervised institutions are required to submit to the ECB and to the Banco de España – Management of the Central Credit Register and of Anacredit – Calculation and validation of compliance with the minimum reserve ratio – Preparation of financial statistics and draft regulations on regular reporting by institutions
	Regulation Department	<ul style="list-style-type: none"> – Analysis, definition and monitoring of regulatory policies applicable to supervised institutions – Coordination with the EBA, FSB, BCBS and other international fora – Development and interpretation of prudential regulations
GENERAL SECRETARIAT	Deputy General Secretariat	<ul style="list-style-type: none"> – Participation in the assessment of compliance with suitability requirements for SI senior officers – Maintenance of the Senior Officer Register – Participation in the granting and withdrawal of institutions' authorisation – Maintenance of the Register of Institutions and of Agents in Spain and issuance of certifications on the information contained therein – Management of the single European passport – Supervision of vetted access to activity and name reservation – Availability to the public of registers published on the Banco de España and EBA websites
	Legal Department	<ul style="list-style-type: none"> – Handling of sanctioning proceedings – Advice to the Banco de España's governing bodies and departments on matters relating to its powers, including its functions as central bank and member of the ESCB and as supervisor and member of the SSM and the SRB
DIRECTORATE GENERAL FINANCIAL CONDUCT AND BANKNOTES	Institutions' Conduct Department	<ul style="list-style-type: none"> – Supervision of market conduct and compliance with information transparency and customer protection regulations of supervised institutions through onsite inspections and ongoing monitoring – Preparation of regulations and circulars on conduct, transparency and customer protection – Participation in international committees on regulation and supervision

SOURCE: Banco de España.

Figure 1.2

ORGANISATION OF BANKING SUPERVISION AND OVERSIGHT AT THE BANCO DE ESPAÑA (cont'd)

DIRECTORATE GENERAL OPERATIONS, MARKETS AND PAYMENT SYSTEMS	Payment Systems Department	<ul style="list-style-type: none"> — Ongoing supervision of compliance with regulations on payment services at credit institutions, PIs, ELMIs and account information service providers — Definition of supervisory policy regarding the provision of payment services — Participation in the granting of authorisations and registration of payment service providers other than credit institutions — Supervision of Iberpay as the management company of the National Electronic Clearing System — Support for and oversight of financial market infrastructures and payment instruments
	Financial Innovation and Market Infrastructures Department	<ul style="list-style-type: none"> — Coordination of the Banco de España's participation in the controlled testing space known as regulatory sandbox

SOURCE: Banco de España.

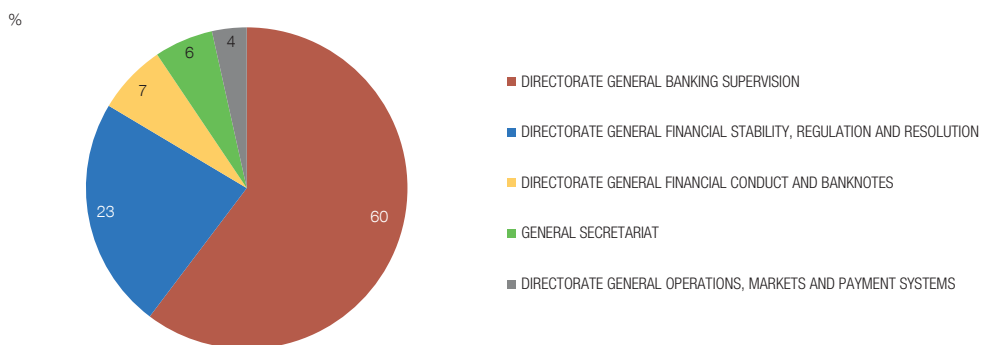
1.3 Supervisory and oversight staff

At 31 December 2023, the Banco de España had 894 employees performing supervisory and oversight functions, distributed by directorate general as shown in Chart 1.1.

Chart 1.2 shows the distribution, by professional group and gender, of Banco de España employees who carry out supervisory functions. Of these, 47.9% are men and 52.1% are women, although the distribution varies by professional group.

Chart 1.1

**SUPERVISORY AND OVERSIGHT STAFF, BY DIRECTORATE GENERAL
At 31 December 2023**



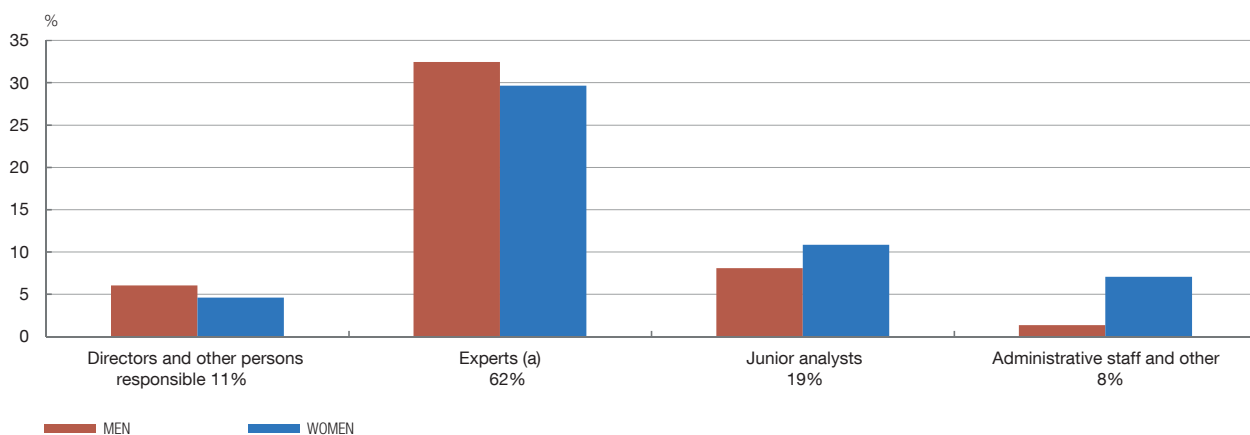
SOURCE: Banco de España.

Chart 1.2

SUPERVISORY AND OVERSIGHT STAFF, BY GENDER AND PROFESSIONAL GROUP

At 31 December 2023

The proportion of men and women is almost equal in three professional groups, notably including “Directors and other persons responsible” due to its significance. However, there are major disparities in “Administrative staff and other”.



SOURCE: Banco de España.

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