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EXERCISE OF SANCTIONING POWERS

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COROLLARY OF SUPERVISION

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PUBLICATION OF PENALTIES BY THE BANCO DE ESPAÑA

Except in exceptional cases, penalties imposed for serious and very serious infringements are published on the Banco de España's website



PRUDENTIAL AREA

The area in which the largest number of sanctioning proceedings are concentrated. In 2023, nine such proceedings (of which six were resolved) were conducted against the corresponding institutions and their directors and executives



TRANSPARENCY AND CUSTOMER PROTECTION

In 2023 two proceedings against an electronic money institution (and its directors and executives) and a bank were resolved

EXERCISE OF SANCTIONING POWERS

Sanctioning powers are closely linked to supervisory powers and, therefore, they are exercised as a necessary supplement to them. Thus, in the sanctioning area, a distinction can also be made between proceedings in the prudential area and in the transparency and customer protection area.

In the prudential area, nine proceedings were conducted, all of them against the corresponding entities and their respective directors and executives (proceedings were conducted against a total of 54 natural persons). Of these nine proceedings, six were resolved in 2023.

In this same area, the focus was on institutions' internal control, risk management and governance –paying particular attention to the effectiveness of the second and third lines of defence– and, of course, on maintaining sufficient capital to be able to deal with the risks assumed and possible shocks. Accordingly, four proceedings of this nature were being processed in 2023, three of which were resolved that year. These three proceedings were conducted against a specialised lending institution, a credit cooperative and an electronic money institution (ELMI), respectively, and against the directors and executives of these institutions. The remaining proceeding, not resolved in 2023, was initiated at the end of the year against another credit cooperative and its respective directors and executives.

Moreover, appraisal companies and their respective directors continue to be a supervisory priority, which is why it is worth noting two proceedings, both of which were resolved in 2023, due to conduct relating to their organization, procedures and internal control mechanisms.

Lastly, proceedings have been conducted in areas relating to compliance with the rules on the acquisition of qualifying holdings (a proceeding was initiated against an ELMI and some of its shareholders, which was resolved in 2023) and to intrusion. The latter group includes two proceedings, both of which are under way. The first, initiated against a company and its sole director, not only for using names reserved for credit institutions, but also for its refusal to provide information to the Banco de España's inspection services. And the second proceeding, against a company and its sole director, for allegedly engaging in the purchase of foreign currency without the required authorisation to do so.

The Banco de España also focuses on compliance with transparency and bank customer protection rules. In the exercise of these powers, two proceedings were resolved against a bank and an ELMI and the directors and executives of the latter, respectively (one of the above-mentioned proceedings in the prudential area was also initiated against this ELMI). The non-compliance that was the subject of these proceedings concerned, inter alia,

shortcomings in relation to the offer and marketing of credit cards, the accrual of interest, the settlement and charging of interest and fees, as well as the delivery and content of pre-contractual and contractual information.



For more information on the penalties imposed, please click on the link below (publication within 15 days from the date on which the penalty becomes final in administrative proceedings): <https://www.bde.es/bde/es/areas/supervision/sancion/sanciones-impues/>.