



# 1. The National Bank, an enterprise keeping pace with a changing world

*This chapter of the Corporate Report should be read in the light of the developments and trends described in the 2019 Report on economic and financial developments and prudential legislation and supervision. Similarly, it may prove useful to refer to the list of abbreviations contained in that Report when reading this chapter.*

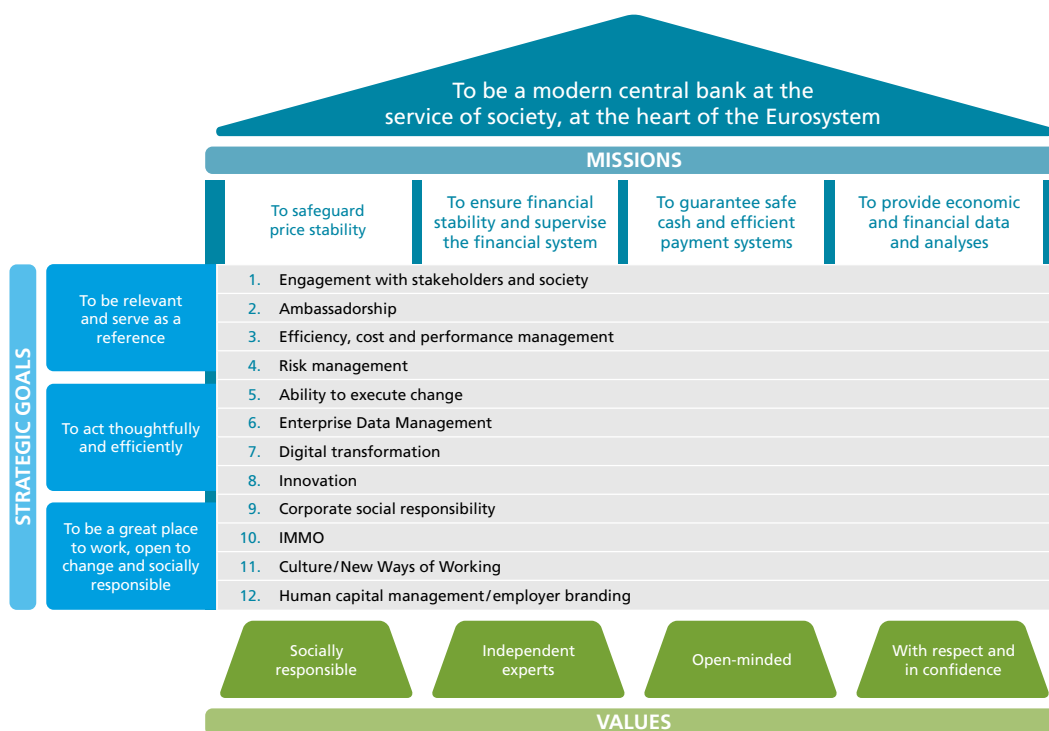
# "We are preparing for tomorrow"



The National Bank of Belgium opened its doors on 2 January 1851. Almost 170 years have elapsed since then, and in that time, the Bank has lived through two world wars, various economic and financial crises, and major socio-economic and technological changes. It has also taken part in one of the most ambitious European projects: the Eurosystem. The Bank has always assigned a central position to social issues and has managed to adapt to its changing environment.

It aims to continue responding to the community's expectations and looks to the future with confidence and an open mind.

Accordingly, a strategic exercise was launched at the beginning of 2019 involving all the staff in one way or another. A short while ago, a new internal slogan was introduced to lead the way for the Bank in this process of change: "We are preparing for tomorrow".



## The Bank's vision stems from its missions and determines its strategic goals

The purpose of the strategic exercise launched at the beginning of 2019, actively involving not only the management but also the members of staff, was to define a vision. The chosen wording illustrates what the Bank aims to be and remain: "A modern central bank at the service of society, at the heart of the Eurosystem".

To be "*at the service of society*" is the reason for a central bank's existence. If the Bank is to continue playing a credible role in the public debate, it needs to maintain its excellence and the relevance of its recommendations, and must be accountable. It must adapt to changes in society and place its expertise at the service of social debate. It aims to be an organisation geared towards change, both within the Bank and in relation to the outside world. Its Directors and staff need to maintain top-quality expertise and skills, notably in order to continue influencing the European decision-making process.

Central banks traditionally operate in four areas of activity, which are also the four main reasons for the National Bank's existence.

In accordance with the Treaty on the Functioning of the European Union, the main objective of the Eurosystem, of which the Bank is a committed member, is to **safeguard price stability**. That gives citizens and businesses the necessary assurance to plan their future.

Financial stability and sound financial institutions are essential to ensuring well-being. That is why the Bank's second mission is to **ensure financial stability and supervise the financial system**.

The Bank also has a duty to **guarantee safe cash and efficient payment systems**. Payments need to operate smoothly and people must have complete confidence in them so that the economy functions as it should, as that affects the quality of everyone's life.

The Bank's fourth mission is to **provide economic and financial data and analyses**. It is necessary to have data in order to study problems, make informed recommendations, and pursue good policies.

Sometimes these data are available, and sometimes they have to be collected. For that reason, the Bank gives third parties access to the many sets of statistics that it collects and the many studies that it conducts on the country's economy.

As was the case during most of its history, the Bank wants to continue to **be relevant and serving as a reference** in the future. It makes it a point of honour to perform its tasks correctly in order to deserve its status as a monetary and financial authority and ensure that its research and recommendations carry real weight in the public debate.

The Bank intends to take **efficient and carefully considered action**. The managers and their staff fine-tune their measures and consider how best to proceed and achieve results. Attention to detail is in the Bank's DNA.

The Bank also aims to **be a great place to work, open to change and act in a socially responsible way**. It constantly strives to improve its structures and working methods. It is central to society and aims to act sustainably and with due care.

*Serving society is the raison d'être for any central bank*





## The Bank wants to put its values into practice

The Bank is founded on four values which reflect its DNA and its corporate culture. They are a means of enabling all staff to find their place in its vision, its four missions and its three strategic objectives.

The Bank's staff serve society, but they are also players. They are consistently committed to a stable and sustainable economic and financial environment. Current topics such as sustainable development, diversity and inclusion are also an essential component of the Bank's operations. Hence the first of its four values: **"socially responsible"**.

The Bank is synonymous with reliability and accessible expertise. Its staff know that professionalism, neutrality and integrity are essential. Their critical thinking and their knowledge and skills – which may lead them, if necessary, to defend an opposing position – form the foundation of the second value: **"independent experts"**. In many respects, the Bank is no different from other businesses or institutions, but its autonomy – guaranteed by the legislature – renders it unique. The corollary to that autonomy is, of course, the obligation to be publicly accountable for its measures and decisions.

The third value of the Bank's staff is **"open-minded"**. *"Panta rhei"* said the Greek philosopher Heraclitus in around 500 B.C., meaning "everything is constantly changing". People change, society alters, instruments and tools are redesigned,

mutual relationships evolve, etc. An institution incapable of adapting will become obsolete after a time. That is why the Bank's staff feel involved in society. They take an interest and are keen to learn, they are open to new prospects and responsive to change. They stand ready to adapt. That implies anticipating, sometimes speeding up, sometimes slowing down, listening and talking openly.

The Bank's staff spend much of their working time with their colleagues. It is therefore important for everyone to feel comfortable. Diversity and inclusion enhance the quality of the work done. The fourth value, **"with respect and in confidence"**, therefore forms the cornerstone of a humane and collegiate organisation.

In conclusion, the essence of these four values can be expressed in an obvious slogan for everyone working at the Bank: "We are preparing for tomorrow".

There are sixteen strategic, transversal themes which will support the Bank's strategy and ensure its implementation in the years ahead. There is a working group for each of these themes.

Thus, there is a separate working group for each of the four missions. Other themes, such as communication, efficiency, cost management and performance management, data management, real estate, human resources management tools, the digital transformation and New Ways of Working, have already formed the subject of transversal working groups. In addition, there will be new working groups of the same type focusing





on the Bank's representation in external organisations, its flexibility and its ability to implement changes, its risk management, its role of monitoring developments and innovation, and its social responsibility.

The conclusions of these working groups, which make recommendations and propose practical measures, must be promptly translated into action and clear decisions.





The Governor, Pierre Wunsch, receives the ECB President, Christine Lagarde, at the *Hôtel du Gouverneur*.

## Visit by Christine Lagarde, President of the ECB

On 8 November, one week after taking over from Mario Draghi as the head of the European Central Bank (ECB), Christine Lagarde visited the National Bank.

Following a bilateral meeting with the Governor, Mrs Lagarde met the members of the Board of Directors to discuss the Bank's activities and current projects: the strategic exercise, the reform of human resources policy, etc. The Governor and Director Tom Dechaene, a member of the ECB Supervisory Board, also talked to her about the activities of the Governing Council.

The Board of Directors and the staff of the Bank wish Mrs Lagarde every success in her new job.

## Abolition of the Board of Censors, reform and getting more women on the Council of Regency

The year 2020 will also see the implementation of a number of changes in the organisational structure. In the fourth quarter of 2018, there was extensive media comment on the composition of the Bank's management bodies. One of the problems discussed was the under-representation of women in those bodies. The issue was also debated at political level.

In March 2019, following these discussions, the majority in the Chamber of Representatives tabled various amendments to the draft Law containing miscellaneous financial provisions when it was still under parliamentary scrutiny, with a view to amending the Bank's Organic Law. These amendments were passed and they will lead to a remodelling of the Bank's bodies with effect from the General Meeting of Shareholders scheduled for 18 May 2020.

The Board of Censors will cease to exist. Its auditing responsibilities will be taken over by the Audit Committee formed within the Council of Regency. The number of Regents who, together with the members of the Board of Directors,

form the Council of Regency will increase from 10 to 14. While the Council of Regency and the Board of Censors together had a total of 26 members, the new Council of Regency will have only 20. The Remuneration and Appointments Committee, which used to consist of two Regents, two Censors and the representative of the Minister of Finance, will from now on comprise Regents and the Minister's representative.

At least one-third of the Council of Regency members must be of the opposite sex from the other members. It will no longer be chaired by the Governor but by another of its members appointed by Royal Decree, who must be of the opposite sex from the Governor. In practice, the Council of Regency will therefore be chaired by a woman from 18 May 2020.



# How are decisions taken in Frankfurt?

## What role does the Bank play?

Most of the decisions announced by the European Central Bank (ECB) are actually taken by the Governing Council, which is the main decision-making body of both the ECB and the Eurosystem, the latter comprising the ECB and the 19 central banks of the countries which have the euro as their currency.

The Governing Council comprises the six members of the ECB Executive Board and the Governors of the 19 central banks of the euro area. They meet in Frankfurt about once every three weeks and take decisions on subjects ranging from monetary policy to payment systems, and including the management of the reserves and foreign exchange, the grant of liquidity to banking groups in difficulty, etc. The Governing Council assesses economic and monetary developments and takes its monetary policy decisions every six weeks. At the other meetings, it mainly examines questions relating to the other tasks and responsibilities of the ECB and the Eurosystem.

Every member of the Governing Council has the same say in the decision-making process, regardless of the size of the member's country, economy or financial sector. The members in fact attend the meetings totally independently and in a personal capacity, and decisions are

taken according to the principle of "one member, one vote".

The national central banks of the Eurosystem are also involved in the preparation of these decisions, essentially via the committees comprising one or two experts from each central bank and the ECB. These experts hold several meetings a year on each area of expertise.

Having the decisions prepared by committees does not only permit improvements to the proposals made by the ECB teams but also offers the opportunity to verify their feasibility in the light of specific national characteristics and to test the degree of support for a proposal before submitting it for the approval of the Governing Council.

Apart from the decisions of the Eurosystem itself, the national central banks are also involved in decisions relating to financial stability via the Supervisory Board – for the supervision of individual financial institutions (microprudential supervision), and the European Systemic Risk Board which deals with everything relating to financial stability in the broad sense (macroprudential supervision).

*Expert groups prepare decisions  
to be taken by the Eurosystem*









## MISSION :

# Monitoring financial stability and supervising the financial system

**ALEXANDRA JESPERS** / Financial stability, AML supervision and prudential policy for banks

Monitoring financial stability is one of the Bank's principal tasks. The latest financial crisis demonstrated very clearly that an individual approach by institutions was not enough to guarantee financial stability and that it was necessary to strengthen the supervision of the financial system as a whole. In April 2014, the Bank was officially designated as the macro-prudential authority. One of its tasks is to limit the accumulation of systemic risks. Those risks arise, for example, because of interdependence between institutions, or because multiple financial institutions have similar exposures. In addition, the Bank has to ensure that financial institutions have adequate buffers to absorb the impact of these risks if necessary, so that the operation of the financial system is not disrupted.

### Detecting and combating “systemic risks”

In my job as a member of the “Macroprudential supervision” team, I take part in the macroprudential analysis of the Belgian banking sector: in practice, this means that I analyse data, such as the many prudential reports from banks, which I link with the changes in the macro-financial environment in which the banks operate. This makes it possible to take note of general trends and new developments, and to check the extent to which these trends and developments represent a risk for financial stability. If the Bank considers that there is a systemic risk, it can take the necessary macroprudential measures to combat the increased accumulation of risk or to reduce the financial institutions’ vulnerability to the risk.

For instance, the Bank has already taken various measures in relation to the Belgian financial sector’s exposure to the residential property market. Apart from the vulnerabilities inherent in the residential and commercial property markets, we keep watch for other systemic risks, such as the macrofinancial impact of the low interest rate environment and the search for yield, but also the risks associated with climate change and the transition to a low-carbon economy. Since starting this job in 2015, I have been

*We follow general trends  
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risk for financial stability*

able to keep a close watch on the development, implementation and follow-up of various measures. I find it very satisfying to see that my work contributes to practical measures designed to guarantee the stability of the financial system.

### International dimension

Macroprudential policy and supervision are still very largely a national responsibility, but since the end of 2010, the European Systemic Risk Board (ESRB) has coordinated the conduct of macroprudential policy within the European Union. My job therefore also has an international dimension; as a member of permanent working groups and on account of temporary work flows, I can take part in macroprudential analysis at European level and gain a great deal of expertise.

### Publications

I also work on a number of the Bank’s publications, such as the Annual Report. Every year, our Service also publishes the Financial Stability Report (FSR), reviewing the work that we have done in the past year. The FSR describes recent developments in the macroeconomic environment and in the financial sector, and their implications for financial stability. For a number of years now, the Bank has been publishing a report on non-bank portfolio management and financial intermediation (shadow banking), for which we work not only with various services at the Bank but also with the FSMA.

To sum up, my work at the Bank has given me the opportunity to learn a huge amount in a short time, in an interesting and motivating environment. I enjoy being able to contribute to financial sector policy and supervision at both national and international level.



## **The Bank performs various prudential tasks and acts as the resolution authority**

The Bank performs various tasks relating to prudential supervision, which involves monitoring the stability of the financial system and compliance by financial institutions with the rules imposed on them, notably in order to ensure that they remain sound. As the Belgian macroprudential authority, the Bank makes sure that interactions between financial institutions do not result in mutual contagion in the event of a problem. Under the single supervisory mechanism (SSM), it exercises microprudential supervision over individual credit institutions, but it is also the supervisory authority for insurance undertakings, financial market infrastructures and payment institutions. In addition, the Bank is responsible for various tasks connected with the fight against money-laundering and terrorist financing. It also acts as the resolution authority via the Resolution College which was set up at the Bank.

Various operational aspects of these technical and regulatory tasks, as well as the developments seen in 2019, are discussed in detail in the 2019 Report on economic and financial developments and prudential regulation and supervision.







## New measures concerning mortgage loans

The property market has been a focus of attention for the Bank for many years in view of the potentially serious repercussions on financial stability that could be triggered by any major shock on that market.

On 5 September 2019, having found that the lending criteria applied by the banks had deteriorated again, the Bank announced new expectations concerning new mortgage loans; those expectations were published on 25 October 2019. With this new step, the Bank aims to improve the quality of the loans granted by reducing the proportion of very risky loans in new mortgage lending. It thus intends to safeguard financial stability and ensure that, even in the case of a serious shock, the financial system can continue to perform its financial intermediation role.

### **New Circular spelling out expectations to banks and insurance undertakings**

The Bank spelt out its expectations in a new Circular – available on its website – addressed to credit institutions and insurance undertakings operating in

Belgium. In practical terms, the Bank set thresholds for a range of indicators, to serve as benchmarks for sound, prudent mortgage lending. The indicators used include the loan-to-value ratio (LTV), which relates the amount of the loan to the value of the property being financed. A borrower who suffered a loss of income might no longer be able to guarantee repayment of the loan and it might be necessary to sell the property. A reasonable LTV ratio enables the bank to recover the outstanding amount of the capital. Conversely, if high LTV ratios became widespread, a crisis leading to higher unemployment, for example, could jeopardise financial stability and cause a slump in property prices. Although the Bank is not adopting that as its baseline scenario for the years ahead, in the context of its macroprudential mandate it has to ensure that the risks – including those which are unlikely but would have a potentially

significant impact, also known as “tail risks”, are adequately covered. The prudential expectations are set out in more detail in a box in the Economic and financial developments part of the Bank’s Annual Report 2019.

The mortgage market is highly competitive. The Bank therefore needs to ensure that the measures which it adopts are applied in the same way to all the entities concerned, so as not to cause undue distortion of competition and to preserve a level playing field. The prudential expectations and the definitions of the various indicators therefore formed the subject of a consultation procedure with the sector. Meetings were held in mid-September with the Belgian banking federation (Febelfin) and the insurers’ union (Assuralia) in order to clarify any doubtful points. In finalising its prudential expectations, the Bank took account of the comments made at

these meetings and the points raised in the financial sector’s official response, obtained at the end of September, on completion of the consultation procedure.

### **An early, initial response to a recommendation to the Finance Minister**

On the basis of these expectations, the Bank was therefore able to provide an early, initial response to a Recommendation by the European Systemic Risk Board (ESRB), the institution responsible for the coordination of macroprudential policy in the EU. That Recommendation, addressed to the Finance Minister and the Bank, concerned the activation of measures having a direct impact on the profile of new lending. Although the ESRB referred to legally-binding measures, the Bank initially opted for prudential

expectations. In so doing, it wishes to allow financial institutions some leeway, notably via the “comply or explain” mechanism which enables an institution – e.g. one with a very specific business model – to deviate from the expectations if it can demonstrate that its lending policy is sound and does not lead to the accumulation of systemic risks on the market. Of course, the Bank will take additional measures if necessary. Those measures could take various forms: a recommendation to the microprudential authorities, an additional macroprudential measure or, in the event of a widespread tendency, a recommendation to the government on activating legally-binding measures. In his official response to the ESRB Recommendation, the Finance Minister also mentioned that if the Bank’s measures were not sufficiently effective, the government could consider activating additional measures.





# Cooperation is essential to banking supervision

Since 2014, the prudential supervision of credit institutions has been transferred to the European Central Bank in the form of the SSM. The purpose of these tasks entrusted to the ECB is to promote both the security and the soundness of credit institutions and the stability of the financial system in the EU, to have a good overview of a banking group as a whole and its general health, and to reduce the risk of divergent interpretations and contradictory decisions at the level of each entity.

The Bank is involved in the ECB's decisions as a member of the SSM Supervisory Board, not only for Belgian credit institutions but also for all banks in the euro area. Notwithstanding this general rule, if a credit institution is not considered significant on the basis of the SSM criteria, the ECB delegates responsibility for the prudential supervision of that institution to the local supervisory authority, i.e. the Bank.

In 2019, the Bank took part in 13 Joint Supervisory Teams (JSTs) set up by the ECB, which carried out supervisory tasks concerning

13 Belgian credit institutions or groups classed as significant (significant institutions – SIs).

The Bank also exercised direct supervision over 19 credit institutions, including three financial holding companies classed as less significant institutions (LSIs).

## **Belgian inspectors take part in numerous cross-border inspections**

During 2019, cooperation between the Bank and the European System of Central Banks was further intensified via the exchange of staff and the integration of trainees in the off-site prudential supervision teams.

In on-site prudential supervision, this closer cooperation was also evident in the participation of Belgian inspectors in numerous cross-border inspections of credit institutions based in the euro area.

Another notable feature is the rotation within off-site prudential supervision teams, organised for some of the staff from January 2020 onwards.

One of the long-term aims is to maintain a critical approach to each case by preventing the effects of work becoming too mundane and fatigue setting in.

By enabling staff to switch between off-site supervision teams and thus to learn about the specific features of the various banking structures and organisations, these good practices give off-site staff the chance to develop their expertise and, indirectly, to expand the opportunities for managing their career.

This rotation within the teams will also stimulate exchanges between colleagues in their various areas of expertise.

In addition, in view of the digitalisation of the banking sector, the Bank considered it a priority to set up an intensive training programme for its off-site staff in order to enable them to perfect their skills in analysis of the impact of digitalisation on banks' business models and organisation, including the analysis of their cyber risks and IT risks.





## Definite progress towards **proportionality** for the banks

The proportionality principle, which aims in particular to take account of the nature, scope and complexity of institutions' activities in the legislation and its implementation, was high on the agenda again in 2019 at both European and Belgian level. Following the financial crisis, the regulatory arsenal was expanded considerably to mitigate the defects which had led to the crisis. Consequently, over the past decade or so, there has been a steady increase in the burden entailed for credit institutions in meeting the prudential requirements.

Aware of the problem that such a plethora of requirements can represent for the smallest institutions, the EU law-makers and prudential supervisors in general wanted to strengthen the application of proportionality in the new EU Regulation CRR2. Among other things, this led to the specification of a category of "small, non-complex" institutions. A number of simplified requirements were specified for institutions in that category, making the legislation more proportionate.

The other measures in the CRR2 also included the mandates given to the European Banking Authority (EBA) in order to reduce the costs involved in the various reporting regimes. In that context, a dialogue was also launched between the Bank and the financial sector at Belgian level. The financial sector drew up a list of points on which it wanted a more proportionate approach. Those points were many and varied. Examples include prudential reporting, but

also governance, inspection and monetary statistics. Analysis of these various points therefore entailed the involvement of the various Bank departments concerned.

Wishing to respond effectively and gain a better idea of the sector's concerns, the Bank organised a workshop attended by representatives of the sector and its various departments concerned. This gave the sector the opportunity to clarify certain issues, and enabled the Bank to indicate possible approaches, taking account of the growing number of international standards. These discussions identified a range of measures to be taken.

The measures described above represent a key step towards improving the incorporation of proportionality. In the future, there will most likely be further discussions to feed into the debate on the international scene, notably as regards reporting and the conduct of supervision.



## Financial supervision of insurance and reinsurance undertakings

At the end of 2019, the Bank exercised supervision over 81 institutions (insurers, reinsurers and surety companies, as well as regional public transport companies which bear part of their insurance themselves). The number of undertakings subject to supervision stabilised following the trend towards consolidation in the sector triggered by the entry into force of the new prudential regime. In addition, there were 46 branches of undertakings governed by the law of another EEA member country operating on the Belgian market, and just under 1 100 undertakings accorded access under the rules on freedom to provide services. Of those, only 80 actually developed a business activity in Belgium. The premium income generated via the above channels became

relatively considerable (over 10% of total premium income).

The Bank keeps a close eye on the quality of the financial reports submitted to it periodically. It has developed validation tests which are applied automatically to the periodic financial reports. Accurate reporting is essential as it forms the cornerstone of prudential supervision. The Bank contacted a number of undertakings for the correction of inconsistencies in their financial reports. The Bank will continue with this exercise in order to constantly improve the quality of these reports. It is also working hard on the establishment of a range of tools permitting more detailed analysis of the data. In that connection, the Bank will

give priority to monitoring the technical provisions, the quality of the regulatory capital calculations, and the nature of the firms' asset portfolios.

In the long run, the persistence of a low interest rate environment threatens to become a problem for some undertakings conducting life insurance business. The situation of certain undertakings is already requiring the Bank's special attention owing to their business model. The Bank is therefore exercising closer supervision over undertakings with the highest risk profile.

As part of the overall approach to supervision, on-site inspections remain an important tool for detecting weaknesses, particularly in

regard to insurers' best estimates. The process as a whole (from identification of the need for an inspection to establishment of the inspectors' findings) prompted the supervision teams to take stringent measures against certain undertakings.

### Examination of the compliance function and the auditors' work

The inspection teams conducted a transversal study of the organisation and operation of the compliance function. This study revealed that undertakings generally opt for an in-house compliance function so that it has a good knowledge of the undertaking's activities. Risk analysis and work planning are areas where improvement is desirable to create more transparency regarding both the adequacy of the compliance function's coverage of the compliance risks facing the firm, and the human resources necessary for the proper performance of the function.

In 2019, cooperation with the accredited auditors continued – within the framework of their duty to cooperate with the Bank as specified in an *ad-hoc* Circular – in order to obtain a sufficiently broad picture of their actual activities relating to a number of specific areas, such as the methods of assessing the best estimates. This resulted in a number of general findings which were examined in greater depth in dialogues with several firms of auditors, in which the latter explained their method and provided details of the audits conducted and the stringency of their tests. The feedback sent to the firms of

auditors and to the professional associations forms the starting point for better communication with the Bank, and should ultimately improve the coordination between the work of the Bank and that of the auditors.

In order to chart the profitability of supplementary individual health insurance, the Bank conducted a horizontal analysis of

the Belgian market. The study showed that the profitability of the products depends on their characteristics. In order to ensure a level playing field, firms were asked, when calculating the best estimate and setting the parameters, to carry out a number of sensitivity analyses. These make it possible to assess the best estimates submitted by the undertakings.

### Assessment of the IT risk

Using a questionnaire completed during on-site meetings, the Bank collected information from eleven significant insurers and reinsurers on the IT risks that they face and how they manage them.

In this questionnaire, the assessment of a firm's IT risk level is based on the assessment of five sub-categories of IT risks (security, availability and continuity, change, outsourcing and data integrity), while the assessment of the IT risk control framework is based on ten dimensions (IT governance, IT organisation and outsourcing, IT risk management, IT security management, IT operations management, software acquisition, software development and project management, data quality management and data aggregation capacity, IT continuity management, and IT reports and internal IT audit).







## Changes in the prudential supervision framework for the insurance sector

Solvency II, the new prudential supervision framework, has applied to insurance and reinsurance companies since 1 January 2016.

Unlike its predecessor, Solvency I, Solvency II is a risk-sensitive supervision framework based on the principle of valuing the balance sheet at market price and the principle of risk-based regulatory capital. It covers a broad range of quantitative and qualitative requirements which modernise the taking-up and pursuit of the business of insurance and reinsurance.

From the start, the Solvency II framework has made provision for a range of transitional measures to ensure a gradual transition from Solvency I, plus revision mechanisms permitting regulatory adjustments where necessary on the basis of past experience. The revision scheduled for 2020 is regarded as the main revision opportunity offered by the Directive itself. The cornerstone of this revision work, in which the Bank is closely involved, is the opinion of the European Insurance and Occupational Pensions Authority (EIOPA) on the revision of the long-term guarantee measures and equity risk measures. That opinion is to be submitted to the European Commission by the end of June 2020. At the beginning of 2019, the European Commission also asked EIOPA to give a technical opinion on the possible revision of a range of other points. That opinion was to be supplemented by an analysis of the potential impact of the various alternative options and approaches. In 2019, EIOPA in cooperation with the Bank and other national supervisory authorities therefore sent out a number of requests for information and impact analyses to a range of

insurance undertakings. An initial detailed analysis of the set of proposals was then submitted to all the stakeholders for consultation. In 2020, a holistic impact analysis will also be conducted before EIOPA finalises its opinion for the European Commission.

The points which might undergo revision vary widely. For instance, aspects currently being revised include the assessment of the long-term guarantees or the appropriate capital requirements for long-term investments. The experience gained by the supervisory authorities since the entry into force of Solvency II will also play a key role, for example in the continuing refinement of the supervision of insurance activities under freedom to provide services, group supervision or prudential reporting. There are also proposals for additional instruments in order to ensure an adequate response to the macroprudential challenges and to create a framework for recovery and resolution measures for the insurance sector. Although more than twenty points are being analysed in total, the aim of the revision is gradual evolution of the regulatory framework rather than revolutionary changes.

# Climate-related risks for the financial sector



Since climate change and the transition to a more sustainable economy could have a considerable impact on the economy as a whole, and therefore on the financial system, too, climate-related risks have already been a key focus of the National Bank's attention for a number of years.

At the end of 2018, in the context of its macroprudential mandate, in order to gain a better idea in the short term of the scale of the climate-related risks for the Belgian financial sector the Bank sent financial institutions a questionnaire to determine the extent to which the institutions are already taking account of climate-related risks in their strategy and their risk policy. In addition, the Bank conducted a sectoral survey to raise the financial sector's awareness of the significance of these risks and thus, at the same time, to encourage financial institutions to monitor, assess and manage the risks. The principal findings of that survey are set out in a thematic article on climate-related risks and sustainable finance, published in the 2019 Financial Stability Report. That article also contains a number of

recommendations addressed to the financial sector to encourage it to take account of the threats and opportunities relating to climate change and the transition to a more sustainable economy.

## **The National Bank takes part in international working groups**

However, there is no obvious way of identifying and assessing the risks associated with climate change (physical risks) and the transition to a more sustainable economy (transition risks). Those risks are, by definition, uncertain but they also depend on future policy decisions, new technological developments, and changes in the preferences and behaviour of consumers and investors. Moreover, there are many

transmission channels which pass on these risks to numerous economic players. The Bank takes an active part in several international groups which are trying to identify the various transmission channels, as well as the risk indicators and the data needed for the purpose of monitoring those risks, devising scenarios and examining whether these risks need to be incorporated in the assessment of the macroprudential risks and possibly in the capital requirements. For example, the Network for Greening the Financial System, involving voluntary cooperation on the part of over fifty central banks and supervisory authorities, endeavours to support and accelerate the management of environmental and climate-related risks in the financial sector, and the greening of the financial system. At the same time, a joint working group formed by the ECB and the European Systemic Risk Board is

working on the drafting of risk indicators, methodologies and scenarios for assessing the impact of climate risks on financial stability. The European and international supervisory authorities have also set up specific working groups to examine the regulatory initiatives needed in regard to the supervision of banks and insurance companies. Those groups are clearly tending to take account of not only climate risks but also all the risks relating to sustainability, namely the environment, social issues and good governance (Environment-Social-Governance).

While awaiting the methodologies to be developed by the international working groups, the Bank has already launched discussions

and consultations with the financial sector so that, together, they can soon gain an initial idea of the main practical climate-related risks that Belgian financial institutions face, and collect more data

on this subject in order to assess the scale of these risks. A serious risk identified in this way is the potential, sudden introduction of a minimum energy efficiency requirement for commercial and residential

*A minimum energy efficiency requirement for commercial and residential buildings being imposed abruptly forms a major risk*

buildings. Such a requirement, if imposed abruptly without additional support measures, could have a significant impact on the property sector and consequently on the financial system, since real estate is used as collateral for mortgage loans, and financial institutions also invest in the property sector.







# Cyber risks are escalating

Cyber risks to financial infrastructures and the supervision of payment services are requiring ever-increasing attention from the National Bank.

As a clear indication of the evolving challenges, the name of the Prudential Supervision of Market Infrastructures and Oversight Service has been changed to Supervision of Market Infrastructures, Payment Services and Cyber Risks. In addition, the Bank set up an internal Cyber Security Committee in 2019. The other Services responsible for prudential supervision are also represented on this Committee, plus the 2<sup>nd</sup> Line of Defence Department and the 3<sup>rd</sup> Line of Defence (Internal Audit), and the Financial Markets and General Statistics Departments. The Committee's main task is to ensure more efficient and structured sharing of information relating to cyber security between the various entities of the Bank. In practice, this means that the participating entities will exchange anonymised data on incidents or threats, conduct joint analyses, organise internal training jointly, exchange information on regulatory

initiatives – both within the Bank and at international level – and launch joint awareness campaigns.

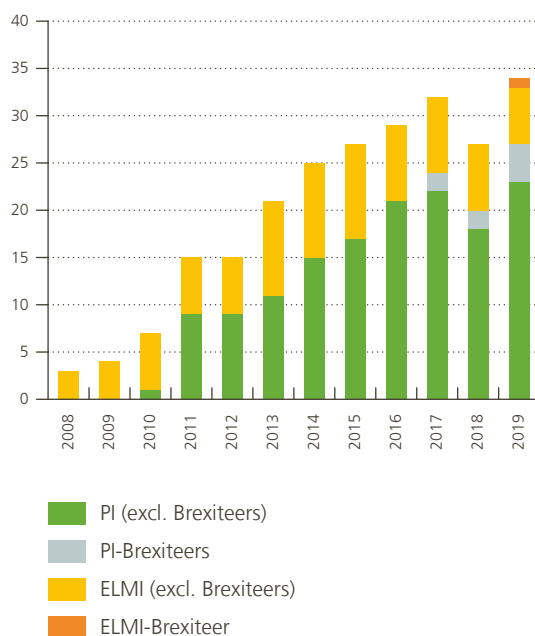
In its 2019 Macroprudential Report, the Bank mentioned the extensive digitalisation, the growing digital interconnection between various sectors of the economy, and the scale of the resulting IT risks and cyber risks. Insurance and reinsurance undertakings and groups are thus becoming vulnerable on two fronts: on the one hand, as institutions they are subject to cyber attacks and have to establish sufficiently robust protection and detection systems; they also feel the repercussions of attacks suffered by their customers, either by providing explicit cover (affirmative cyber insurance), or by providing unintended cover (silent insurance or non-affirmative cyber insurance). The Bank used a questionnaire to poll the entire Belgian insurance sector on these two points.

# FinTech and InsurTech

Back in 2017, given the growing interest in FinTech, the use of new technologies centred on the development of financial processes and the associated questions for the sector, the Bank and the FSMA decided to set up a FinTech single point of contact (SPOC). Both start-ups and established firms can

use a simple contact form available on the website of each of the two institutions to ask questions about the regulatory framework. The aim of the point of contact is to improve understanding of the legislation on financial innovations and the expectations of the supervisory authorities.

**Number of payment institutions (PIs) and electronic money institutions (ELMIs) approved in Belgium**



Source: NBB.

In 2019, the number of approved payment institutions and electronic money institutions rose by 26 % against the previous year. In 2018, the number of approved institutions subject to prudential supervision had fallen slightly, as some of them decided to suspend their regulated activities on account of the stricter requirements imposed by the revised Payment Services Directive (PSD2). The number of applications was also lower in 2018, mainly because the market was waiting to see the revised Directive.

In order to assess the impact of the use of technological innovations on the insurance sector, the Bank is also conducting a series of "InsurTech" projects. On the basis of a survey of firms it is endeavouring to chart initiatives relating to technological innovation and digitalisation concerning tariff-setting, underwriting and claims management, among other things; it is also developing a prudential framework for the authorisation of new insurance activities and new business models based largely on technological innovations and the transition to digital platforms. In addition, the Bank is drawing up a set of specific points for the attention of InsurTech operators which could improve mutual understanding of new technological trends and foster a more transparent dialogue with insurers.

# The Bank plays a leading role in the prevention of money-laundering and terrorist financing

The Bank's role in this respect was substantially reinforced by the Belgian anti-money-laundering Law of 2017 and the entry into force of the EU's 5<sup>th</sup> AML Directive in mid-2018.

The Bank makes extensive use of its website to provide all the necessary explanations and recommendations on this subject for financial institutions subject to its supervision. In 2019, the information presented on the website was updated on two occasions. The Bank's comments and recommendations were also refined and an unofficial English translation was provided.

## **An AML/FT information session at the Bank**

Two years after entry into force of the law on the prevention of money-laundering and terrorist financing and limits on the use of cash, it seems that this is a topical issue whose importance was unfortunately highlighted by various scandals involving

financial institutions. In view of the stakeholders' expectations regarding both financial institutions and regulators, it was opportune that the Bank held an information session for persons taking on the role of senior official responsible for combating money-laundering and terrorist financing (AML/FT) on the management board of any of the financial institutions subject to the Bank's supervision, and for the Compliance Officers of those same institutions.

With 288 participants, this information session held on 6 November 2019 was a great success.

Governor Wunsch opened the session, focusing on the financial and reputational risks incurred by financial institutions which do not respect their obligations, and the prudential aspect of the

obligations concerning the battle against money-laundering, in which the European Central Bank is becoming increasingly involved.

The participants were then informed of the Bank's views and expectations concerning various topical points, starting with the discussions at European level aimed at harmonising national legislation relating to the battle against money-laundering by means of a Regulation directly applicable in all Member States, rather than Directives to be transposed into national law.

Next, the question of de-risking was addressed and it was explained that freedom of contract implies that it is not possible to refuse to start or continue a business relationship with firms active in certain sectors which may present a heightened risk of

money-laundering without having first conducted an individual analysis on the customer's risks.

As regards the repatriation of funds, it was stated that the Bank expects financial institutions to document the repatriation and obtain an adequate assurance of the legitimate origin of the funds.

Finally, it was pointed out that the use of certain technologies or outsourcing may be encouraged on efficiency grounds, but it must not lead financial institutions to shirk their responsibilities.

There followed a presentation on the organisation of AML/FT supervision at the Bank, and the main things that have been achieved in this area. The presentation highlighted the efforts made by the Bank to improve supervision and the information communicated


to financial institutions via a section on its website devoted to AML/FT issues, with the status of a Circular. Following a review of the main lessons derived from the Bank's analysis of the overall risk assessments produced by the financial institutions, attention was drawn to a number of good practices – but also some defects. These findings will form the subject of a Circular addressed to institutions subject to the Bank's supervision.

Finally, the information session ended with presentations by a representative of the European Banking Authority and a representative of the Financial Intelligence Processing Unit (CTIF-CFI), who explained their principal measures and the likely developments, particularly at the EBA which took on the role of central supervisory authority in 2019.



AML/FT information session held on 6 November 2019 at the National Bank of Belgium.





## Brexit, the other challenge for prudential supervision

The information from the FinTech point of contact was also useful for financial institutions wishing to transfer their business to Belgium in anticipation of Brexit. Two well-known money transfer companies, Moneygram and Ebury, had already decided to switch their activities within the EU from Britain to Belgium in 2017; after that, in 2019, three other companies stated that they wished to become established in Belgium on account of the UK's departure from the EU: Worldremit, Transferwise and Prepayment Solutions (part of the Edenred group). Their licences were granted following scrupulous examination of their applications, in which numerous criteria were checked against the regulations: business model, fit & proper examination, AML/FT control, structure and organisation in Belgium, capital requirements, etc. Several of these newcomers belong to groups which are some of the world's biggest funds transfer companies. Within a short time, Belgium has thus become an important location for these money transfer activities. At the end of 2019, applications from several other institutions were still being examined.

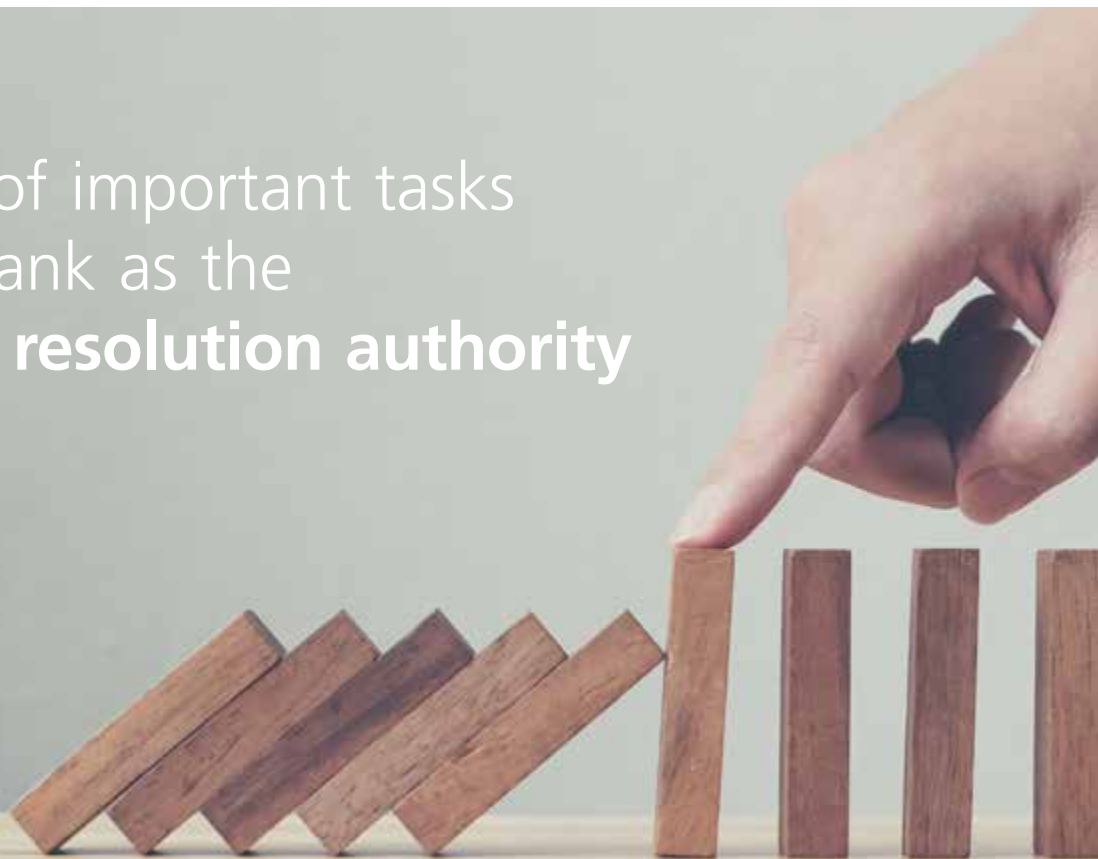
The Bank kept a very close watch on the financial institutions' preparations for Brexit in order to ensure that when the UK left the EU, especially if there was still the threat of a "hard Brexit", there would be no operational or other risks which could impair the stability of the individual institutions.

*Within a short space of time,  
Belgium has become highly attractive  
for money transfer activities*

Brexit also remained a focus of attention for insurers owing to the uncertainty over the conclusion of an agreement and its implementing arrangements. That uncertainty will disappear once EU legislation ceases to apply in the UK, and the EU passport expires. All EU member countries will therefore become "third countries" as far as the UK is concerned. However, the repeated postponement of the departure date in fact gives the undertakings concerned extra time to refine their strategy and prepare their processes, taking account of various exit scenarios (according to whether Brexit is hard or soft).

In that regard, there have been several surveys of Belgian undertakings concerning their contingency plans. Among other things, these surveys revealed that the majority of those which already have a local branch in the UK opted to convert it to a third-country branch on activation of the regime by the British authorities. As regards British undertakings operating in Belgium, loss of the European passport also obliges them to adopt the necessary measures to achieve their objectives in terms of both underwriting and contract renewal and the servicing of current insurance commitments until expiry of the existing contracts (legacy portfolio or back book). Discussions took place between the Bank and the British authorities concerning identification of the British insurance undertakings that need to regularise their position.

# A range of important tasks for the Bank as the **national resolution authority**



During 2019, the Bank performed a range of important tasks in its capacity as the national resolution authority.

In that capacity, the Bank takes part in the work of the single resolution mechanism (SRM), which forms the second pillar of the Banking Union. The aim of the SRM is to ensure that, in the event of a problem, every European banking group can be wound up according to a normal insolvency procedure or that its problems can be dealt with by means of the resolution tools while avoiding any serious adverse consequences for the financial system or the real economy, and being careful to protect the State's resources, the deposits and investors covered, and the customers' funds and assets. Substantial preparations with each group concerned are necessary to achieve that.

In order to ensure that the tasks which it performs as the supervisory authority are independent of its duties as the resolution authority, the performance of the national resolution authority's tasks was delegated to a specific body within the Bank, namely the Resolution College. Most members of the Resolution College are outsiders. It is chaired by the Governor and its composition is defined in the Bank's Organic Law. Apart from the Governor, the members comprise the Vice-Governor, the member of the Board of Directors responsible for prudential policy, the member of the Board of Directors responsible for the prudential supervision of credit institutions, the member of the



Board of Directors responsible for resolution, the chairman of the executive committee of FPS Finance, the official in charge of the Resolution Fund, four members appointed by Royal Decree and a magistrate appointed by Royal Decree. The Chairman of the FSMA is also invited to attend as an observer. During the year under review, the terms of office of the four members appointed by Royal Decree and that of the magistrate appointed by Royal Decree came to an end. The terms of office of two members and of the magistrate appointed by Royal Decree were renewed and two new members were therefore appointed, facilitating replacement of members of the College while ensuring the continuity of its work.

Each year, the Resolution College adopts an annual action plan. The 2019 action plan centred

on four main aspects, namely (a) improving the resolvability of credit institutions and investment firms under Belgian law, including via the development of resolution plans, the setting of levels via the Minimum Requirement for Own Funds and Eligible Liabilities (MREL), and the adoption of measures to reduce or eliminate obstacles to resolvability; (b) ensuring the development of a robust legislative and regulatory framework for dealing with default situations; (c) developing crisis management capability and putting the resolution tools and powers into operation; and (d) helping to create schemes for financing resolution.

### **An MREL for each less significant credit institution**

In 2019, the Resolution College devoted particular attention to the institutions for which it is directly responsible. It thus completed the cycle leading to determination of an MREL for each less significant credit institution. Consequently, most Belgian credit institutions are now covered by a binding MREL, or soon will be.

In December 2019, the Bank also took part in a crisis management exercise staged by the Single Resolution Board (SRB). That exercise, which had a European dimension since two other national resolution authorities took part, enabled the Bank to test its crisis management mechanisms and to demonstrate its ability to swiftly implement a resolution arrangement approved by the SRB. It also revealed some potential obstacles to the implementation of group resolution strategies and confirmed the relevance of the home-host question in that connection.

Although all this progress is significant, it will need to continue in the years ahead in order to ensure the resolvability of the Belgian banking sector.





## MISSION :

# Providing economic and financial data and analyses

**BÉATRICE THIRY** / National and regional accounts and short-term statistics

### A living subject

It is a specifically Belgian characteristic. Belgium's national accounts are compiled by the National Bank on behalf of the National Accounts Institute. In all other European Union countries, the central banks "only" produce financial statistics.

The national accounts are drawn up in accordance with a European standard (ESA 2010), essential to obtain comparable data for all the EU Member States. These data are submitted to Eurostat, the European Commission's Directorate-General responsible for collecting, checking and publishing European statistics and indicators. The national accounts are published free of charge on its website and elsewhere, as well as on the Bank's website.

These figures form an excellent database for much macroeconomic research, such as that conducted by the European Commission, the Federal Planning

Bureau, universities and, of course the Research Departments at the National Bank and the ECB.

The federal and regional authorities, too, use these figures as the basis for their growth forecasts and for producing their own budgets. Finally, the figures are also used to calculate each country's contribution to the EU budget. That tells you how important they are!

Statistics are a living subject. They have to reflect economic activity which is constantly changing. Hence the need to make periodic adjustments to our data series; it goes without saying that the adjustments have to be coordinated at European level. In practice, the series undergo fundamental revision every five years, as they did in 2019. Since I am in charge of contacts with Eurostat for this revision, I have been closely involved in this huge project which I coordinated for

the Bank. But above all, this is teamwork that involved many colleagues in the Department, and I am proud of their competence and commitment. Because the other Units in the Department – in this case External Statistics and Financial Statistics – also had to adjust their series consistently with the Eurostat definitions, and that entailed a great deal of work for them both, not only in terms of compilation, but also documentation, particularly that intended for those who use our figures. Such a revision therefore extends far beyond the working meetings in Luxembourg, where Eurostat is based. And when the annual series are revised, the quarterly series and regional breakdowns have to be revised too. And do you know what? We managed it in the time allowed!

This all makes my job very varied, involving plenty of contact with other countries – the international meetings give an insight into viewpoints that are sometimes quite different from our own – and with national and international bodies, as well as within the Bank. And hooray! Belgium is one of the best-performing EU countries when it comes to statistics. That is something we can rightly be proud of, don't you think?

*Belgium is near  
the top of the class  
when it comes to statistics*



# Statistics:

constantly striving to  
improve the collection  
and presentation  
of data

## Statistics are the backbone of decision-making

Central banks depend on vast quantities of statistical data for their economic and financial analyses – which they use for their own decision-making, but which they can also deploy for the benefit of public services, socio-economic organisations, the academic world, the press and, more generally, the public at large. The Bank therefore puts a great deal of effort into collecting, validating and processing a large quantity of – often individual – data which are then aggregated and compiled using definitions and methods which are harmonised at European, or sometimes international, level. These statistics are then made available to anyone who is interested, via the NBB.stat database on the Bank's website.

Belgian law makes sure that the Bank goes further than most central banks in regard to statistics: the Bank draws up the national and regional accounts, and calculates the statistics on public finances and foreign trade. It thus plays a key role in the day-to-day operation of the National Accounts Institute (NAI).

## New activities for financial statistics

To meet the requirements of new legislation and to reduce the reporting burden on institutions for occupational retirement provision, the Bank concluded a cooperation agreement with the FSMA whereby that institution becomes the sole collection point. An initial report based on the data transferred daily to the Bank by the FSMA is to be sent to the ECB in February 2020.

The Bank proposed that the insurance sector might eliminate redundancy in the security-by-security reporting of their assets by incorporating the statistical requirements in the prudential reporting pursuant to Solvency II. However, the sector did not accept this proposal and preferred to maintain the status quo with two separate reports.

On 2 October 2019, the EONIA was replaced by the €STR, the new reference interest rate for uncollateralised overnight deposits, calculated and published by the ECB every working day for TARGET II. The Bank plays a part by conducting a daily quality check on

the data concerning these specific money market transactions effected by Belgian banks.

### **Statistical adjustments concerning capital and liquidity ratios and payment systems**

In consultation with Febelfin, various capital and liquidity ratios applicable to the Belgian banking sector were made available to the general public via NBB.stat. At the same time, regarding data on a consolidated basis, longer time series from 2000 onwards were also made available, together with an analytical presentation of the profit and loss account on a company basis for the main activities.

Since October 2019, several series of payment statistics have been published on NBB.stat.

These series include the number and value of the various payments and the quantity of payment cards

issued by Belgian payment service providers. Taking account of the new Regulation on future payment statistics, the number of series collected will increase, as will the frequency of publication of these aggregate data.

### **A five-yearly methodological revision designed to enhance the quality, relevance and consistency of the national accounts**

In accordance with the Eurostat recommendations, Belgium – like other European countries – carried out a benchmark revision of its national accounts in 2019. In principle, such a revision takes place every five years and is part of the normal procedures for improving statistics.

Five-yearly methodological revisions make it possible to incorporate new sources and methods in order to maintain or actually enhance the quality





of the statistics produced. They also offer the opportunity to increase the relevance of the statistics by taking account of new economic phenomena. Another guiding principle for this revision concerned making the national accounts more consistent with other statistics, and in particular those concerning the balance of payments and the financial accounts.

### **Many methodological adjustments were made**

In order to offer a consistent analysis framework over time by minimising breaks in the series, the five-yearly methodological revisions lead to a review of the statistical series over many years; in the present case, the statistics were adjusted from 1995 onwards. Where it proved impossible to go back to 1995 owing to the lack of relevant data, the year 2009 was chosen as the base year from which revisions were made.

The 2019 methodological adjustments are numerous, since over 70 points were examined. They essentially concern:

- the value added of self-employed company directors;
- housing services;
- insurance and financial services;
- hospital services;
- research and development expenditure;
- the classification of private associations in the market or non-market sector.

Alongside these methodological improvements, new economic phenomena were measured and incorporated more appropriately in the national accounts; in particular:

- electricity production by households and the regional green certificate schemes;
- e-commerce transactions with non-resident counterparties;
- financial income derived from indirect stakes in foreign direct investment.

The revised methodological points were specifically documented when the national accounts were circulated. That documentation is available on the Bank's website.

### **Positive assessment of the national and regional accounts by Eurostat**

These changes thus enable Belgium to achieve increasingly comprehensive compliance with all the European obligations concerning the transmission of statistics on the national and regional accounts. For the third time, Eurostat issued an annual report on the quality of those statistics. That report, imposed by the ESA 2010 Regulation, assesses the quality of the data submitted by the EU Member States according to various indicators, such as compliance with transmission deadlines, completeness and consistency of the data, statistical revisions (from 2019) and the available documentation. In this third report, which covers data submitted in 2018, Eurostat's assessment of Belgium is once again largely positive.



# Independent research, a fundamental task

## **The Business Cycle Monitor: a new “nowcast” of the economic situation**

Since September 2019, the Bank has added the Business Cycle Monitor to its recurrent publications and offers an analysis of the economic situation in Belgium at the beginning of the last month in each quarter. The BCM thus comprises an estimate of GDP growth during the current quarter – also referred to as “nowcasting” – on the basis of the latest statistical data and the

indicators available at that stage. This more specifically concerns concrete indicators and survey data which are published sooner and more frequently than GDP and offer – to some degree – an early indication of the trend in economic activity during the current quarter. To interpret and analyse all the available data, two nowcasting models are currently used and their results are supplemented by an expert interpretation of the expected trend in the GDP expenditure components. Analysis of the results of previous editions shows that the estimate

of GDP growth can be considered reasonably accurate.

The new analysis comes about seven weeks before the flash estimate produced by the National Accounts Institute (NAI).

## **A CBBS conference to celebrate 65 years of the business survey**

On 5 and 6 September, the Bank organised a conference for the CBBS network (Central Bank Business Surveys and Liaison Programmes).



## Publications form an integral part of research

The Bank's experts frequently publish articles as a way of sharing their analyses with all the national and international interested parties. Scientific independence is essential for all the research carried out at the Bank.

In 2019, 19 **Working Papers** were published. They cover a broad spectrum of subjects, ranging from the potential impact of Brexit to a study on encouraging young people to look for work, and including technical research topics. The Working Papers are intended for specialist readers and are written in English. Since 2019, the Working Papers have only been published in digital format on the Bank's website.

The Bank's economists also published 14 articles in 2019 in the **Economic Review**. Apart from the traditional spring and autumn macroeconomic projections, the subjects covered included, for example, atypical forms of employment, Chinese competitiveness, and economic flows between the Belgian regions. Since 2019, the full version of the articles has been published in English accompanied by a synopsis in French and Dutch. For ecological reasons, the Economic Review is now only available in the form of a digital publication obtainable from the Bank's website. During 2019, the Working Papers and scientific articles received extensive media coverage and regularly gave rise to discussion.

The aim of that network is to share new ideas with other central banks and to exchange opinions on the challenges and recent developments concerning the collection, processing and use of survey data. In recent years, experts from the Bank have regularly attended the conference but this is the first time that they have organised it. It is no coincidence that they were accorded that honour in the year of the 65<sup>th</sup> anniversary of the Bank's business survey. The conference was held in Ghent and attended by around 50 central bankers from all over the world.



Group photo of participants at the CBBS conference held on 5 and 6 September in Ghent.



# The accessibility of microeconomic and financial data continues to gain importance

## New models for the annual accounts

In 2019, almost 460 000 (small and large) firms and associations filed their annual accounts at the Bank's Central Balance Sheet Office.

Following the introduction of the new companies and associations code on 23 March 2019, the Central Balance Sheet Office made available six new annual accounts models for companies in 2019.

New companies and those choosing the "opt-in" or early entry into force of the legislation must, in principle, use the new models to file their annual accounts at the Central Balance Sheet Office with effect from 1 January 2020.

Conversely, most existing companies must continue to use the old models in 2020 for financial years up to 31 December 2019 at the latest.

A distinction was made between models intended for heavily capitalised companies and those reserved for small-cap companies, owing to the capital requirements laid down in the new company law.

New provisions introduced by the legislature include: the abolition of capital requirements for private companies; the limit on the number of forms of companies; and the inclusion of companies and associations in the code plus the possibility for associations to engage in commercial activities.

The new annual accounts models for companies and associations will be made available during 2020.

## Change in the operation of the central point of contact

Every year since 2014, the Central Point of Contact (CPC) operated by the Bank has collated all the account numbers and certain types of financial contracts concluded in Belgium by resident and non-resident natural and legal persons. At first, access to the CPC was restricted to tax authority officials, but the Programme Law of 1 July 2016 extended access to notaries and various fiscal and judicial institutions, headed by the entities



responsible for combating money-laundering, terrorist financing and tax evasion.

The Law of 8 July 2018 and the Royal Decree of 7 April 2019 reformed the operation of the CPC to take account of the new needs of the interested entities, introducing constant updating of the data, obliging other financial institutions (such as payment institutions and insurers) to communicate, and adding new information to be submitted such as cash transactions, certain types of contracts, and identification of the agents. The constant updating of the recorded data implies a strong rise in communications and consultations, necessitating extensive automation of the applications. The new legislation came into force on 1 January 2020, while the constant updating and automated consultations will take

effect from the second quarter of 2020.

### **BECRIS (Belgian Extended Credit Risk Information System) supplies data for AnaCredit**

In May 2016, the ECB adopted a Regulation on the collection of detailed data concerning credit and credit risk. This is called the AnaCredit project.

This information is necessary for the performance of the tasks of the Eurosystem, the European System of Central Banks and the European Systemic Risk Board, including the analysis of monetary policy, monetary policy operations, risk management, the monitoring of financial stability, and macro-prudential policies and research.

It is also useful for the purposes of prudential supervision of banks under the SSM. To that end, the Bank launched the BECRIS (Belgian Extended Credit Risk Information System) project which aims to incorporate this collection of data in the data collected by the Central Corporate Credit Register and the Central Individual Credit Register so that, ultimately, there will be a single IT platform.

The collection of AnaCredit data for the purposes of the ECB has been in production since September 2018. Since then, the Bank in common with 18 other national central banks has processed and transmitted data every month to the ECB's shared system. Following the work done in 2019 to improve data quality, the data will be made available to users at the ECB and the national central banks during 2020.



## MISSION :

# Guaranteeing banknote security and the efficiency of payment systems

**BILAL EL KAHTAOUI** / Central Cash Office

### **Preserving confidence in paper money**

I have been a banknote sorting machine operator since October 2018. Before that, the National Bank was for me the place where I went with my father – who was a shopkeeper – to change money. Nowadays, shopkeepers have to go to a commercial bank for that purpose. I never imagined that I would one day be working in the Bank. And I certainly never imagined that all the banknotes in circulation in Belgium come from the National Bank. And that the Bank defends their value by contributing to the monetary policy of the ECB, where it is represented by our Governor.

Our role in sorting the banknotes means ensuring the quality of the notes in circulation. All the banknotes handed in at our counters pass through our machines, which handle 33 notes a second, taking all denominations together. So these are efficient machines using





### *Our machines handle 33 notes a second*

the latest technology. And believe me: nothing escapes them. Any banknotes that are dirty, torn, dubious or actually counterfeit are automatically separated from the others. Notes that are in good condition are

repackaged in bundles to go back into circulation. Not one banknote leaves us without being checked.

This means that I and my colleagues at the Central Cash Office are helping to safeguard the currency in circulation. By regularly checking the banknotes we ensure that counterfeits are quickly removed. Fortunately, there are not many of them (around 24 for every million banknotes in circulation). All the same, these checks are essential to preserve the general public's confidence in our paper money. And anyway, it is nicer to pay with notes that are in good condition !



What is it like when you are new to the job? At first, it obviously makes a big impression, seeing so much cash. You think to yourself, if I make a mistake that will cost money ! But then you very soon forget about it. You concentrate on the work, and learn on the job. There is no formal qualification for this work. In a few weeks you acquire the necessary dexterity to handle the banknotes. You learn to work in a team, because you are never alone with the money. And whatever happens, the accounts are right at the end of the day. What about the noise? And the ergonomics? The Bank doesn't do things by halves. Our work stations are checked by the Bank's health and safety service. We have suitable seats and even made-to-measure ear protectors! Quality and safety are the watchwords here, too !



Although the Bank  
no longer prints banknotes,  
**it issues and checks**  
**euro notes and coins**

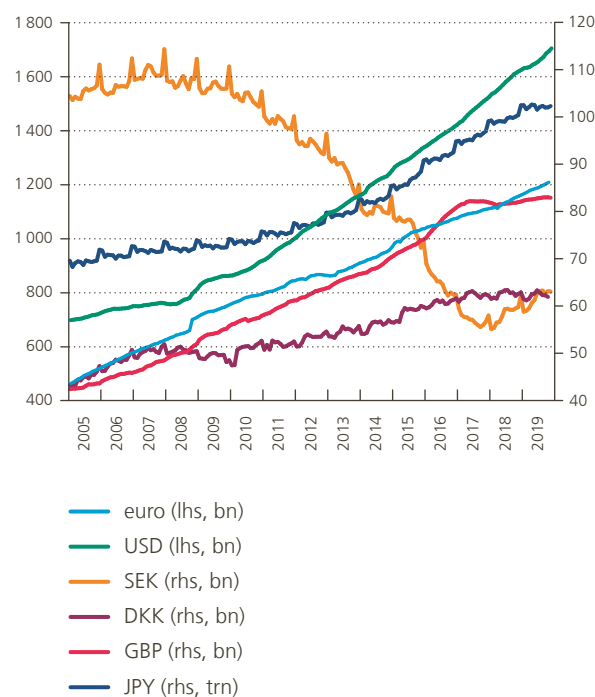
### Guaranteeing the quality of the banknotes and coins in circulation remains a priority

In most Western economies, banknote circulation continues to expand, despite the growing use of other means of payment. In the euro area, banknote circulation has actually outpaced GDP growth. As shown by the chart below, Sweden is a notable exception in that respect.

At the end of 2019, there were 24.1 billion banknotes in circulation, worth a total of € 1 293 billion, representing a rise of 5 % over twelve months. For euro area central banks, maintaining the circulation of banknotes therefore remains flagship activity.

On 28 May 2019, the euro area central banks began issuing new € 100 and € 200 notes. With these two new denominations, the whole of the second series of banknotes – known as the Europa series – is now in circulation. There will not in fact be a new € 500 note. The Eurosystem central banks stopped issuing € 500 notes at the beginning of 2019. The € 500 notes already in circulation are still legal

Cash in circulation



Source: NBB, Research Department.



tender and can always be exchanged directly at national central banks, or through commercial banks and bureaux de change.

The banknotes in the new series are designed to be more durable than their predecessors. They wear out less rapidly and therefore need to be replaced less often with new notes. But more importantly, they incorporate new high-tech security features which offer better protection against counterfeiting.

The quality of the banknotes in circulation has traditionally been among the Bank's primary concerns: the Bank aims to verify the authenticity and cleanness of every banknote in Belgium once a year, on average.

The Bank cooperates closely with the Federal Police to combat counterfeiting. It organises free practical training sessions for everyone whose occupation entails handling cash, so that they can recognise the security features of the euro banknotes. Registration for these sessions takes place on the Bank's website.

*Every banknote should be verified once a year, on average*

The number of counterfeit banknotes in circulation in Belgium is at its lowest for fifteen years. In the euro area as a whole, counterfeits are estimated at 24 per million banknotes in circulation. In Belgium, the € 20 and €50 notes are the primary target for forgers.

During 2019, an agreement was concluded with the General Treasury Administration (of the Federal Public Service Finance) on the pooling of the Treasury's expertise with that of the Bank as regards counterfeit and damaged coins in the Treasury's case, and counterfeit and soiled banknotes in the case of the Bank. From the beginning of 2020, half a dozen staff of the Belgian Royal Mint, one of the Treasury's operational services, will be transferred to the Bank's premises. If staff from the Federal Police Central Office for Combating Counterfeiting, the Royal Mint's National Coin Analysis Centre and the Bank's National Analysis Centre are brought together at the Bank, that will combine their expertise on banknotes and coins and allow it to be used more effectively.

## The Printing Works will close down in 2020

The preparations for closing down the Bank's Printing Works, located on the West side of boulevard de Berlaimont, continued apace in 2019. The last banknote production run was launched and should be finally completed during the first half of 2020.

Part of Belgium's euro banknote production quota has already been taken over by the Portuguese and Austrian banknote printing works, and from mid-2020, that will apply to all Belgian production. This method of operation is more efficient than printing banknotes in house.

Once production has ceased, it will still take several months to dismantle the printing facilities. As it is already several years since the decision was taken to close the Printing Works, the human resources policy anticipated that closure by halting the recruitment of new staff for the Printing Works. In addition, all employees who were unable to retire before the closure of the Printing Works were individually offered the opportunity to continue their career in another of the Bank's entities.

In the meantime, preparations have already been made for the sale of the building housing the Printing Works. Naturally, the Bank hopes to get a good price for this building, dating from the 1950s and constructed in the same style as the Bank's main building. That is why the Bank is enlisting the services of an external consultant for this sale, who will be instructed to take stock of the potential alternative uses of the building. The competent departments of the City of Brussels and the Brussels-Capital Region



Front facade of the National Bank of Belgium Printing Works, on boulevard de Berlaimont

are examining the urban planning framework (use, asset value, etc.). The sale will take place with total transparency. The consultant will produce a sale brochure and inform potential purchasers, for whom an information room will be made available. The use of the net proceeds from the sale of the building will be subject to the normal rules of the Bank's reserve and dividend policy: half of the net proceeds, after deduction of all costs, taxes and any replacement investment, will be allocated to the shareholders, while the other half will be added to the reserves.

### Checking banknote quality, a niche activity for the Eurosystem

The knowledge and reputation that the Bank has acquired over the years in the production of banknotes enabled it to conclude agreements with other central banks, making it a major knowledge centre, providing services in connection with checks on the quality and quantity of the consolidated banknote production quota. The partnership secures economies of scale in regard to necessary and compulsory checks,

from paper production and the various stages in the production process to the final, comprehensive quality check that every euro banknote undergoes before being placed in circulation.

In addition, this knowledge centre also offers its advanced expertise to the ECB in providing substantial services under specific contracts relating to the analysis, storage, preparation and distribution of highly confidential documents concerning banknote production.







## Coins and banknotes: a popular means of payment

### Banknote circulation is increasing and use of banknotes is still popular

Currency in circulation – banknotes and coins – remains a popular means of payment, alongside electronic payment facilities.

Banknote circulation has steadily expanded – by 4% to 5 % a year – since the euro was launched in 2002. In value terms, it increased from € 358 billion at the end of 2002 to € 1 293 billion at the end of 2019.

A significant proportion – between a quarter and a third – of euro banknotes circulates outside the Eurosystem countries. Some of the notes are used for routine payments while the rest are hoarded.

Use of the coins and notes varies from one country to another. Overall, the proportion of cash payments is declining although, on average, the great majority of payments are still made in cash in the Eurosystem, especially where small amounts are concerned. In Belgium, cash accounts for over 50 % of transactions.

### The most universal means of payment

In its Recommendation of 22 March 2010, the European Commission pointed out that the legal tender status

of euro banknotes and coins means that they must be accepted at their face value unless the parties have agreed on another method of payment or the law prohibits their use for large amounts. Euro banknotes and coins have the power to secure discharge from payment obligations: a debtor can fulfil a payment obligation by offering them to his creditor.

The Commission considers that the acceptance of euro notes and coins as a means of payment should be normal in retail transactions. Any refusal must be based on reasons relating to the “principle of good faith” (denomination disproportionate to the amount due, insufficient cash to give change, etc.).

### Versatile and robust

The banknote is a high-tech product incorporating numerous security features and can be used without any infrastructure. Anyone can easily check a note's authenticity by the “look-feel-tilt” test. Banknotes are also designed to be read and recognised by cash deposit machines, bankers' sorting equipment, transporters, central banks, etc.

Banknotes have proved resilient to attempts at counterfeiting. Since the creation of the euro, financial losses relating to counterfeiting have amounted to € 30 to € 40 million a year. That is

very little in comparison with the € 1 280 billion in circulation or the fraud amounting to € 1.8 billion in the case of cards issued in the Single Euro Payments Area (SEPA).

## Advantages

Citizens' confidence in the banknotes issued by the central bank is derived, among other things, from the fact that they thus have access to currency issued by the government. Coins and banknotes are used by everyone, regardless of income, domicile, nationality, etc., including persons whose health or age prevents them from using computerised systems and those who have no access to the banking system.

A recent study by the Deutsche Bundesbank revealed that cash is still the quickest way to pay

– 22 seconds, compared to 29 seconds for a card with a secret code – and the cheapest – for payments up to €50, a cash payment costs 24 cents, as opposed to 33 cents for a debit card payment and 97 cents for a credit card payment.

With banknotes, there is therefore no danger of computer fraud, hacking, data abuse, or payment being impossible because of an attack on payment systems or a power cut.

## Conclusion

The unique characteristics of banknotes and coins – universal use, simplicity, robustness, privacy protection, efficiency, etc. – justify their place in the array of means of payment, alongside and in addition to the various electronic systems.

## Exchanging banknotes and coins

The public can come to the National Bank of Belgium's counters to:

- exchange euro coins and notes for euro notes and coins;
- purchase euro notes and coins on payment by debit card;
- exchange damaged euro banknotes and coins.

Belgian franc banknotes issued since 1944 can still be exchanged with no time limit. There are still some of these banknotes in circulation worth the equivalent of over € 400 million. The public can come directly to the Bank's counters to exchange Belgian franc notes for euros, free of charge. In recent years the Bank has exchanged Belgian notes worth almost € 2.7 million each year.

The conditions applicable to these transactions can be consulted on the Bank's website: [www.nbb.be](http://www.nbb.be).

Additional information is obtainable from the Central Cash Office:  
[cashdepartment@nbb.be](mailto:cashdepartment@nbb.be) or by telephoning + 32 2 221 39 87.

The counters at boulevard de Berlaimont 3, 1000 Brussels, are open **from Monday to Friday, from 8.45am to 3.30pm.**

The conditions applicable to the exchange of euro banknotes and coins are summarised below.

## Exchanging euro coins for euro notes and coins



### Standard exchange

Volume	✓ 1 x per calendar month max. 5 kg
Charges	✓ Free
Payment	✓ In cash (transfer is not possible) ✓ Immediately at the counter
<b>! N.B.</b>	✓ The coins must be presented loose (not packaged). You do not need to sort the coins. ✓ Special rules apply to <a href="#">damaged coins</a>

### Exchange subject to charges

Volume	✓ More than 5 kg or more than once a month
Charges	✓ 2% of the transaction
Payment	✓ At the counter after 10 working days ✓ In cash (transfer is not possible)
<b>! N.B.</b>	✓ Maximum 10 kg per bag ✓ Some institutions are exempt from the charges. See conditions below.

### Exemption from charges

Who?	✓ Institutions entitled to receive tax deductible donations
How to apply	✓ Apply in advance to the <a href="#">Central Cash Office</a> (for details, see below)

## Exchanging euro notes for euro notes or coins



### Standard exchange

Amount	✓ < 3000 euro
Charges	✓ Free
Payment	✓ Immediately at the counter ✓ In cash (transfer is not possible)
<b>! N.B.</b>	✓ Special rules apply to <a href="#">damaged banknotes</a>

### Exchange with declaration of origin

Amount	✓ ≥ 3000 euro
Charges	✓ Free
Payment	✓ < 10 000 euro: immediately at the counter ✓ ≥ 10 000 euro: postponed ✓ In cash (transfer to an account is not possible)
<b>! N.B.</b>	✓ A <a href="#">declaration of origin</a> must be completed. ✓ Special rules apply to <a href="#">damaged banknotes</a>





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Michael Jensen



# MISSION :

## Maintaining price stability

MÉLISSA KASONGO / Research

### One of the key aims of the European System of Central Banks

The group to which I belong helps to prepare the monetary policy meetings of the ECB Governing Council, which are held in Frankfurt every six weeks and where our Governor takes part in the decisions, just like his colleagues from the other national central banks. Before each meeting, we go over the latest macroeconomic developments, short-term indicators, changes in financial conditions, etc. with him. These briefings are based on economic analysis and research using, in particular, the large European statistical databases maintained by the national central banks, and therefore by our own Statistics Department. This means that I contribute to one of the key aims of the European System of Central Banks, namely the pursuit of price stability.

This work is coupled with a communication mission. The Bank constantly has to clarify the actions and positions of the Eurosystem, and reiterate the importance of price stability, how it can be achieved and what are the obstacles in its way, etc. Our most important product is undoubtedly the Annual Report, which I help to write. But it only comes out once a year, so we use other channels as well, such as the Economic Review, for which I had the opportunity to write an article explaining the ins and outs of a negative interest rate for the Eurosystem's deposit facility. That is a subject close to the hearts of our fellow

citizens, who have a reputation as keen savers! We also have to prepare answers to questions from the media, and I have personally had the pleasure of meeting secondary school pupils in connection with the Generation Euro competition. A stimulating experience involving outreach work and the need to know your target audience.

The subjects that I deal with are very varied. They depend on current topics in the economic and financial news. Apart from negative interest rates and digital currencies, the issue of climate change has become important in our research. The subject of carbon emissions is not neutral for the markets and the economic system either, so this issue could have implications for the conduct of monetary policy, too, because central banks also have to manage their own portfolios, and in so doing, they are investors who must act responsibly.

*We explain the Eurosystem's monetary policy actions and positions*





Some economists from the Research Department in a meeting in the Robert Triffin room





# Corporate social responsibility: a structured approach

A central bank is the epitome of a public service enterprise. In the past, central bankers were often accused of living in an ivory tower, but this is no longer the case. The National Bank of Belgium and its staff nowadays play a central role in society, are closely involved in the changes taking place in society, and are attentive to the concerns of citizens, both young and old. Two of the four values formally espoused by the NBB during 2019 directly reflect this engagement with society at large, namely that the Bank and its staff are determined to be “socially responsible” and “open-minded”.

Many of the missions entrusted to the National Bank of Belgium by Belgian or EU law are of great social importance. These include, among other missions: maintaining price stability, ensuring safe cash and efficient payment systems and the continuity of the financial sector, operating a Central Individual Credit Register and combating money-laundering. The Bank is moreover a major employer, with some 2200 staff (1828 FTEs at the end of 2019), based in the heart of Belgium's capital city. Consequently, the Bank has a wide range of stakeholders, including staff members and their families, central Brussels residents and authorities, citizens who, for one reason or another, use or will need to use its services, suppliers, students and others.

In today's society, an enterprise of this kind must shoulder its social responsibilities in an organised and structured manner. With this in mind, the NBB has

set up a corporate social responsibility (CSR) governance structure, with targets and objectives set for the year 2025.

The Bank decided on a bottom-up approach, whereby a CSR governance body will set targets on a range of topics and a sounding board will examine these with a critical eye, ensure consistency and provide relevant communication.

## CSR: nine topics

Nine topics have been identified (see figure below) and a dashboard will be used to track progress achieved towards the targets set for 2025 on each topic.

Four of the topics relate to the NBB as a central bank: supervision ensuring sustainability in the financial sector in a risk-based manner; cash and payments; economic and financial research and analysis



Roles	Topics
NBB as <b>central bank</b>	1 Supervision ensuring sustainability in the financial sector in a risk-based manner
	2 Cash and payments
	3 Economic and financial research, and analysis including social and environmental dimensions
	4 Investment portfolio sustainability criteria
NBB as <b>company with public importance</b>	5 Green and fair bank
	6 Inclusion and Diversity
	7 Commitment towards staff
	8 Sustainable procurement
	9 Patronage & culture

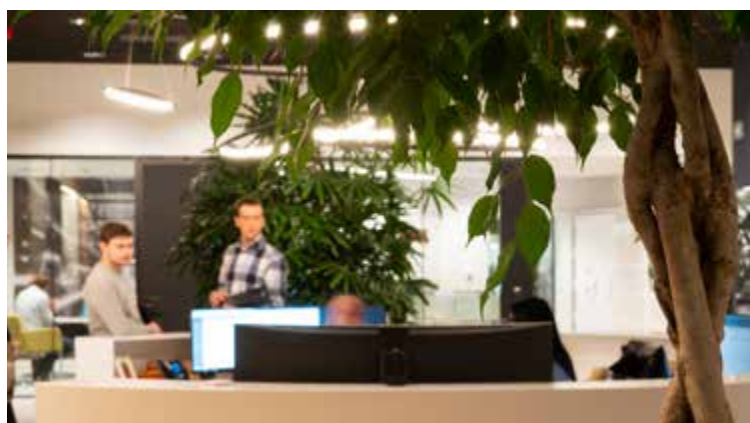
including social and environmental dimensions; and investment portfolio sustainability criteria. The five remaining topics relate to the NBB as a company of public importance: diversity and inclusion within the Bank as regards recruitment and career development; concern for the health and safety of staff and also for their wellbeing in the working environment; the NBB as a “green” and fair bank; sustainable procurement; patronage activities and support for culture.

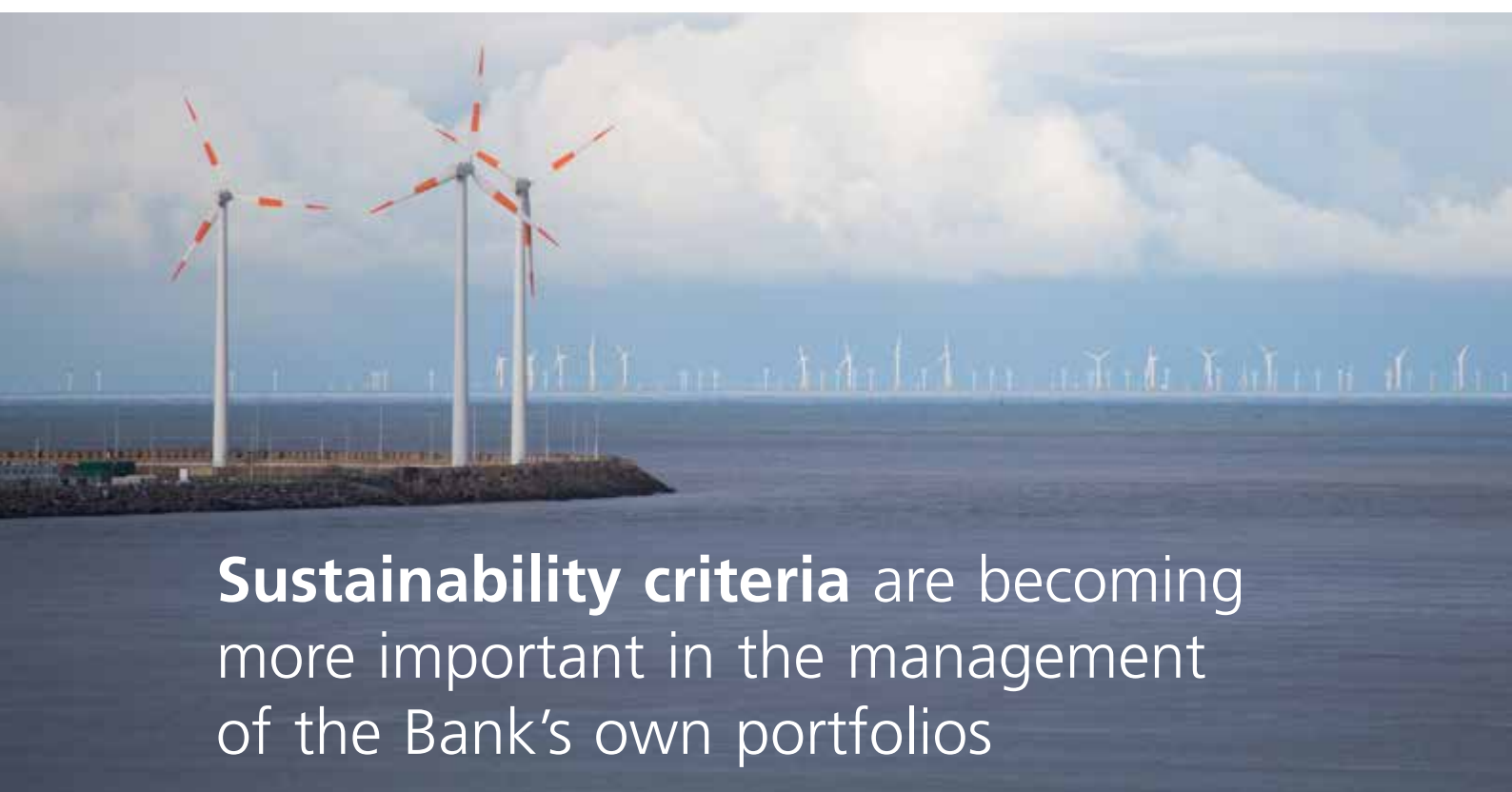
For each of these topics a list of – sometimes very detailed – actions and initiatives has been drawn up, together with key performance indicators (KPIs), with corresponding budgets where appropriate, denominated in either euros or exchange-traded products (ETPs).

The governance procedure for each of these nine topics includes conducting a periodic assessment

of the five-year targets, annual initiatives and KPIs, discussing them with the sounding board and obtaining the approval of the Board of Directors. The CSR sounding board is tasked not only to assess progress with individual topics but also to examine the Bank’s overall CSR strategy to 2025, discussing the inter-relations between the various topics, seeking to identify synergies, analysing

the KPIs on a consolidated basis and taking action where necessary. In addition, the group is responsible for drawing up the Bank’s communication strategy in the CSR field. The targets, annual initiatives and KPIs for each topic, plus the Bank’s overall 5-year strategy and the communication strategy proposed by the sounding board will be passed up to the Board of Directors for approval.





## Sustainability criteria are becoming more important in the management of the Bank's own portfolios

### Incorporating ESG criteria into the management of reserves

For the last 15 years, the NBB has invested a small proportion of its own foreign reserves – i.e. not for instance the securities that the Bank holds as part of its monetary policy – in US dollar-denominated corporate bonds. From the outset, a small number of bond issuers have, for sustainability reasons, not been considered for possible investment by the Bank on the basis of a methodology known as “negative screening”.

Meanwhile, the Bank recently took a further step in its sustainability policy by adopting specific environmental, social and governance (ESG) criteria as a basis for selecting industrial

firms whose bonds may be held in the foreign reserves portfolio. Such criteria are undoubtedly highly relevant when assessing industrial companies.

The NBB has both financial and non-financial reasons for incorporating ESG criteria into the management of its portfolio. First of all, sustainability criteria tend not to be fully included in a traditional financial analysis, even though taking account of such criteria is likely to help ensure efficient risk management. Secondly, ESG risks, especially risks related to climate change, usually manifest themselves in the longer term, which fits in with the Bank's investment horizon. Last but not least, due to the social role they play in the financial system, central banks are generally sensitive to the idea of “ethical and

socially responsible investment”. Incorporating ESG risks into the relevant section of the portfolio does not of course mean that the Bank has reached the finishing line, but it does represent an extra step towards a more sustainable investment policy. Certain asset classes undoubtedly lend themselves more than others to a sustainability focus. Nevertheless, basic elements such as liquidity and stability of course remain vital aspects of the Bank's portfolio management.

### Positive screening

Taking a “positive screening” approach, the NBB now considers for investment only bonds issued by companies that attain a sufficiently high rating on ESG criteria conferred by a specialist external



### Investing in green bonds

As part of the management of its various own portfolios, the NBB also invests wherever possible in “green bonds”. This type of bond is issued by supranational institutions, public authorities and companies wishing to finance specific projects intended to have a beneficial impact on the environment. As the green bonds market is still at an early stage of development, these securities at the moment account for only a small proportion of the Bank’s portfolio contents. Nevertheless, given the significant growth in this market, the NBB expects to see the green bond weighting increase in future.

constituted during the year 2019. An external fund manager was mandated to administer passively an equity fund invested in the shares of companies with large capitalisation that are listed on European stock exchanges.

The reference index, which has been tailor-made for the NBB by an external firm, mainly covers stock markets in the euro zone and, similarly to the Bank’s US dollar-denominated portfolio, includes companies that meet specific ethical standards based on environmental, social and governance criteria.

### Wider initiatives

The Bank is pursuing wider initiatives in this domain. For example, it is making efforts to both share and acquire vital knowledge in this field through various public sector forums such as the Network for Greening of the Financial System (NGFS), which will enable the Bank to take further steps in the field of sustainable investment.

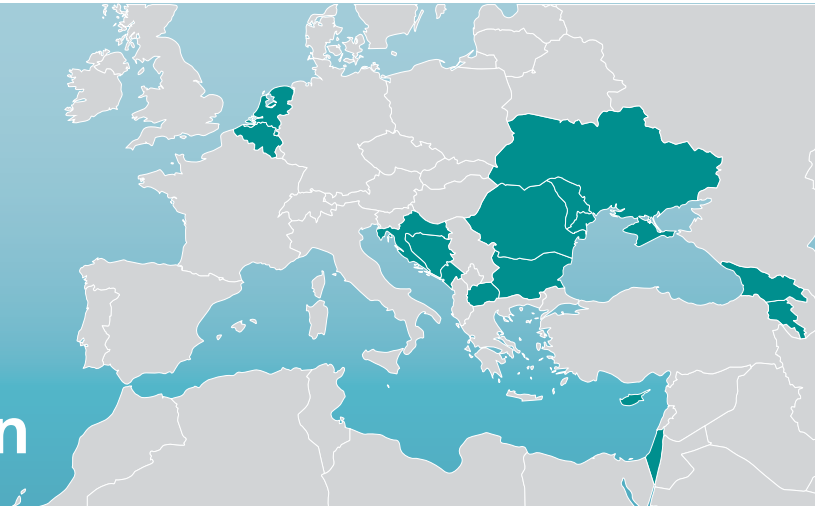
rating agency. With a view to enhancing the sustainability aspect of its portfolio, and given the growing number of bond issuers, the Bank also decided in 2019 to gradually increase the relative weight of industrial companies in the portfolio.

### Portfolio diversification into European equities

Given the sustained growth in euro-denominated bond assets held on its balance sheet, the NBB has been following a policy of portfolio diversification. Accordingly, a new portfolio was



## Technical cooperation



Belgium, represented by the National Bank, co-chairs an International Monetary Fund (IMF) constituency consisting of Armenia, Belgium, Bosnia-Herzegovina, Bulgaria, Croatia, Cyprus, Georgia, Israel, Luxembourg, North Macedonia, Moldova, Montenegro, the Netherlands, Romania and Ukraine. The Bank takes a very active part in its IMF constituency, pursuing a policy of high-quality technical cooperation among member central banks. The year 2019 saw close cooperation with the National Bank of the Republic of North Macedonia and the National Bank of Ukraine. This cooperation extends to highly diverse areas such as the basic functions of a central bank, including monetary policy, banking supervision and financial stability, plus also more operational aspects such as human resources policy, IT and procurement.

The Bank hosted a high-level conference for central bank governors from the NBB's IMF constituency on the future-oriented theme: Policy challenges related to new forms of consuming or doing business. NBB also sent experts to take

part in conferences held in various constituency countries, including a symposium hosted by the Central Bank of Armenia on Advancing the frontiers of monetary policy, and a conference run by the the National Bank of the Republic of North Macedonia on Payments & Market Infrastructures: open doors to the changing payments landscape.

### **NBB working with other central banks on a programme for Eastern European countries**

As part of the support the NBB provides to its IMF constituency countries, the Bank took part, together along with 19 of the central banks in the European System of Central Banks plus the European Central Bank, in a programme financed by the European Union with the aim of bolstering the central banks and supervisory authorities of Albania, Bosnia-Herzegovina, Montenegro, North Macedonia, Serbia and Kosovo, in accordance with United Nations Security Council Resolution 1244. The goal of the programme is to

strengthen the institutional capabilities of these countries' central banks and supervisory authorities, in particular by improving the tools they use to analyse and design policy and by incorporating the highest European and wider international standards into the methodology used in those countries.

The NBB is also endeavouring to collaborate with other central banks worldwide, especially those in French-speaking countries. In September, the Bank hosted, for the second time, a conference for French-speaking central banks on the topic of cyber security.

Lastly, the NBB has been very forthcoming in making its experts available to international institutions such as the IMF and the World Bank for short-term technical cooperation assignments, including in Albania, Mauritania and Tunisia, and also long-term assignments, for example at the IMF's regional training centres in India and Lebanon.





## The Bank's cultural heritage

### The NBB's modern art collection

Since 1972, the Bank has been collecting contemporary works of art by living Belgian artists. Until recently, the collection was mainly used to decorate the Bank's premises and for the pleasure of staff. Bank personnel can read the *Art for Everyone* column that appears every month in the staff magazine and may choose for their own office an item from the selections of works of art that are displayed from time to time at the Bank's restaurant.

In the spring of 2019, the art collection was shown outside the Bank for the first time, at an exhibition open to the general public. NBB joined the Deutsche Bundesbank in pooling their respective modern art collections, leading to the creation of an exhibition entitled *Building a Dialogue: Two Corporate Collections of Contemporary Art*. The NBB counter hall, designed by Belgian architect Marcel Van Goethem, was turned into the bright

modern venue for displaying a selection of works from the two collections, in dialogue with each other, with the architecture, and – last but not least – with the general public.





Putting together the Building a Dialogue exhibition: on the left, the two curators of the NBB Museum, Yves Randaxhe and Anne Bambynek

A month after the opening of the exhibition in May, which met with great enthusiasm among the media – including print journals *Le Soir*, *La Libre*, *De Standaard*, *Sabato* and *Trends* and TV channel RTBF – the Collections team held a Corporate Collections symposium at which a number of speakers expressing varying points of view helped to shed light on the concept of corporate art collections. Over 200 people attended the presentations given by, *inter alia*, Delphine Munro (European Investment Bank), Claudia Schick Tanz (Deutsche Bank), Stefaan De Clerck (Proximus), Sanne ten Brink (ING Netherlands) and Loa Haagen (Pictet).

Professor Arnold Witte from the University of Amsterdam closed the day with a presentation of view-

points stemming from his study of corporate collections in the Netherlands, made possible by the *Vereniging Bedrijfscollecties Nederland* (VBCN), the corporate collections association of the Netherlands.

The exhibition was open from Monday to Saturday, 10am to 6pm, from 15 May to 15 September. Four late evening openings – until 10pm – provided an opportunity for a wider audience to view the works of art. In addition, the banking hall played host to several private showings, including for a German delegation,

for the Belgian Financial Forum, the International Association of Corporate Collections of Contemporary Art, the Belgian business club Cercle de Lorraine/Club van Lotharingen, and for the International Council of Museums, Belgium (Flanders) and the International Council of Museums, Belgium (Wallonia-Brussels). NBB staff also had the opportunity to enjoy guided tours during their lunch hour.

The exhibition closed in style with the 2019 Heritage Days, receiving highly positive feedback from the public. In addition to the exhibition itself, visitors

were impressed by the wonderful architecture of the banking hall, which lent itself very well to the choice of contempo-

rary art works on display. The renovated hall was judged to be a worthy venue for hosting art. In total, the Building a Dialogue exhibition attracted close to 6000 visitors. A wide target audience were able to discover the art collections of two central banks for the very first time, as well as the stunning architecture of Marcel Van Goethem. This major event, with free-of-charge admittance to the general public, is to be followed by other exhibitions. The next, celebrating the 50<sup>th</sup> anniversary of the NBB's art collection, is scheduled for 2022.

*The renovated counter hall was judged to be a worthy venue for exhibiting art*

## Heritage Days in Brussels

The Brussels Heritage Days on 14 and 15 September saw around 1600 people visiting the *Hôtel du gouverneur*, which until 1957 served as the Governor's official residence. It was the third most visited site out of 96 historic buildings and monuments whose doors were thrown open to the public during the two days. For the occasion, the Museum team received reinforcements in the shape of a number of NBB staff, who volunteered to take the numerous visitors on guided tours through the *Hôtel's* rooms. The Bank's intention in opening the *Hôtel du gouverneur* to the general public from time to time is to underline that NBB regards this building as part of the nation's



Payments & Securities Officer Wioleta Cheung volunteered to show visitors around the *Hôtel du gouverneur*.

heritage, even though it is not a listed monument.

The Building a Dialogue exhibition also closed on a high

note that same weekend with just under 700 art lovers taking advantage of the Heritage Days to admire the NBB – Deutsche Bundesbank collections.

## The NBB Museum

The Bank has for many years served as an important knowledge centre, whose expertise and credibility are widely recognised. Recently, it has been making greater efforts to be more open to, and communicate with, society at large in a clear, transparent manner. The NBB Museum has a key role to play in this process of communication. Visitors to the Museum have an opportunity to familiarise themselves, via a range of multimedia resources, with the various tasks entrusted to a country's central bank. Placing the current situation in a historical context helps to give visitors a better understanding of the world around them.

During its second year in the building that once housed a bank named Union du Crédit de Bruxelles, the Museum welcomed 32078 visitors, an increase on the first year. While schools, from primary







Lieselot Van Peteghem shows a group of school students around the NBB Museum.

through to higher secondary level, still comprise the Museum's main visitor category, other types of visitors are increasingly coming through the doors, including cultural and social non-profit organisations, groups of young people and adults, passing tourists and families.

Keen to attract the widest possible audience, the Museum focused during 2019 on activities for young people. As every year, the Museum took part in the *Schatten van Vlieg* campaign, an initiative by non-profit organisation Publiq, this year holding an educational summer treasure hunt on the theme of taste. The children were also invited to take part in creative workshops on the subject of manufacturing banknotes. This new type of activity enabled the Museum to attract a greater number of families and allowed parents and grandparents to see the Museum in a different light.

Free entry to the Museum is an asset in terms of attracting a wider public as it means that everyone can afford to come. This is especially important for

***Families are increasingly coming through the doors of the Museum***

charitable organisations with a range of objectives such as social integration and training, who come to the Museum for a guided visit in the language being used for training their participants, or to raise awareness among their members on a topic that affects all citizens.

This desire to open up to a wider public can also be seen in the special arrangements which the Museum made this year to open its doors outside the normal hours (9am to 5pm, Monday to Friday) so as to offer admittance to working people. The one-off opening on Saturday 19 October, independently of any country-wide initiative, helped to meet the needs of this section of the public. In addition, 2019 saw the Museum take part in several major public events outside normal hours, including Museum Night Fever, late-night openings at Brussels museums, the Heritage Days and the Urban Walk initiative. A range of activities was on offer to the general public, attracting visitors who would otherwise not have had the opportunity to visit the Museum.



## The NBB Museum: a channel for communicating with the general public

In 2019, music lovers were also able to treat their auditory senses to a jazz concert given on International Jazz Day (30 April) and to enjoy another concert held as part of the Indies Keeping Secret concert series that was, as always, kept secret until the last moment!

In addition, the Museum took part in a variety of activities as part of the Bank's corporate social responsibility effort. *Youth for Change and Action (Youca)* enables young people to work for a day inside a company and donate the pay they earn to a range of projects designed to support young people in Guinea and Belgium. For one day a student steps into the shoes of one of the Museum staff, thus enjoying an enriching experience while also supporting a good cause. As every year, the Museum took part in the *Place aux Enfants (Make Way for the Children)* day, an event on the theme of citizenship and community life aimed entirely at children.

The NBB Museum provides a useful means of communicating with the general public. It was the venue for the press conference given by the Governor when the new €100 and €200 notes were put into circulation. The Museum also hosted the unveiling of the €2 commemorative coin bearing the image of Baron Alexandre Lamfalussy, with the Minister of Finance, Alexander De Croo, and Madame Lamfalussy in attendance. This provided an opportunity to take a look at the impressive career of the Belgian economist who played a key role

in setting up the European single currency. In addition, NBB staff from various departments come to the Museum on a regular basis to give lectures to groups of visitors who are interested in various Bank-related topics.

Among its extra-mural activities, the Museum took part in two education fairs, in Kortrijk (Tools4schools) and Brussels (EDUC Days). This enabled the Bank to show the teaching world what the new Museum has to offer, such as tailored guided visits and educational resources.

Continuing its collaboration with other organisations in the museum and cultural sphere, the Museum agreed this year to lend items to and allow reproduction of photos by various institutions and museums, including the Royal Museum of the Armed Forces and Military History, the City of Brussels Museum and the Senate.

This year, the Museum also made an effort to raise its profile on the social networks, particularly as regards the Bank's art collection. The @nbbmuseum and @nbbexpo accounts, which can be followed on both Instagram and Facebook, are constantly updated. This drive for greater online visibility can also be seen in the progressive digitalisation of the collections, which attract the interest of a wide audience, both academic and non-academic, including commodity money, scrip notes issued during WWI, medals, and Belgian franc notes.





## Greater concern for diversity and inclusion

In 2019, the Bank set up a specific governance structure for diversity and inclusion (D&I). This comprises a Diversity and Inclusion Council, chaired by the Governor, a D&I manager and Diversity ambassadors. The overall aim is to decide on and implement initiatives that will enable NBB not only to achieve its quantitative targets for increasing the percentage of women staff at all levels of the organisation, but also to bring about a shift in the Bank's corporate culture towards more openness to difference, whatever form that may take.

The quantitative targets set by the Board of Directors at the end of 2018 set out to reach, on an annual basis, 40 % women among new recruits and among

those promoted or recruited to senior posts.

As regards new recruitment, the challenge was first and foremost to hire a sufficient number of female managerial staff to ensure a good gender balance. The Bank has therefore paid great attention both to the way its recruitment advertisements are formulated and to the way the selection process is conducted, so as to avoid any bias in favour of or against one category of candidates.

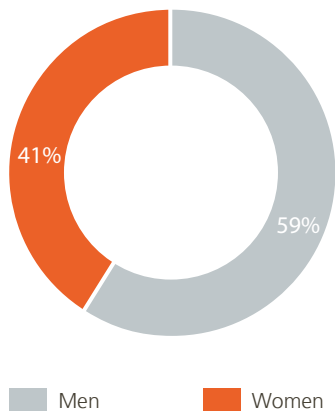
In terms of promotion, the Bank needed to make a special effort at the highest levels of its hierarchy. Despite the relatively low number of posts available at these levels, the NBB has succeeded in raising the proportion of women in top management from 7 % when

the diversity policy was introduced to 15 % today. The increase observed in other staff categories has been lower.

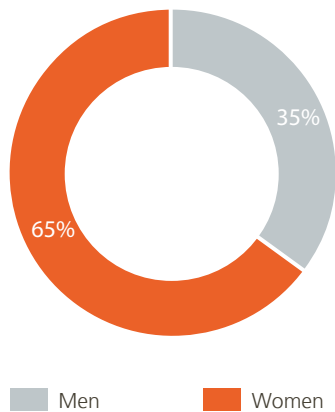
A large part of the Bank's efforts to promote diversity in 2019 were undertaken by the Human Resources department. Accordingly, a number of HR staff, especially the teams in charge of recruitment, were provided with specific training in this field. Simultaneously, a D&I dimension was incorporated into various HR projects, such as talent identification and management. However, the most striking project was undoubtedly an initiative to redefine the NBB corporate values. Henceforth, the Bank's Diversity policy will be clearly underpinned by the values of open-mindedness, social responsibility and respect.



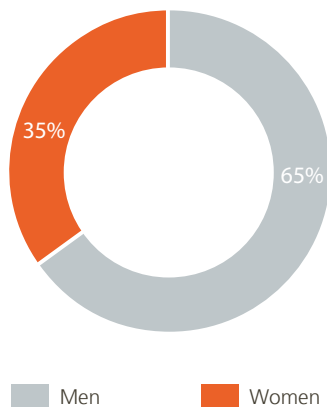
Staff recruited with a Master's degree: male-female breakdown



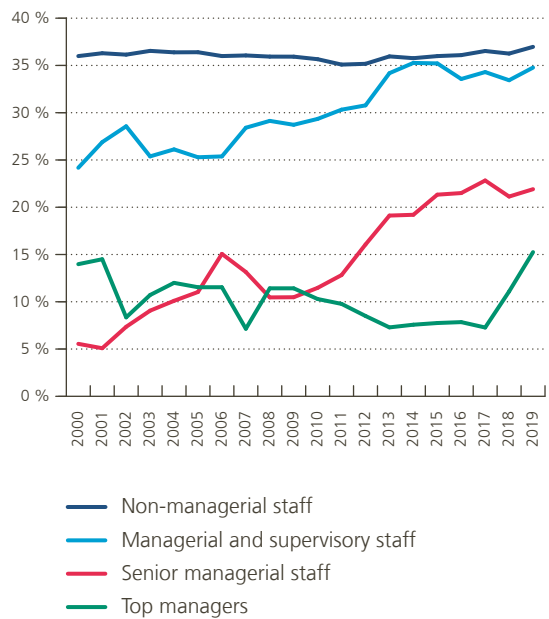
Staff recruited with a Bachelor degree: male-female breakdown



Male / female staff breakdown



Change in the proportion of female staff by level







The Belgian Chief Country Officer of a foreign bank signs the charter.

### Attracting new talent from different backgrounds

Whenever it becomes necessary to bring about a shift in corporate culture, communication plays a major role. In his internal communication, the Governor has emphasised his commitment to diversity and underlined the need to attract talented recruits from different backgrounds, and above all to prioritise collective intelligence in order to meet the challenges of tomorrow.

Given the special role the Bank plays in Belgium's financial sphere, it deemed it important to offer its support for and participate in

the launch of *Women in Finance Belgium*. It demonstrated its commitment by joining other financial institutions in signing the Gender Diversity in Finance Charter, whose purpose is to improve male-female parity in the financial sector. The signing ceremony took place at the Bank on 17 June 2019.

In addition, due to strong momentum from the Diversity and Inclusion Council and the Board of Directors, the NBB widened its field of action beyond gender parity, progressively including other diversity-related areas such as cultural differences, sexual orientation and inter-generational issues.

## Donation to the Foundation against Cancer



In 2019, the Board of Directors decided to sponsor the *Tournée minérale* (Dry February) campaign for an amount of €15 per participant; 353 staff took part. Accordingly, on 1 March, a cheque for €5295 was handed over to Brigitte Demunter, Head of Corporate Fundraising at the Foundation against Cancer, at a reception for staff who had committed to not touching a single drop of alcohol during February. No alcohol was served at the event but the Bank's choir entertained the participants.



NBB Director Jean Hilgers hands over the cheque to Ms Demunter.



## A green and fair bank



The NBB has for a long time been thinking seriously about the subject of sustainable development. In recent years, the Bank has for example applied sustainability criteria to its investment portfolio. In 2018, efforts made to promote environmental care and energy savings – supporting combined heat & power installations, lighting equipped with movement detectors and solar-powered water heating – earned the Bank the Ecodynamic Enterprise label with two stars from the Brussels Regional Environment Ministry, plus the CO2 Neutral® label conferred by the Co2logic organisation. The Bank was also awarded the Good Food label. The Bank has moreover installed green roofs and insect hotels at its premises and has made electric bicycles available to staff for journeys within the city.

In 2019, the Bank obtained a **third star on its Ecodynamic Enterprise label**, under a completely revised award procedure. The new label is based on a number of basic principles, including support for the circular economy. Companies are rated on 368 action points, covering eight fields: organisation, energy, purchasing, mobility,

waste, green spaces, noise, water and ground quality. The Board of Directors and staff are also proud that the Environment Ministry decided to hold the certificate award ceremony in the NBB Auditorium.

In 2019, the Bank also met the criteria required to obtain the **CO2 Neutral® label** by offsetting its carbon dioxide emissions through investment in projects designed to reduce emissions of greenhouse gases in developing countries.

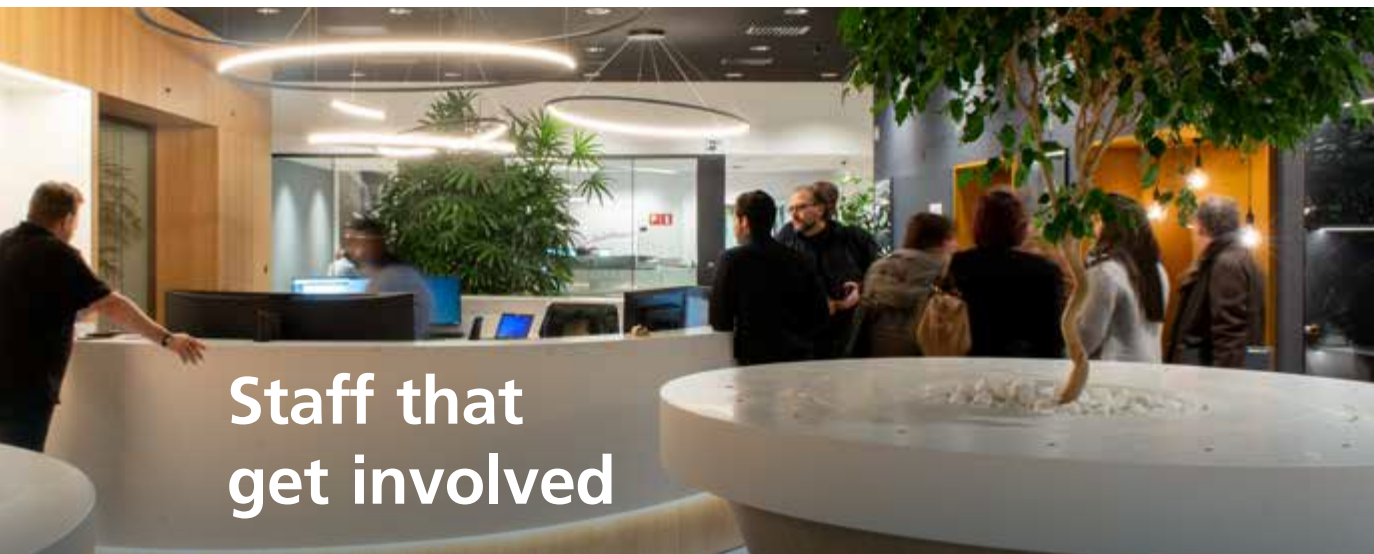
However, NBB's sustainability ambitions extend further than these actions. In the immediate future, the Bank intends to engage in sustainable procurement and has run training sessions for staff on how to implement sustainable tendering processes. It also intends to reduce overall waste, in particular to restrict the use of disposable plastic. The Bank has taken part in a number of actions designed to focus attention on sustainable development, including the Thick Sweater Day, European Week for Waste Reduction and Bike to Work initiatives.

As part of the renovation programme for the NBB headquarters

buildings situated on the East side of Boulevard de Berlaimont, the Bank intends to obtain a sustainability certificate with a **high rating such as BREEAM** (Building Research Establishment Environmental Assessment Method) certification. The purpose of this label, which differentiates five levels of attainment, is to encourage the design of buildings with minimal environmental footprint. The NBB intends to ensure that the new headquarters meets the criteria for BREEAM excellence, the highest attainable level, taking into account the given architectural constraints.



The Brussels Minister for the Environment, Céline Fremault, handing over the Ecodynamic Enterprise certificate



## Staff that get involved

In line with the Bank's strategic objective of being relevant and serving as a reference, the Bank holds informal internal debates during the lunch break on topical themes relating to society, with the aim of encouraging exchange of new, innovative ideas.

The format for these discussions is that a high-level speaker – a politician, university professor, company head, an expert from an international institution, etc. – gives a presentation, followed by comments, most often from an expert at the Bank, and then interaction with the attendees. Among the most salient topics discussed during these sessions in 2019 were: the commercial bank of the future;

the future of international trade (US/China/EU relations, the future of European trade policy); the issues around and progress made with the Pacte d'excellence – a drive for excellence in the educational system in the Wallonia-Brussels Federation; a status report on the single currency after 20 years; and the potential offered by new technologies such as the blockchain and digital currency.



For an institution which, like the National Bank of Belgium, performs tasks in the public interest, maintaining good contact with its numerous, diverse stakeholders is very important.

### Sharing the Bank's know-how

It goes without saying that the specific tasks that the Bank performs in such areas as research, statistics, central databanks or prudential services entail numerous contacts with specialist professional target groups. The Bank is also well aware that more generic target groups also belong within its spheres of attention. Thus, businesses, professional associations, secondary schools and higher education, social and public organisations, regional entities and the general public are among its target groups. The Bank is

prepared to inform these groups about its goals and activities, and how it pursues them. It is also prepared to act as a service provider in various spheres.

Aware of its profile as a knowledge institution, the Bank puts a great deal of effort into making its statistical and research work available to broad groups of interested people. They are free to consult its research and statistics on its website.

Furthermore, in certain cases the Bank considers it very important to provide additional information, supplementing the results of its



statistical and research work, in the form of conferences. Thus, every year, the Governor and members of the Board of Directors visit around 15 cities to present the Bank's Annual Report. More than 5 000 citizens accept the invitation and attend these presentations.

The results of the Bank's periodic studies on the direct and indirect economic impact of ports and airports and their associated

activities also form the subject of presentations, which similarly attract considerable interest.

Furthermore, the members of the Board of Directors and the Bank's staff are prepared to provide clarification in areas within the Bank's remit or in which the Bank has acquired considerable competence. The Bank's staff are regularly requested to give talks at universities and (senior)

schools. Some of them also teach part time, thereby sharing their knowledge in their sphere of activity.

### Focus on young people

Every year, there are two specific initiatives designed to give secondary school pupils and students in higher education a clearer idea of the relevance and

## Belgian Financial Forum

Financial education makes very good sense and is an essential task that the Bank endeavours to perform. The Bank is both the instigator and the driving force behind the Belgian Financial Forum, a network structure whose purpose is to propose conferences on economic and financial topics accessible to a broad audience of professionals interested in the subjects addressed. This useful network structure is the only one of its kind in that it tries to provide financial education on a decentralised, regional and non-commercial basis. The partnerships formed within the Belgian Financial Forum with Febelfin, Assuralia and the FSMA mean that this is an organisation with substantial, widespread support. The Belgian Financial Forum's activities are offered in Brussels and in 15 regional centres. During 2019, around a hundred conferences on economic and financial topics were offered in this way. Altogether, over 300 top-class professionals were invited to speak. More than 18 000 interested people registered to attend these conferences.



Presentation by  
Mr Peter Praet at the  
Belgian Financial Forum held  
in Brussels on 5 June 2019.





reality of the economic and financial topics which are important to central banks.

As in previous years, a seminar was held in 2019 for secondary school economics teachers. The seminar takes place in French and Dutch each year and participation is free of charge. This year's topic was "From company accounts to the national accounts and including the new Companies and Associations Code". Specialists from the Bank dealt with various aspects of the subject. Hundreds of teaching staff took part. Every year, this very popular event provides teachers with materials and documentation that they can use for the courses that they offer their pupils.

In 2019, the Bank also supported the Generation €uro Students' Award, a game for teams of pupils in the last two years of secondary education, held in twelve euro area countries. It is organised by the ECB and the national central banks of the euro area. Belgium holds separate competitions for French-speaking and Dutch-speaking pupils. The aim of the competition is to enable pupils to become familiar with monetary policy and how central banks actually operate. In 2019, it was pupils from BimSem Mechelen and Collège Saint-Guibert de Gembloux who won the Belgian competitions. The winners had the opportunity to visit the ECB in Frankfurt.



BimSem Mechelen pupils with the ECB President, Mario Draghi, and Governor Wunsch



Pupils from Collège Saint-Guibert de Gembloux with the ECB President, Mario Draghi, and Governor Wunsch

## Economic relations

Following the closure of its last regional branches at the end of 2018, the Bank set up an Economic Relations Unit in its Communication Department, responsible for establishing and maintaining contact and relationships with vast target groups. In this way, the Bank preserves a presence and visibility in every province of the country. The Unit also had the task of supporting and organising numerous conferences for the Belgian Financial Forum and for the Bank itself. Through this Unit, the Bank also intends to work on its visibility and accessibility in the various regions of the country by its policy of maintaining an appropriate presence.



## Internal Audit: an important function in a socially accountable institution

The Internal Audit Service is an independent entity, without any operational duties, which reports directly to the Governor. From this unique position, the Internal Audit Service performs its specific duties, which consist in providing the Board of Directors with independent, objective assurances designed to safeguard the Bank's assets, service quality, viability and reputation.

The IAS is also the first point of contact at the NBB for the statutory auditor, with whom it collaborates on the certification of the annual accounts, in line with the ISA 610 standard.

The Internal Audit Service has a duty to provide information to the Governor and the Audit Committee. It works according to an internal audit approach that applies international audit standards drawn up by professional auditors' associations such as the Institute of Internal Auditors (IIA) and formally adopted by the European System of Central Banks (ESCB), its own audit organ the Internal Auditors Committee (IAC), and the single supervisory mechanism.

This very special situation is due to the fact that the audit function is governed internationally by standardised rules, whatever the sector of activity, for both private and public sector organisations.

In this context, in compliance with a requirement laid down by the IIA and IAC, the Bank's Internal Audit Service – along with that of all

central banks in the Eurosystem – undergoes not only a periodic internal quality assessment but also a five-yearly External Quality Assessment carried out by a qualified, independent expert from outside the organisation who is appointed following a call for tender conducted through the Eurosystem Procurement Coordination Office (EPCO).

Following a thorough examination, involving meetings with the main stakeholders of the Internal Audit Service, the external assessor concluded that the service was in "overall compliance" with the "international standards for the professional conduct of internal auditing" drawn up by the IIA. The assessor underlined in particular that the Bank's Internal Audit Service had provided appropriate assurances, taken a good approach to risk assessment, that the auditors had acted with professionalism and independence and had collaborated effectively with the statutory auditor.

The NBB's Board of Directors and the European Central Bank's

management organs were informed of this assessment, which provides the NBB's management and external partners such as the Regents, the Censors, the State authorities and private shareholders with an assurance that the Internal Audit Service is making an active contribution to sound internal management of the Bank's risks, a key element in efficient resources management at an institution which has responsibilities to society.

### The Audit Committee

At the NBB, the Audit Committee, alongside the Governor, is the point of reference for the Internal Audit Service. The Committee has a consultative role as regards monitoring the process of drawing up financial information, the efficiency of internal controls and the management of risks, as well as the effectiveness of the internal and external audit processes.

As from the General Meeting of the Bank's shareholders on 18 May 2020, the Audit Committee will cease to be an offshoot of the Board of Censors, which is to be abolished, and will draw its powers from the Council of Regency. This change will not alter the links between the Audit Committee, the statutory auditor and the Internal Audit Service.



The year 2019 marked the end of the first implementation phase of the 2011 Law governing the security and protection of critical infrastructure.

This Law entrusted the Bank with three distinct duties, namely to act as the sector authority responsible for the oversight of critical financial infrastructure, to serve as inspector of the protection measures put in place, in addition to the critical infrastructure which the Bank itself provides. Through these different roles, the Bank is called upon to identify those organisations which are managing the critical infrastructure in the financial sector, to determine

their most critical activities, and to verify that security measures, both physical and digital (IT), designed to prevent any effects linked to the main non-financial risk scenarios identified, are actually in place. In accordance with the legal requirements, the Bank provided the Minister of Finance at the end of 2019 with a report on the performance of its duties as financial sector authority and infrastructure security inspector pursuant to the 2011 Law.



## Harnessing IT to help shape tomorrow's Bank

The NBB did not experience any major information security incident during 2019. Ensuring improvements in this field remains an absolute priority. The Bank passed all the ECB's compliance tests and continued its internal awareness-raising campaign, which earned the NBB a bronze medal under the London-based Learning Technologies Awards programme.

As regards digitalisation, the IT Department continues to harness the latest technology to help attain the Bank's goals, which include introducing a new approach to organising the work, from a technological, physical and company-cultural point of view, known as New Ways of Working (NWoW). Ingredients of the new approach include the concepts of collaboration, workplace mobility, productivity and flexibility. The IT Department is setting an example in these various fields, having put itself forward as the pilot organisation for tomorrow's Bank as projected in the NBB's strategic plan.

*It is becoming ever  
more difficult to attract staff  
with the requisite skills*

At the same time, the IT Department has continued to reflect on its own internal transformation, with a view to meeting two major challenges: the growing difficulty of attracting and retaining staff with the requisite skills to deliver its services; and the need to position itself as an indispensable contributor to the process of shaping the Bank of the future.

On the resources front, the Department has been pursuing two complementary existing paths: advance skills management and selective outsourcing of some activities so as to enable a number of staff to be redeployed towards newly-emerging jobs. Two examples of outsourcing plans begun in 2019 are the management of the Bank's user terminals and the rewriting of its Central Balance Sheet Office application.



# Human resources

## Staff numbers continue to decline

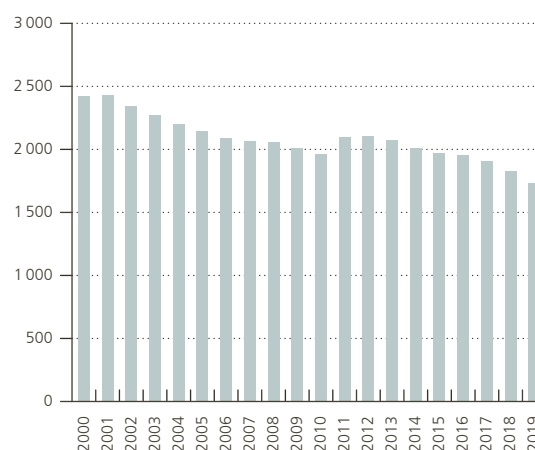
This year saw a further reduction in the Bank's total workforce, which declined from 1 828 FTEs at the end of 2018 to 1 734 at the end of 2019, thus maintaining a steady downward trend since 2000, with the exception of the year 2011, when the activities and staff of the CBFA – Belgium's Banking, Finance and Insurance Commission – were transferred to the NBB.

In the initial phase, a reduction in the number of staff was achieved through a selective freeze on recruitment, which resulted in a marked rise in the average age of staff. Over the last two years, the retirement of a large number of staff and the resumption of recruitment have led to a reduction in average staff age.

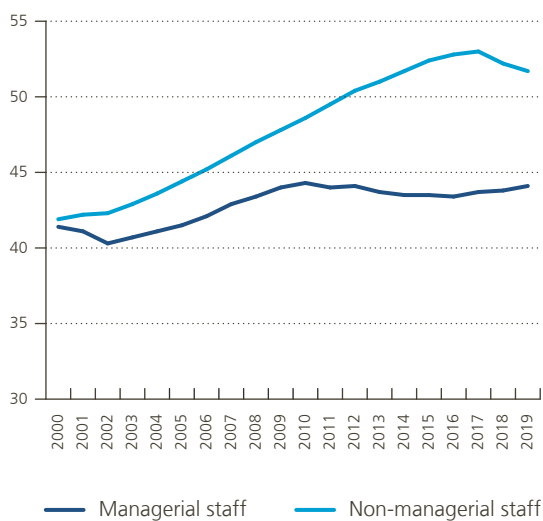
During the new recruitment campaigns, the Bank has focused on hiring highly-qualified people so as to be able to meet the new needs and challenges

of tomorrow. Over 40 % of the Bank's staff hold at least a Master's degree and close to 70 % hold a higher education diploma.

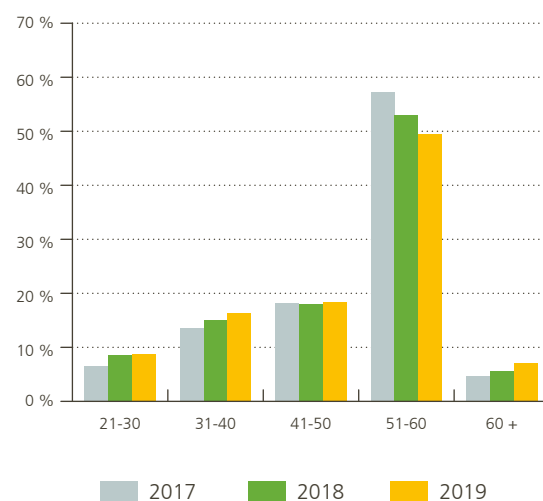
Number of NBB staff (FTEs)



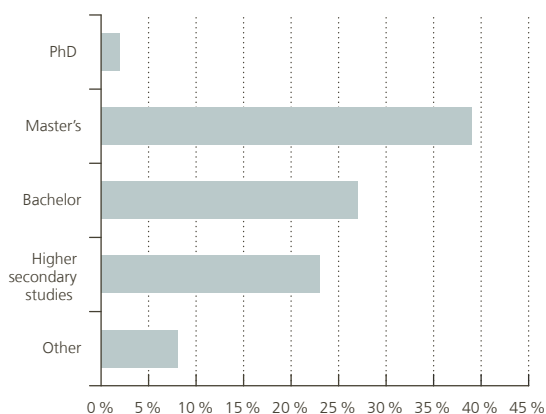
### Average age of staff



### Staff age distribution



### Staff educational qualification levels



### The Works Council and the Committee for Prevention and Safety at the Workplace

The Works Council holds, as a general rule, monthly meetings chaired by the Governor or Vice-Governor. Its remit is defined by legislation or regulations in force or set by collective labour agreements (CLAs) reached by the public credit institutions Joint Committee (CP 325), of which the Bank is a member.

The Committee for Prevention and Safety at the Workplace, which celebrated its 60<sup>th</sup> anniversary in 2019, also, as a general rule, holds monthly meetings, chaired by the head of the Human Resources Department. The Committee addresses all subjects set out in the Law of 4 August 1996 relating to the wellbeing of workers in the performance of their duties, which are embodied in the wellbeing code, i.e. safety in the workplace, workers' health protection, psycho-social aspects of work, ergonomics, hygiene at work, ensuring a pleasant work environment, plus any measures taken by the Bank with regard to the environment, insofar as they have a bearing on the other topics dealt with by the Committee.

The Bank's Internal Prevention and Safety Service serves as the Committee's secretariat.

### Obituaries

In 2019, the Bank was saddened to hear of the death of Baron Paul Smets, who served as Honorary Censor from 1998 to 2005.

In 2019, the Bank was also saddened by the death of seven staff members: Jean-Luc Dendauw, Roland Denuit, Olivier Desilve, Luc Guillems, Karine Kaluzny, Frédéric Peeters and Aleide Uyttersprot.

They will always be remembered.

Both the Works Council and the Committee for Prevention and Safety at the Workplace are constituted on the basis of equal representation. The staff representatives are elected every four years. The agenda and a brief summary of the meetings are made available to all NBB staff.

## Retirements

The Bank would like to express its gratitude to the staff who retired in 2019.



Works Council meeting on 30 January 2020, chaired by Governor Pierre Wunsch

## The 'talent wars'

A number of business sectors are now faced with shortages on the jobs market. The NBB is also having difficulty attracting people with the right profiles.

Any organisation that hopes to continue meeting its skills requirements via a tight jobs market needs to develop a powerful employer brand and to cultivate a carefully thought-out employer image. It is absolutely vital for an employer that the company or organisation should enjoy recognition among potential employees. Accordingly, an employer branding campaign was launched in 2019 with the aim of turning the National Bank of Belgium into an attractive and credible employer brand.

In the initial phase, working with a corporate communications firm, the Bank set up focus groups consisting of staff from various Services and Departments, performing a range of different jobs and reflecting the diversity at the Bank, in order to identify its Employer Value Proposition, i.e. what the National Bank of

### The 4 pillars of the Employer Value Proposition:

1. An interesting job content that engenders pride
2. Social relevance
3. Training and career development
4. A collegial atmosphere with respectful colleagues



Belgium, as an employer, is promising its future employees and the reason why existing staff have chosen to join the Bank and remain here. This basically means the unique combination of benefits, qualities and features which the NBB has to offer as a potential employer, all the advantages that give the Bank its appeal and which distinguish it from other employers. The Bank's Employer Value Proposition rests on four pillars, which correspond to its corporate values: interesting job content that engenders pride in one's work; social relevance; opportunities for training and career development; and a collegial atmosphere with respectful colleagues.

An attractive Employer Value Proposition undoubtedly constitutes a solid basis for an employer brand, but more than this is needed in order to build a comprehensive and convincing story. This kind of storytelling is about more than just a list of facts. To help create a compelling story, the Bank has developed a creative concept that involves showing staff members in

photos and short video clips. Each video systematically represents one of the basic tenets and prominently features the NBB logo. With the strapline "That's just like us" in the background, the clips are designed to promote the NBB image and highlight the Bank's activities and the expertise of its staff.

The photos and videos will be published on the Bank's new website, and will also be used for online campaigns, for instance on social media, plus offline campaigns.

Two of the campaign posters







The office complex at the Bank's headquarters in Brussels, which is located on either side of the Boulevard de Berlaimont, currently extends over an area of some 217 000 m<sup>2</sup> gross. In accordance with the reduction in staff numbers, the transfer of currency-related activities to a new Cash Centre with a surface area of approximately 11 000 m<sup>2</sup> and the Bank's stated goal of rationalising space, the Board of Directors decided to refurbish and modernise NBB headquarters.

Once all staff have taken up their allocated workplaces in the renovated building on the east side of the Boulevard de Berlaimont, the office complex located on the West side of the Boulevard will be put up for sale. These adjustments will result in the HQ premises being reduced to 77 000 m<sup>2</sup>.

To enable the renovation works to be carried out rapidly, without any obstacles and without causing inconvenience to staff, the Board of Directors opted for a "big bang" approach. This means that the buildings will be entirely emptied so as to enable an in-depth renovation. Some staff will be temporarily accommodated in the offices on the West side of the Boulevard and the intention is to lease a nearby building to house the remaining staff.

If the Bank does decide to lease and fit out office space in the

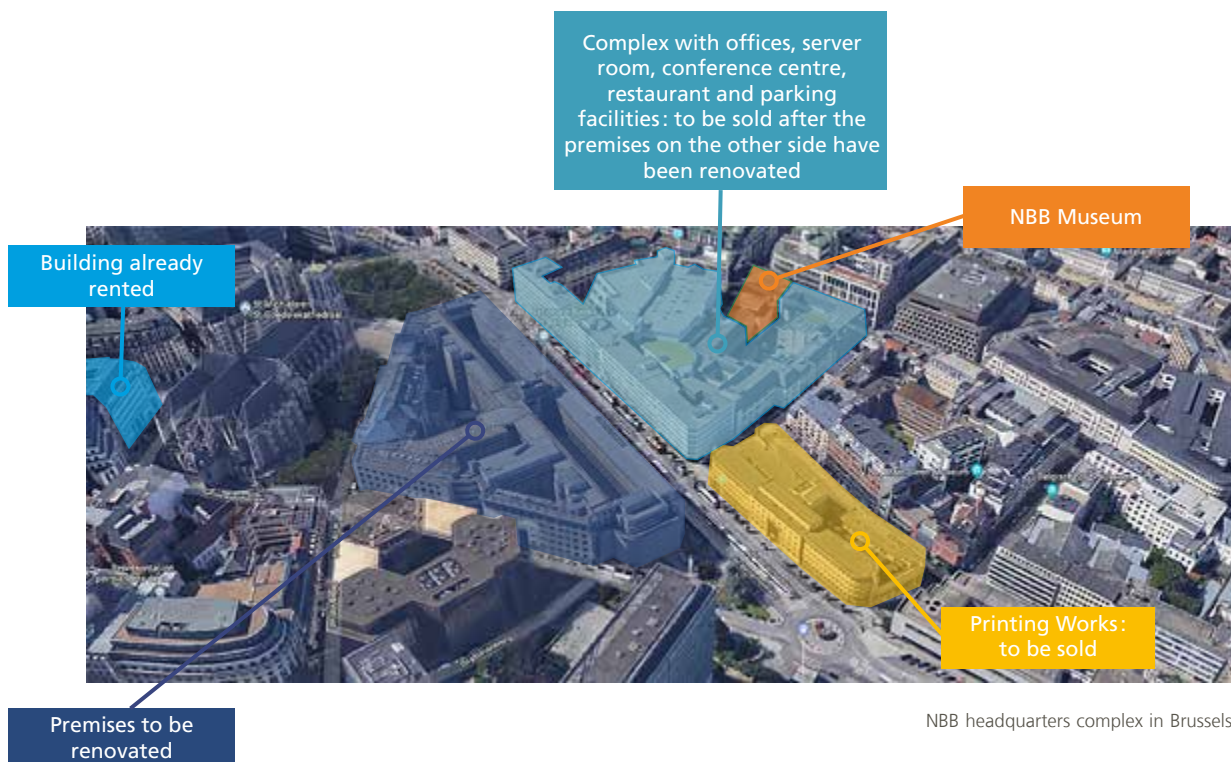
immediate vicinity of the headquarters building, staff accommodated there would still be able to use the facilities (car park, company restaurant, library, meeting rooms and training areas) currently available at the building on the West side.

The construction of the new Cash Centre, on which the Bank decided in 2017, is an essential element in the timetable for the renovation project. As soon as the cash-related activities have been transferred from headquarters to the new premises at Zellik, the main building can be cleared and the renovation works will be able to start. The aim is that all staff should eventually be provided with a modern working environment, in line with the principles of the New Ways of Working, which will be followed when refurbishing the rented premises, if the plan goes ahead. This would mean a shift

away from traditional organisation of office space to a mixed configuration consisting of some isolated work spaces and some open-plan areas. The division of available workspace will depend on the type of work being carried out. Accordingly, the plan envisages a well- thought-out mix of

open and closed spaces intended for work that calls for a high degree of concentration, plus plenty of meeting areas designed to encourage and facilitate teamwork. The idea of introducing new forms of work organisation is an integral part of a wider transformation process focusing

on the '3Bs': i.e. not only the 'bricks' (physical office space), but also the 'bytes' (the IT environment and the user-friendliness of IT infrastructure for staff), as well as 'behavioural' aspects, including a more results-oriented management style, wider use of teleworking arrangements, etc.





# Construction and renovation projects

## Renovation of NBB headquarters

In 2019, the Bank began to prepare for an in-depth renovation of its office complex located on the East side of the Boulevard de Berlaimont. These buildings, designed by Belgian architect Marcel Van Goethem in the modernist style, date from the 1950s. They will now be adapted and refurbished so as to be able to accommodate all Bank staff, together with all facilities (company restaurant and catering facilities, conference centre, training centre, server rooms, archives, etc.) by 2028. The architecture of the façade, the banking hall and the former Governor's official residence situated in the Rue du Bois sauvage will be left intact. An architecture competition will be held in 2020 with a view to finding an optimal plan for filling the existing spaces.

### *External stakeholders are involved in the renovation work*

At the same time, a NWoW concept will be implemented in the office areas. All technical installations will be upgraded, remaining asbestos will be removed and both facades and roofs will receive extra insulation.

A number of external stakeholders are involved in the preparations for the renovation. Urban.brussels,

the Brussels Capital Region agency in charge of spatial planning, cultural heritage and urban renewal, will play an important role in assessing the historical value of the existing buildings and the Bank will be liaising with the agency regarding the available options for making changes in terms of both architecture and spatial planning. It will thus be discussing with Urban.brussels the new traffic plan drawn up in line with the planned future use of the area comprising Boulevard Pacheco, Boulevard de Berlaimont and Rue de la Banque. Contact had also been made with the railway company, given that the Bank's buildings are partly located above the North-South rail junction, and also with the Brussels police, who are constructing a new headquarters building a short distance away from the Bank.

## The new Cash Centre

The implementation of strategic decisions with regard to the Bank's real estate and infrastructure programme gathered pace during 2019 with the finalisation of plans for the construction of a new Cash Centre at Zellik in the municipality of Asse. The Bank then applied for the necessary



environmental permit during the summer and received approval by the autumn.

The Bank intends to transfer to the new site all activities relating to cash handling and the storage of banknotes and coins.

The Bank had acquired a plot of land located at the corner of Serge Ecksteinlaan and Relegemsestraat in Zellik in 2018. In order to prepare the site for the new construction, May 2019 saw the start of demolition work on the existing buildings on the site.

NBB commissioned an environmental expert in order to ensure that the demolition work was carried out in compliance with the guidelines issued by OVAM, the Flanders public waste agency, and VLAREM, the Flemish regulation governing environmental permits, as regards the sustainable management of materials

and waste cycles. In the initial stage, the buildings were stripped and all dangerous waste removed. Subsequently, the superstructure, followed by the flooring and foundations, were demolished. All the materials and waste were removed from the site in a selective manner. The demolition works took approximately six months to complete.

During the year, the architectural practice selected in 2018 following an open competition finalised the plans for the new Cash Centre. It will comprise three buildings: an administrative building, an industrial building and a building providing access to delivery vehicles. Key aspects of the design of the Cash Centre include general security at the site, specific security against intrusion, automation of the logistical process for cash handling and smooth integration of the new buildings into the surrounding environment. The environmental permit was applied for in the summer of 2019.



The new Cash Centre at Asse: combination of an aerial photo and a 3D model  
© Plan - Philippe Samyn and Partners, architects & engineers; Rendering - Asymetrie





The site at Zellik: demolition of the existing buildings

For security reasons, the buildings will be situated at a good distance from the perimeter of the site, which will enable the creation of a large green buffer zone. Accordingly, plans have been drawn up for a curtain of trees, for rows of plants native to the region, and an ecological pond, surrounding the industrial building. A further advantage of this green buffer is that it will help to ensure that the neighbouring plots of land are not overshadowed. Solar panels and a geothermal installation will moreover ensure that the three buildings enjoy energy autonomy.

In autumn 2019, the Bank launched a series of public tenders for the construction and outfitting of the Cash Centre. The tender adjudications will be announced in spring 2020, after which the actual construction can begin. The major construction works are scheduled for completion in 2021,

*Good relations with  
the local residents are  
very important to the Bank*

the technical equipment is expected to be installed and tested during 2022, and the Cash Centre is due to commence operations in approximately four years' time.

The Bank believes that it is very important to ensure good relations with the local residents and, in this respect, clear and open communication is absolutely vital. With this in mind, in spring 2019, the Bank, in conjunction with

the Asse municipal authorities, held an information session for the local residents in order to explain the demolition works and construction plans. A key point of emphasis was the efforts that would be made to limit noise pollution and traffic overload. The necessary agreements were also made with the construction firms so as to avoid, as far as possible, causing any form of nuisance for the neighbours during the construction of the Cash Centre.



# List of publications in 2019

## Articles from the Economic Review

The Economic Review is now only published in digital form on the Bank's website. From 2019 onwards, the full versions of the articles are published in English with a synopsis in French and Dutch. The articles are published separately as and when they become available, before appearing together in the Review.

### JUNE 2019

- Economic projections for Belgium – Spring 2019
- Inclusive growth: a new societal paradigm?
- Why has Belgian private consumption growth been so moderate in recent years?
- Is a recession imminent? The signal of the yield curve
- An analysis of non-standard forms of employment in Belgium

### SEPTEMBER 2019

- Separating the trend from the cycle: The debate on euro area potential output and implications for monetary policy
- Exchange rates, prices, monetary policy and competitiveness
- Cheating tiger, tech-savvy dragon: Are Western concerns about "unfair trade" and "Made in China 2025" justified?
- How risky is the high public debt in a context of low interest rates?
- Are we riding the waves of a global financial cycle in the euro area?

### DECEMBER 2019

- Economic projections for Belgium – Autumn 2019
- Low wage growth in the euro area: main conclusions from the ESCB Wage Expert Group with a focus on Belgium
- Insights from the 2017-2018 US fiscal stimulus
- Belgium's foreign trade: between restoring competitiveness and neo-protectionism
- Economic flows between Regions in Belgium

## PROJECTIONS

### ECONOMIC PROJECTIONS

Every year, in June and December, the Bank publishes on its website economic projections for Belgium based on technical assumptions and international forecasts formulated jointly by the ECB and the central banks of the euro area. The detailed results are published as an article in the Economic Review.

### BUSINESS CYCLE MONITOR

On a quarterly basis with effect from September 2019, the Bank publishes on its website an analysis of the economic situation in Belgium in the current quarter: the Business Cycle Monitor. The Business Cycle Monitor comprises an estimate of economic growth in the current quarter, around seven to eight weeks before the first official quarterly statistics are available from the National Accounts Institute.

## Working Papers

The National Bank's Working Papers cover economic or financial topics or deal with subjects relevant to central bank activities. They are produced in English and are intended for a specialist public.

The National Bank's staff write the papers in a personal capacity. Some papers are the work of researchers – both PhD students and established academics – who have been supported by the Bank within the framework of its cooperation with universities. By giving researchers access to data which are not for publication, the Bank also aims to foster a better understanding of economic developments in Belgium.

From 2019 onwards, the Working Papers will only be published in digital form on the Bank's website.

- 362 The origins of firm heterogeneity: A production network approach
- 363 Imperfect competition in firm-to-firm trade
- 364 Forward guidance with preferences over safe assets
- 365 The distinct effects of information technologies and communication technologies on the age-skill composition of labour demand
- 366 A survey of the long-term impact of Brexit on the UK and the EU27 economies
- 367 A macroeconomic model with heterogeneous and financially-constrained intermediaries
- 368 The economic importance of the Belgian ports: Flemish maritime ports, Liège port complex and the port of Brussels – Report 2017
- 369 Does banks' systemic importance affect their capital structure and balance sheet adjustment processes?
- 370 A model for international spillovers to emerging markets
- 371 Estimation methods for computing a branch's total value added from incomplete annual accounting data
- 372 Do SVARs with sign restrictions not identify unconventional monetary policy shocks?
- 373 Research and development activities in Belgium: A snapshot of past investment for the country's future
- 374 State dependent fiscal multipliers with preferences over safe assets
- 375 Inequality, the risk of secular stagnation and the increase in household debt
- 376 Welfare effects of business cycles and monetary policies in a small open emerging economy
- 377 Learning about demand abroad from wholesalers: a B2B analysis
- 378 Measuring trade in value added with Firm-Level Data
- 379 Scrapping the entitlement to unemployment benefits for young labour market entrants: An effective way to get them to work?
- 380 The impact of Brexit uncertainties on international trade : Evidence from Belgium

## Belgian Prime News

This quarterly English-language publication is compiled jointly by the Bank, the Federal Public Service Finance (FPS Finance) and a number of Primary Dealers (market makers in Belgian government securities).

Each issue includes a "Consensus forecast" on the outlook for the main macroeconomic data for Belgium as well as a description of the most significant recent economic developments. A review of the situation on the government securities market is also presented each time. The Treasury Highlights section gives information on Treasury decisions relating to the management of the public debt.

Belgian Prime News is available in digital form on the National Bank's website. Printed copies can also be ordered via the website.

- 82 Special topic: Labour-intensive growth in Belgium brings mounting labour market tensions
- 83 Special topic: Further consolidation efforts necessary to keep public finances on a sustainable path
- 84 Special topic: Cyclical systemic risks in Belgium and the countercyclical capital buffer
- 85 Special topic: Lower interest charges and reduced risks: a balancing act for debt management



## Statistical publications

The Bank provides a wealth of macroeconomic statistics for the public via its website and its statistical database NBB.Stat (<https://stat.nbb.be/>).

It is possible to subscribe for updates of specific tables via NBB.Stat. Anyone often seeking similar data can save their search criteria for subsequent use.

The following publications and press releases are also available on the Bank's website:

### GENERAL STATISTICS:

- Statistical Bulletin, Economic indicators for Belgium
- Business surveys
- Business investment surveys
- Consumer confidence survey

### EXTERNAL STATISTICS:

- Foreign trade in goods and services, annual regional breakdown of Belgian imports and exports of goods and services
- International investment position, foreign direct investment, balance of payments

### FINANCIAL STATISTICS:

- Belgium's financial accounts (annual and quarterly)
- Observatory for credit to non-financial corporations
- Monetary financial institutions' interest rates
- Bank Lending Survey, survey of credit conditions: business perception indicator

### NATIONAL ACCOUNTS:

- Flash estimate of quarterly growth of gross domestic product, Quarterly accounts, Quarterly sector accounts
- First estimate of the annual accounts, Detailed government accounts, Detailed annual accounts, Supply and use tables, Labour market
- Regional breakdown of the national accounts

### MICROECONOMIC DATA:

- Central Individual Credit Register
  - Annual Statistical Report
  - Key monthly figures on consumer credit and mortgages
- Central Corporate Credit Register

Publication of statistics on credit authorised and used via the Observatory for Credit to Non-financial Corporations

- Monthly flash
- Quarterly update

- Central Balance Sheet Office

The annual accounts collected by the Central Balance Sheet Office are made available to the general public, together with a financial analysis as part of the company file, and sectoral statistics in formats suited to the needs of the various user groups. Information is also available on the movement in the financial results of firms which have filed their annual accounts at the Central Balance Sheet Office. The port and airport studies produced annually or every two years are published as Bank Working Papers.

## Other publications

- Report 2018 - Economic and financial developments
- Corporate Report 2018. Activities, governance and annual accounts
- Financial Stability Report 2019
- Financial Market Infrastructures and Payment Services Report 2019

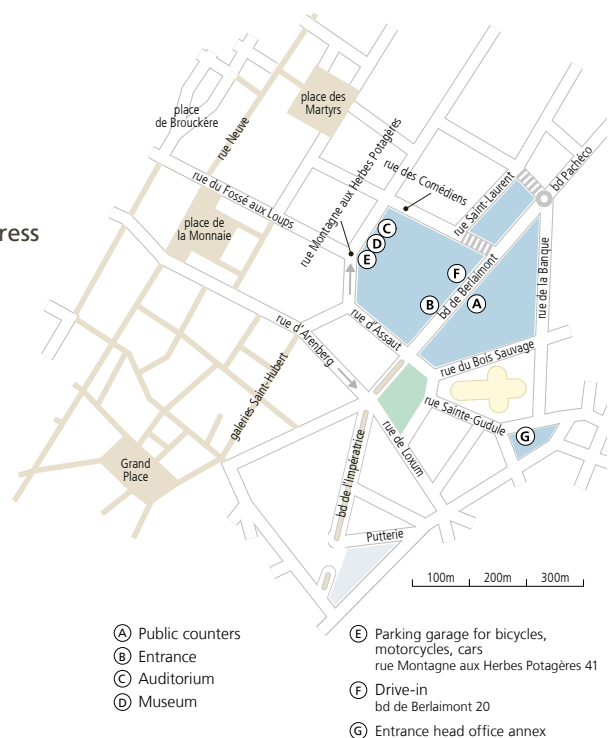
# Contacts

## Company number

RLP Brussels – BE 0203.201.340

## Addresses

Head Office	Entrance for services to the public Boulevard de Berlaimont 3, 1000 Brussels
	Visitors' entrance and general postal address Boulevard de Berlaimont 14, 1000 Brussels
Head Office Annex	Visitors' entrance Place Sainte-Gudule 19, 1000 Brussels
Museum	Rue Montagne aux Herbes Potagères 57, 1000 Brussels
Auditorium	rue Montagne aux Herbes Potagères 61, 1000 Brussels



## Information

Website	<a href="http://www.nbb.be">www.nbb.be</a>
Information requests	<a href="mailto:info@nbb.be">info@nbb.be</a> , Tel. +32 2 221 21 11
Job applications	<a href="https://jobs.nbb.be">https://jobs.nbb.be</a> , <a href="mailto:hrb@nbb.be">hrb@nbb.be</a>
Contact for the press	Geert Sciot, Head of the Communication Service <a href="mailto:pressoffice@nbb.be">pressoffice@nbb.be</a> , Tel. +32 2 221 46 28
Contact for the financial service for the Bank's shares	Marc Lejoly, Head of the Payments and Securities Service <a href="mailto:securities@nbb.be">securities@nbb.be</a> , Tel. +32 2 221 52 30

## Services to the public

**Head office banking hall**  
(Banknotes and coins,  
Central Individual Credit Register)

Open from Monday to Friday  
from 8.45 am to 3.30 pm.

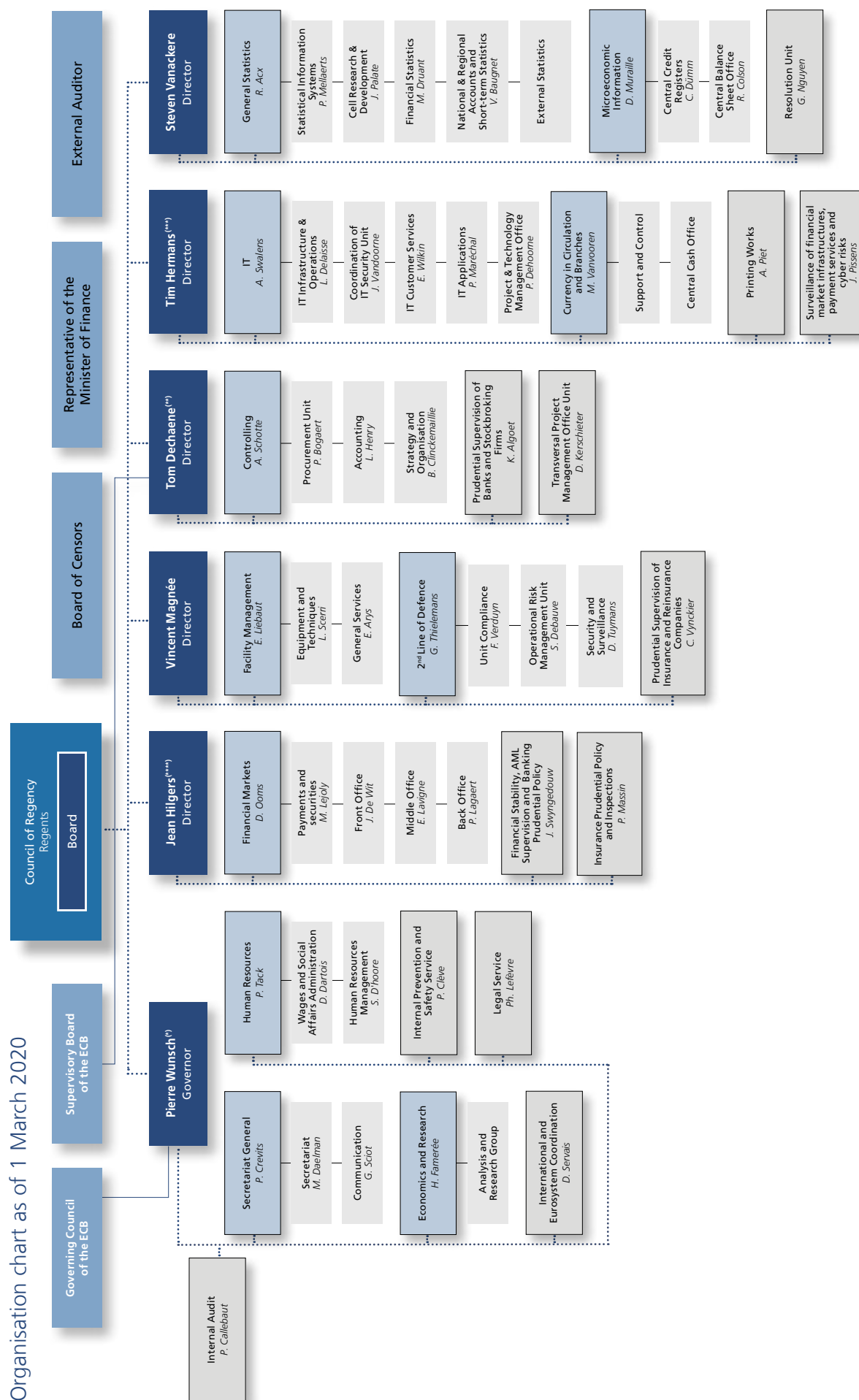
**Museum**

Open from Monday to Friday from 9.00 am to 5.00 pm.  
Free entrance.  
Also open on special occasions.  
See website [www.nbbmuseum.be](http://www.nbbmuseum.be).  
Guided group visits can be booked via the website.





# Organisation chart as of 1 March 2020



(\*) Is also member of the Governing Council of the European Central Bank.  
 (\*\*) Is also member of the Supervisory Board of the European Central Bank.  
 (\*\*\*) Is also Secretary of the Bank.  
 (\*\*\*\*) Is also Treasurer of the Bank.